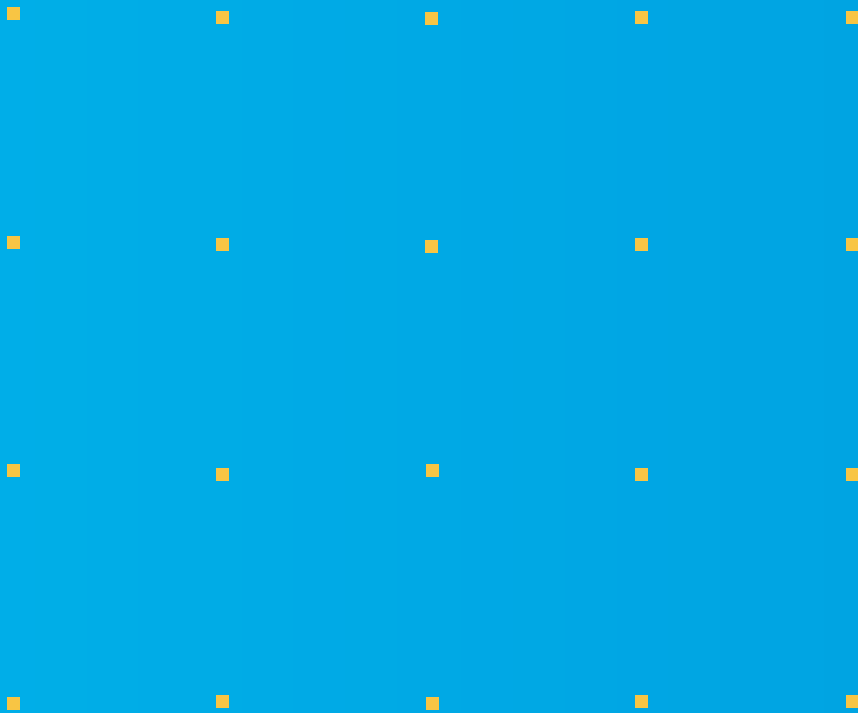




# TBC GROUP SUSTAINABILITY REPORT

2020







**TBC Group  
Sustainability Report  
2020**





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# CEO STATEMENT



As a leading financial institution and one of the largest companies in Georgia, TBC has been at the vanguard of introducing the highest standards of social responsibility and sustainable development. Guided by high ethical principles and a strong internal culture, TBC has had a significant impact on the financial, economic and social development of Georgia from the day of its inception back in 1992.

Our mission - making people's lives easier - speaks volumes about how customer-centricity is the most important value in our organizational culture. We asked ourselves how we make this happen. After careful analysis, we realized that digitalization, technological transformation and innovative solutions were the most effective way to reach the wider public, give them simple and fast access to quality services and products, and quickly and effectively respond to their needs. Our digital solutions are easy to use and allow our customers to conduct most of their daily banking operations comfortably online. In addition, our digital offerings increase financial inclusion, since they allow people from remote areas of Georgia, who have no access to physical branches, to conduct banking remotely without any need to travel to physical branches.

TBC has an ambition to be an exemplary company in terms of environmental friendliness and to motivate other organizations in the country to follow this path. Even if the financial sector is not among the largest polluters of the environment, we work constantly to reduce the impact of our operations by using environmental friendly technologies in our premises. We have a dedicated group of professionals whose goal is to improve the Group's environmental blueprint every year. TBC provides green financing to promote sustainable construction and business operations and monitors its supply chain, avoiding companies with poor environmental practices. Thus, we promote the idea of environmental friendliness within our organization and outside of it.

## SUMMARY OF THE YEAR

2020 has been an extremely challenging year as the global COVID-19 pandemic negatively affected every aspect of our lives. Banks were no exception. It took courage, leadership and bold action to respond to the challenge.

After the announcement of the global pandemic, we set two main objectives: first, to prioritize the safety and health of our employees and customers; and secondly, to respond effectively to the COVID-19 challenges by quickly adapting to the new reality. We looked at this challenge as to an opportunity to develop our digital services and channels in an expedited manner, and to advance the company's crisis-response capacity. I am proud to say the strategy worked well.

Immediately after the introduction of the lockdown, we made all the necessary arrangements to allow all our back office employees to work remotely. In parallel, we promptly introduced new safety rules and regulations, fully equipped branches and service centers with the necessary safety supplies, communicated safety regulations and instructions to employees as well as provided transport during the public transport lockdown. Furthermore, we introduced innovative internal communications methods and channels to motivate and openly communicate with the staff throughout the year. Importantly, TBC was the first major company in Georgia to commit to no COVID-related layoffs in 2020, protecting its employees.

In April 2020, we launched a wide scale support program, TBCforyou, a GEL 5 million commitment to help the country during this difficult time with new initiatives, charity work, donations, collaborations in support of businesses as well as temporarily waived fees on money transfers and utilities payments executed through our internet and mobile banking platforms for a three-month period.

In March 2020, TBC offered a three-month grace period on principal and interest payments to all individual and MSME customers as well as to certain corporate customers, which was extended for another three months to its most vulnerable retail and micro customers to support borrowers who had lost their main source of income during the COVID-19 pandemic.

With our digital and physical infrastructure and contactless payment services, TBC ensures that we reach the entire Georgia, including remote areas with less commercial activity. A variety of innovative products provide a range of choices to customers to use the service that best meet their needs and expectations. 96% of all retail transactions were conducted through our digital channels. Our internet and mobile banking remained the preferred channel of communication for our customers. We continued to enrich it with new features. In 2020, we introduced a brand new mobile banking app for businesses, featuring a similar interface to our award-winning retail mobile banking application and equipped with specifically created upgrades to meet the needs of business owners.

In 2020, we strengthened our Environmental Management System (EMS) across the Group and successfully completed the ISO 14001:2015 certification audit remotely despite the challenging times. This certificate serves as testament to our full compliance with international standards. It also means that TBC policies and environmental principles are in line with and guided by the ISO 14001:2015 standards.

In 2020, TBC has gone international by expanding its international digital banking platform in Uzbekistan. Guided by the mission to make people's lives easier, TBC UZ is making a big difference in terms of financial inclusion and ease of access for customers via its superior digital proposition, is leading the market and promoting changes. The company's key aspiration is to respond to market demand with quality banking products for

individuals through end-to-end digital processes and delivery channels. In line with the company's asset-light and highly digitalized strategy, TBC mainly serves its customers in Uzbekistan through its online platform, while smart, next generation physical showrooms and service islands are used primarily for client consultation and onboarding purposes.

## OUTLOOK

We take further steps to enhance Group's environmental, social and governance (ESG) framework. TBC is committed to implementing the recommendations of the Task Force on Climate-related Financial Disclosures and integrating issues related to climate change into its daily operations, services and products. These commitments and objectives aim to increase our understanding of the impact of climate change on business activities, the environment and society, to develop products and services that consider ESG issues and to elaborate metrics for capturing non-financial outputs of our activities such as the number of created jobs with our financing, effectiveness of our trainings for entrepreneurs and increase of financial inclusiveness in regions.

TBC also remains committed to workplace diversity and inclusion. In order to expand our focus on gender issues, we aim to develop a Gender Policy, based on the Women Empowerment Principles (WEPs). At the same time, we continue the company-wide agile transformation that we started in 2019. This process will help us to create an even more dynamic and flexible corporate culture, leading to faster increased creativity and higher employee satisfaction. We will also continue to expand TBC academy where employees can receive education in various business fields.

In terms of our strategic objectives, we remain committed to further harnessing our digital offerings, developing various innovative payment options as well as fine-tuning our customer experience in all our channels by utilizing our advance data analytical capabilities both in Georgia and Uzbekistan.

**Vakhtang Butskhridze**  
CEO

1 June 2021



# WHO WE ARE - TBC AT A GLANCE

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01

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[Our Mission](#)

[How We Are Different?](#)

[Highlights](#)

[External ESG Benchmarks](#)

[Awards](#)

[Subsidiaries](#)





# WHO WE ARE – TBC AT A GLANCE

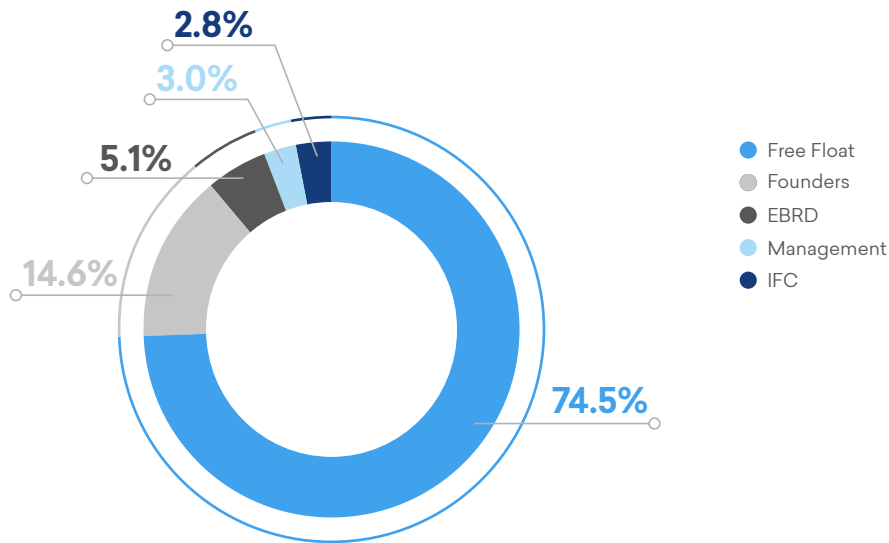
We are a leading universal financial group in Georgia with market shares<sup>1</sup> of 39.0% and 37.2% in total loans and deposits respectively. We have a strong presence across all our major business segments – retail banking, micro, small and medium enterprises (MSMEs) and corporate banking. We also offer a wide range of traditional financial services paired with innovative digital solutions, creating a seamless customer experience. Recently, we expanded our banking operations in Uzbekistan, where we pursue an asset light and highly digitalized strategy.

TBC Bank is listed on the premium segment of the London Stock Exchange and is a FTSE SmallCap Index constituent. It is also a member of the MSCI United Kingdom Small Cap Index.



<sup>1</sup> Based on data published by the National Bank of Georgia as of 31 December 2020

TBC BANK GROUP PLC SHAREHOLDING STRUCTURE AS OF 31 DECEMBER 2020



Note: Based on independent research

**OUR MISSION**  
is to make life easier

This approach defines everything we do and how we do it: all our products and offerings are created with this idea in mind and we strive to combine excellence with simplicity.

**HOW WE ARE DIFFERENT ?**

**CUSTOMER -  
CENTRIC  
APPROACH**

**MARKET LEADING  
DIGITAL  
EXPERIENCE**

**STRONG  
AND HIGHLY  
TRUSTED  
BRAND**

**COLLABORATIVE  
AND DYNAMIC  
CORPORATE  
CULTURE**

**ADVANCED  
DATA ANALYTICAL  
CAPABILITIES**

# LEADING UNIVERSAL BANK IN GEORGIA

## MARKET SHARE<sup>1</sup>

**39.0%**

IN TOTAL LOANS

**37.2%**

IN TOTAL DEPOSITS

## A LEADER IN THE RETAIL BANKING SEGMENT IN GEORGIA

**c. 2.6 mln**

NUMBER OF CUSTOMERS

**GEL 5,954 mln**

LOANS

**GEL 7,255 mln**

DEPOSITS

## A LEADING PARTNER BANK FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSME) IN THE COUNTRY<sup>2</sup>

**160,311**

CUSTOMERS

**GEL 3,556 mln**

LOANS

**GEL 1,378 mln**

DEPOSITS

## A LEADING CORPORATE AND INVESTMENT BANKING (CIB) INSTITUTION IN GEORGIA

**3,665**

NUMBER OF CUSTOMERS

**GEL 5,691 mln**

LOANS

**GEL 3,940 mln**

DEPOSITS



## A LEADING PROVIDER OF PAYMENT SOLUTIONS

**58%**

E-COMMERCE &  
POS MARKET SHARE  
BY VOLUME OF  
TRANSACTIONS<sup>3</sup>

**51%**

E-COMMERCE &  
POS MARKET SHARE  
BY NUMBER OF  
TRANSACTIONS<sup>3</sup>

**396 mln**

NUMBER OF  
TRANSACTIONS<sup>4</sup>

**GEL 118 bln**

VOLUME OF  
TRANSACTIONS<sup>4</sup>

## BEST-IN-CLASS DIGITAL CHANNELS

**95%**

RETAIL OFFLOADING RATIO<sup>5</sup>

**692,000**

NUMBER OF DIGITAL RETAIL USERS<sup>6</sup>

**50%**

RETAIL INTERNET AND MOBILE BANKING PENETRATION<sup>5</sup>

**96%**

MSME OFFLOADING RATIO<sup>7</sup>

**34,500**

NUMBER OF DIGITAL MSME USERS<sup>8</sup>

1 Based on data published by the National Bank of Georgia as of 31 December 2020

2 According to the data for FY 2020, source: [www.napr.gov.ge](http://www.napr.gov.ge), the National Agency of Public Registry, 59% of newly registered legal entities chose TBC Bank

3 Based on NBG data

4 TBC Bank, TBC Pay, UFC, invoice.ge, Payme and TBC UZ

5 Including Space transaction

6 Retail internet and mobile banking active users, including Space

7 Excluding cash transactions

8 Business internet and mobile banking active users, including TBC Business App

# OUR RESPONSIBLE BANKING

## “PRODUCE IN GEORGIA” AND “PREFERENTIAL AGRO CREDIT”<sup>1</sup>

**1800**

NUMBER OF LOANS IN 2020

**GEL 191 mln**

VOLUME OF LOANS IN 2020

## PROGRAM FOR STARTUP ENTERPRISES

**600**

NUMBER OF STARTUP LOANS

**GEL 185 mln**

VOLUME OF LOANS

## A LEADING PARTNER IN LOCAL RENEWABLE ENERGY FINANCING

**44%<sup>2</sup>**

IN OUR ENERGY  
SECTOR FINANCING

**GEL 462 mln**

VOLUME OF OUR LOCAL RENEWABLE  
ENERGY FINANCING

# OUR CUSTOMERS

## THE BEST SERVICE COMPANY IN GEORGIA<sup>3</sup>

**95% score**

AIDED BRAND AWARENESS  
AMONG GEORGIAN  
POPULATION<sup>4</sup>

**46% score**

TOP OF MIND  
IN BANKING SECTOR<sup>5</sup>

**80% score**

IN CUSTOMER-CENTRICITY  
SURVEY<sup>6</sup> EMPLOYEE  
PERSPECTIVE

## ACCESSIBILITY OF THE BANK'S BRANCHES FOR PEOPLE WITH DISABILITIES

**77%**

BRANCHES IN TBILISI

**88%**

BRANCHES IN REGIONS

# OUR EMPLOYEES

COLLABORATIVE AND DYNAMIC CORPORATE CULTURE

**8281**

NUMBER OF  
EMPLOYEES

**64%**

SHARE OF  
WOMEN EMPLOYEES

**36%<sup>7</sup>**

WOMEN IN THE INFORMATION  
AND COMMUNICATION  
TECHNOLOGY (ICT) AREA

**85%**

EMPLOYEE HAPPINESS INDEX<sup>8</sup>

**91%**

EMPLOYEE ENGAGEMENT<sup>9</sup>

**68%**

ENPS SCORE<sup>10</sup>

# OUR ENVIRONMENT AND COMMUNITY

**ISO 14001:2015**

CERTIFICATION

**USD 3.5 mln**

ALLOCATED FOR SOCIAL EVENT AND CHARITY<sup>11</sup>

<sup>1</sup> Projects are initiated in close partnership with Georgian government schemes. Within these programmes, borrowers can apply for a subsidy from the government to lower their interest expense.

<sup>2</sup> Based on internal data

<sup>3</sup> Based on a survey of the retail segment conducted by IPM, an independent research company in December 2020

<sup>4</sup> Based on survey conducted by the independent research company, ACT in December 2020

<sup>5</sup> Based on internal survey among TBC Bank's employees in December 2020

<sup>6</sup> Based on survey conducted by the independent research company, ACT in December 2020

<sup>7</sup> Out of the employees who are working in the ICT fields in TBC Bank

<sup>8</sup> Employee Happiness Index was assessed internally based on comprehensive survey prepared with the assistance of the world's leading consulting firm and measures whether employees feel happy and satisfied with their job. The index was measured in July 2020 for the Bank's employees.

<sup>9</sup> Engagement Index was measured in October 2020 by an independent consultant for the Bank's employee's and measures how much employees feel involved and committed to TBC Bank.

<sup>10</sup> Employee Net Promoter Score was measured in October 2020 by an independent consultant for the Bank's employees

<sup>11</sup> Including the COVID-19 related support

# EXTERNAL ESG BENCHMARKS

## SUSTAINALYTICS ESG RATING

In April 2021, TBC Bank Group PLC received an ESG Risk Rating of 14.0 and was assessed by Sustainalytics to be at low risk of experiencing material financial impacts from ESG factors.



14.0 LOW RISK

## MSCI ESG RATING

In April 2021, TBC Bank Group received a rating of “AA” (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment

**MSCI**  
ESG RATINGS



### MSCI Disclaimer statement

The use by TBC Bank Group PLC of any MSCI ESG research LLC or its affiliates (“MSCI”) data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of TBC Bank Group PLC by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided ‘as-is’ and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

## ISS ESG SCORE

**ISS ESG** 

TBC Bank Group PLC attained the following ESG scores from ISS as of 1 May 2021

-  Governance
-  Environment
-  Social

Lower Governance Risk = 1 Higher Governance Risk = 10  
Higher E&S Disclosure = 1 Lower E&S Disclosure = 10

## FTSI4GOOD INDEX SERIES

TBC Bank Group PLC is a member of the FTSE4Good Index Series following the FTSE4Good Index Series Semi Annual Review in June 2020



FTSE4Good

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that TBC Bank Group PLC has been independently assessed according to the FTSE4Good Criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

## AWARDS

### THE MOST AWARD-WINNING BANK IN GEORGIA

- › Best Bank in Georgia 2021, Global Finance
- › The Best Consumer Social Media Marketing and Services in Central and Eastern Europe for 2020, Global Finance
- › The Best Corporate/Institutional Digital Bank in Georgia in 2020, Global Finance
- › The Most Innovative Corporate/Institutional Digital Bank in Central and Eastern Europe for 2020, Global Finance

The full list of more than 150 awards received by TBC Bank is given at: [www.tbcbankgroup.com](http://www.tbcbankgroup.com)

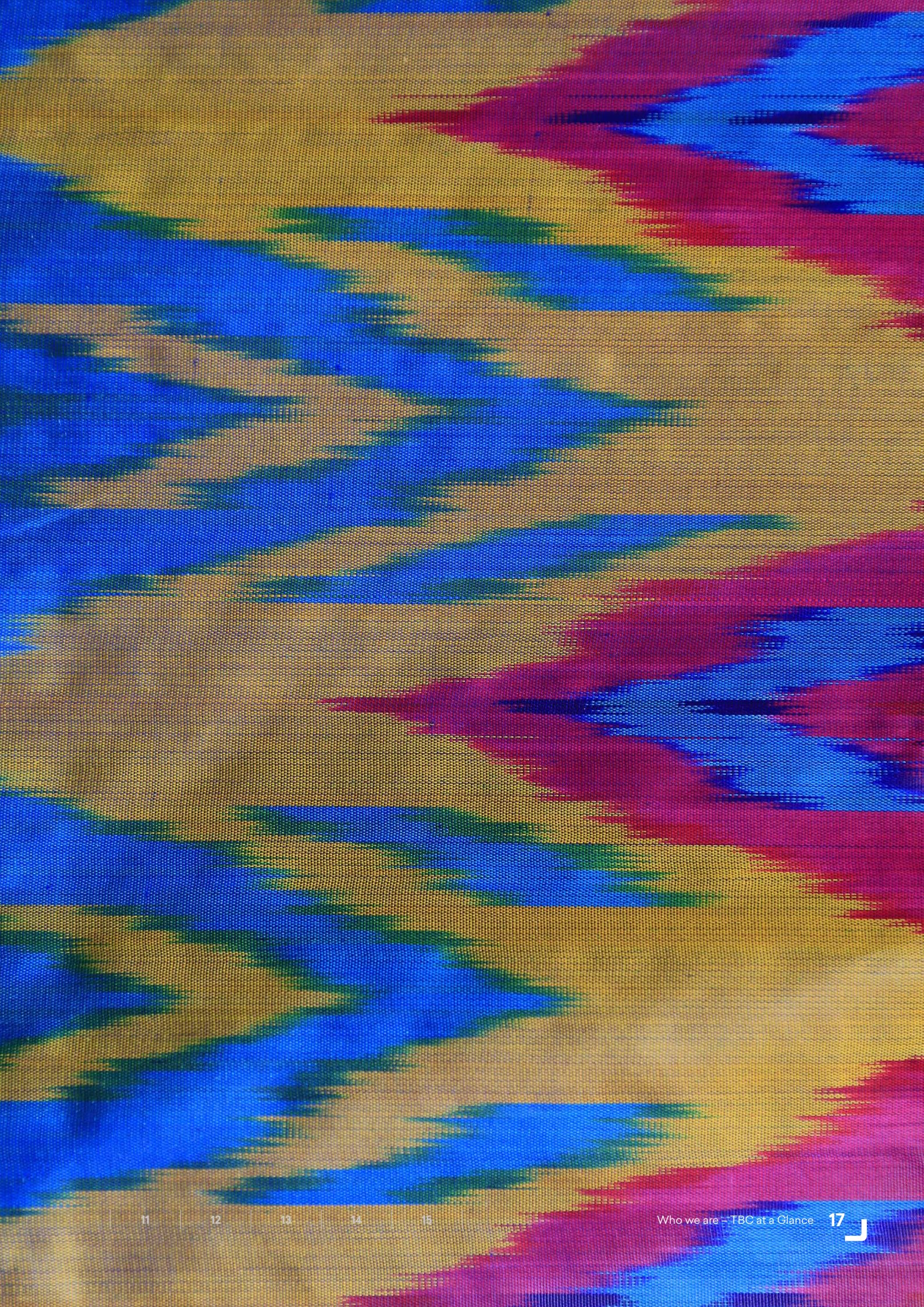
## A LIST OF THE MAIN MEMBERSHIPS OF INDUSTRY OR OTHER ASSOCIATIONS AND NATIONAL OR INTERNATIONAL ADVOCACY ORGANIZATIONS

- > Georgian Banking Association
- > American Chamber of Commerce (AMCHAM)
- > European Union - Georgia Business Council (EUGBC)
- > Business Association of Georgia (BAG)
- > International Chamber of Commerce (ICC Georgia)
- > Deutsche Wirtschaftsvereinigung (DWV)

## SUBSIDIARIES

Subsidiary Name	Ownership / voting % as of 31 December 2020	Country	Year of incorporation	Industry	Total Assets (after elimination)	
					Amount GEL'000	% in TBC Group
<b>JSC TBC Bank</b>	<b>99.9%</b>	<b>Georgia</b>	<b>1992</b>	<b>Banking</b>	<b>21,943,826</b>	<b>97.19%</b>
- United Financial Corporation JSC	99.5%	Georgia	1997	Card processing	15,582	0.07%
- TBC Capital LLC	100.0%	Georgia	1999	Brokerage	2,465	0.01%
- TBC Leasing JSC	100.0%	Georgia	2003	Leasing	360,921	1.60%
- TBC Kredit LLC	100.0%	Azerbaijan	1999	Non-banking credit institution	17,965	0.08%
- TBC Pay LLC	100.0%	Georgia	2009	Processing	38,250	0.17%
- Index LLC	100.0%	Georgia	2011	Real estate management	1,201	0.01%
- TBC Invest LLC	100.0%	Israel	2011	PR and marketing	393	0.00%
<b>JSC TBC Insurance</b>	<b>100.0%</b>	<b>Georgia</b>	<b>2014</b>	<b>Insurance</b>	<b>68,169</b>	<b>0.31%</b>
- Redmed LLC	100.0%	Georgia	2019	E-commerce	939	0.00%
<b>TBC Ecosystem Companies</b>	<b>100.0%</b>	<b>Georgia</b>	<b>2019</b>	<b>Asset management</b>	<b>344</b>	<b>0.00%</b>
- Swoop JSC	100.0%	Georgia	2010	Retail Trade	723	0.00%
- LLC Online Tickets	55.0%	Georgia	2015	Software Services	1,651	0.01%
- TKT UZ	75.00%	Uzbekistan	2019	Retail Trade	136	0.00%
- My.ge LLC	65.0%	Georgia	2008	E-commerce, Housing and Auto	7,869	0.03%
- LLC Vendoo (Geo)	100.0%	Georgia	2019	Retail Leasing	3,503	0.02%
- LLC Mypost	100.0%	Georgia	2019	Postal Service	492	0.00%
- LLC Billing Solutions	51.00%	Georgia	2019	Software Services	408	0.00%
- All property.ge LLC	90.0%	Georgia	2013	Real estate management	2,377	0.01%
- LLC F Solutions	100.00%	Georgia	2019	Software Services	10	0.00%
- TBC Connect LLC	100.00%	Georgia	2020	Software Services	-	0.00%
<b>TBC Concept</b>	<b>100.0%</b>	<b>Georgia</b>	<b>2020</b>	<b>Banking</b>	<b>50</b>	<b>0.00%</b>
<b>TBC Group Support LLC</b>	<b>100.0%</b>	<b>Georgia</b>	<b>2020</b>	<b>Risk management</b>	<b>-</b>	<b>0.00%</b>
<b>Inspired LLC</b>	<b>51.0%</b>	<b>Uzbekistan</b>	<b>2011</b>	<b>Processing</b>	<b>10,544</b>	<b>0.05%</b>
<b>TBC Bank JSCB</b>	<b>100.0%</b>	<b>Uzbekistan</b>	<b>2020</b>	<b>Banking</b>	<b>69,915</b>	<b>0.29%</b>
<b>LLC Vendoo (UZ Leasing)</b>	<b>100.00%</b>	<b>Uzbekistan</b>	<b>2019</b>	<b>Consumer financing</b>	<b>1,579</b>	<b>0.01%</b>









# ABOUT THIS REPORT

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Reporting Period

Scope of the Report

Reporting Framework





# ABOUT THIS REPORT

In this Report, we are presenting data for TBC Bank and TBC Group (referred to as TBC) where possible. TBC Group represents TBC Bank and a group of companies that principally operate in Georgia in the financial sector and other closely related fields. Recently, we expanded our banking operations in Uzbekistan, where we pursue an asset light and highly digitalized strategy.

We are listed on the premium segment of London Stock Exchange and our investors expect us to comply with global standards of a sustainability. Our business is developing and becoming more and more diversified. We enter new markets, new customer segments. Thus, this report is designed for all interested parties and groups in Georgia as well as abroad and aims to give them clear, fact-based information about the social, economic and environmental impact of our activities in 2020. The report presents our endeavors for creating value for our employees, clients, suppliers, partners and society as a whole.

## Reporting period

The figures in the report cover period from January 1st to December 31, 2020. Where reasonable, the report includes projects from 2021.

## Scope of the report

The information presented in the report represents TBC Bank, unless otherwise stated. TBC Group's impact is predominantly dependent on TBC Bank, because TBC Bank holds a dominant share in TBC Group, according to all major indicators. Thus, data presented for the bank is well representative of the group's impact. Part of the data is presented on group level, whenever it was possible to assemble it thoroughly. In addition, the majority of policies and approaches discussed in the report, cover the whole group and guide the whole group's every day work practices.

## Reporting framework

For preparing the report, we used GRI standards, which are an internationally recognized format for sustainable reporting.

This report is a GRI referenced report, addressing the majority of the core option requirements and reporting management approach for all material topics applying GRI 103: Management Approach standard. Please see the list of referenced GRI standards attached at the end of the report: GRI Content Index, pg. 162. Here, interested parties can easily find specific data related to the GRI Standards.

This report also serves as a Communication on progress for the UN Global Compact.

If you would like to provide feedback, or you have questions on this report or our corporate responsibility performance, please contact us via the following e-mail: [sustainability@tcbank.com.ge](mailto:sustainability@tcbank.com.ge).





**Our Customers**

**Our Colleagues**

**Our Investors**

**Our Community and Environment**





# STAKEHOLDER ENGAGEMENT

As part of the Directors’ responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act, the Board ensures that the Group engages with its stakeholders through many different channels to understand their needs and concerns, build trusted relationships and make decisions that are fair and balanced for all stakeholders.

During 2020, the Board continued to undertake a stakeholder impact analysis for each proposal brought to the Board, identifying the impact on each of the stakeholder groups shown below. This analysis assists the Directors in performing their duties under section 172 of the Companies Act 2006 and confirms to the Board that the management is considering the impact of business plans on all stakeholders when developing initiatives for Board approval.

Throughout most of 2020, the Board has considered the impact of COVID-19 on its operations and on its various stakeholder groups.

## OUR ENGAGEMENT

### OUR CUSTOMERS

Our customers are at the heart of everything we do and we aspire to make their lives easier by creating the most seamless banking experience for them.

We actively interact with our customers in various ways, which include face-to-face communication in branches and VIP service areas, as well as via the call center, digital channels and social media.

For a deeper dive, we commission different customer satisfaction surveys from independent research companies on a regular basis. The customer feedback is thoroughly analyzed and incorporated into our future strategic decisions.

We also closely monitor the customer complaints that come through our customer complaints department and make sure that every case is addressed properly.

### OUR COLLEAGUES

Our colleagues are the driving force of our success and we strive to create the best working environment for them, which helps them to realize their potential, feel motivated, valued and safe.

We maintain close communication with our employees in order to incorporate their perspectives and insights into our decision-making, as well as to keep them informed about the company’s achievements and future goals.

We have various communication channels, which include face-to-face meetings with the senior management as well as online communication via emails, intranet, Facebook group and Zoom meetings. In addition, we run annual employee feedback surveys.

During 2020, interaction via digital channels substantially increased and replaced meetings, which were usually held in person. Digital communication has allowed our senior management to interact more frequently with the wider work-force via “town-hall” style meetings and ad-hoc digital conferences. This frequent interaction has received very positive feedback from staff and we expect to continue to use this digital communication between senior management and the wider work-force in future.

We have also appointed a designated “staff ambassador”, independent non-executive Director, Tsira Kemularia, who is responsible for facilitating communication with wide range of employees from different departments and capturing their views. She reports her findings to the Board.

By the end of the year, key themes were identified and together with the CEO and Head of HR, these topics were discussed and the action plan was implemented to address them. Afterwards, CEO and Head of HR communicated the outcome to people involved through online meetings and shared the key take-aways and action plan to address the specific matters (e.g. virtual on-boarding, structured development, strategy and vision sessions).

Throughout the year, senior management attended the Group’s Board meetings to present key development and investment projects. All presentations made to the Board consider both the benefit of the proposal to shareholders and the impact on other key stakeholders, including employees.

One non-executive Director, Tsira Kemularia has been appointed to be responsible for staff engagement. Due to the impact of the pandemic, face-to-face meetings have not been considered appropriate, but various online forums have been put in place. It was intended that this role would be rotated periodically, and a change from the current incumbent will be actioned during 2021, so that more Board members can undertake this key and fulfilling role.

Our goal is to develop a strategy which is mutually beneficial to all our stakeholders and helps them achieve their aspirations. Our senior management’s KPIs are linked to both our corporate objectives and their individual responsibilities to contribute to the overall Group strategy targets. The Remuneration Committee reviews the overall remuneration policy of the Group and its application at each level of job category.

**WHAT THEY TOLD US**

This year, due to the COVID-19 pandemic, our customers were principally concerned with their financial well-being and their ability to service their debts.

In addition, the demand for digital products and services increased significantly.

The customer surveys conducted at the end of the year showed high satisfaction levels across all major customer groups.

In the beginning of the year, our employees were experiencing increased stress levels due to the pandemic. They did not feel secure about their jobs and financial well-being. Some employees also struggled to get used to remote working practices and lacked social interaction.

The employee opinion surveys conducted in the second half of the year demonstrated strong engagement and high happiness levels.

**OUR RESPONSE AND IMPACT ON BOARD DECISIONS**

In order to support our customers and help them withstand the crisis, the Board approved several important initiatives, including offering a three-month grace period to our customers on interest and principal payments in two major stages, and participated in various government support programmes.

We also ensured that all our banking products and services were available without any interruption. In addition, we strengthened our digital presence and provided additional incentives to our customers for using these channels.

The Board demonstrated strong support to our employees by announcing from the early days of pandemic that we would retain all our staff in 2020 and that there would be no lay-offs. Also, no decrease in fixed salary was implemented for any employee, while executive Directors and top management of JSC TBC Bank did not receive any annual bonus and share awards under long-term incentive plan (LTIP) for the 2020 performance period.

We were quick to adapt to the new reality by transferring our back office employees to remote working practices and equipping our front office with all the necessary protection measures.

Furthermore, as already mentioned in our engagement section, we introduced online meetings with top management in order to keep our employees up-to-date about the company’s resilient financial position and results as well as address any concerns that they might have.

## OUR ENGAGEMENT

### OUR INVESTORS

We strive to generate long-term sustainable returns for our diverse shareholder base, as well as build long-term, mutually beneficial relationships with our debt investors.

We run an extensive investor relations programme to enable investors to engage with senior management via quarterly financial results calls and post-results roadshow meetings, regular participation in investor conferences, an annual Capital Markets Day and hosting on-site visits.

Due to the pandemic, from March onwards all our investor interaction in 2020 took place online. However, the format proved successful, and allowed us to maintain investor engagement at normal levels.

The AGM gives all shareholders the opportunity to engage with Directors and discuss any issues that they might have as well as provide feedback concerning the running of their company.

We also have a dedicated investor relations website ([www.tbcbankgroup.com](http://www.tbcbankgroup.com)), which contains detailed information about the company's strategic objectives, governance, financial position and performance as well as environmental and social issues.

### OUR COMMUNITY AND ENVIRONMENT

We aspire to have a positive impact on Georgian society by investing in areas that will stimulate sustainable economic growth and prosperity in our community as well as preserve the environment in which we operate.

We engage with our community in a number of ways, including conducting surveys on regular basis among the Georgian population in order to improve our understanding about current social conditions, as well as interact with various public and private organizations regarding education, business support, art and culture.

We also maintain active communication with businesses, including MSMEs and start-ups, in order to better structure our business support programmes and create maximum value for them.

We also cooperate with international financial institutions and local companies in order to raise awareness about the importance of environmental issues and encourage businesses to raise their standards in this regard.





**WHAT THEY TOLD US**

This year, our investors were mainly concerned with how the country is dealing with COVID-19 and economic implications of the pandemic. In terms of the company’s performance, the questions mainly revolved around our asset quality, capital and liquidity positions.

Dividends was another important topic, as a significant majority of our shareholders inquired about the prospects of resuming paying dividends for the year 2020 in 2021.

**OUR RESPONSE AND IMPACT ON BOARD DECISIONS**

In order to reassure our investors that we are managing the COVID-19 challenges effectively, the Board engaged proactively with all major investors and the CEO & CFO held online calls about the impact of the pandemic on our business and our response to it.

We also held an extended financial results conference call in May and, together with the quarterly results, provided an in-depth analysis of the macroeconomic situation in the country and our risk management. The call was also attended by the Vice Governor of the National Bank of Georgia, who presented a wider perspective on the Georgian economy.

We continue to closely monitor the economic situation in Georgia and hold active discussions with regulatory bodies about the possibility of resuming paying dividends.

For the majority of the Georgian population, the key concern this year was the availability of timely medical support in light of the COVID-19 outbreak as well as maintaining financial solvency amid the economic lockdown and strict restrictions.

Many financially vulnerable families also struggled to ensure proper conditions for remote education for their children since they did not have access to internet or the necessary technical equipment.

Likewise, it was a rather challenging year for businesses, especially MSMEs, and many of them found it difficult to stay afloat.

This year, the Board approved the launch of a wide-scale programme called #TBCforyou to support the Georgian population, which unites various social programmes and initiatives in this regard, including supporting the elderly, youth and businesses.

We also strived to extend financial support to those companies, that could create positive social impact through their activities.

In addition, we continued to roll-out our long-lasting projects aimed at supporting the young generation, art and culture and MSMEs.

We also obtained an ISO 14001:2015 certificate for our environmental management system, which is evidence that our environmental management system complies with the highest international standards.







**How We Define Our Material Topics and Report Content**  
**Materiality Matrix**  
**Our Contribution to UN Sustainable Development Goals**



# OUR MATERIAL TOPICS

The term ‘Material Topics’ is one of the key terms in sustainable development reports, including the Global Reporting Initiative (GRI) report. Every organization, through its activities and decisions, impacts the lives of people - be it the organization’s employees, customers, suppliers or other members of society. They also impact partner or competitor organizations, the environment, and social and economic systems. The impact can be positive as well as negative. Depending upon the specific organization, the impact can be insignificant in some fields of activity, but substantial in others. In terms of the GRI report, material topics are those that have the most significant social, economic and environmental impact, both positive and negative. Topics that are important to stakeholders and can have substantial impact on their opinion or decisions, are also considered to be material. According to the GRI standard, our GRI report structure is based on material topics.

## HOW WE DEFINE OUR MATERIAL TOPICS AND REPORT CONTENT

To conduct our materiality analysis and determine the content of this report, we considered various international standards and best practices, the outcomes of sector research, and the opinions of our multiple internal and external stakeholders.

- › We considered: the GRI Standards; the G4 Financial Services Sector Disclosures; and other international and sector-specific standards, such as the SASB Standards, the UN Global Compact ten principles, information requirements for environmental, social and governance (ESG) ratings, and the questionnaires and recommendations of the main sustainability indexes, such as FTSE4Good.
- › We performed multiple research projects and inquiries in 2020 with our clients and employees. We also held continuous communication with other stakeholders, to understand their concerns, needs, priorities and the matters on which they would like to have more information.
- › We held individual interviews with middle and top management representatives, during which the main impacts of the company and the list of material topics were discussed.

Based on identified and prioritized material topics, we defined the content of this report and information to be included in it. In particular, we structured the report contents based on the following

GRI principles: Sustainable Development Context; Materiality; Completeness; and Stakeholder Inclusiveness. Those topics that were evaluated as important based on these four principles, were included in the report. However, similar to any other organization, not all the issues identified as material are of equal importance to us. Therefore, our specific focus in this report on certain topics, coupled with the volume of data provided, reflect the significance of those topics to our company and its stakeholders.

## MATERIALITY MATRIX

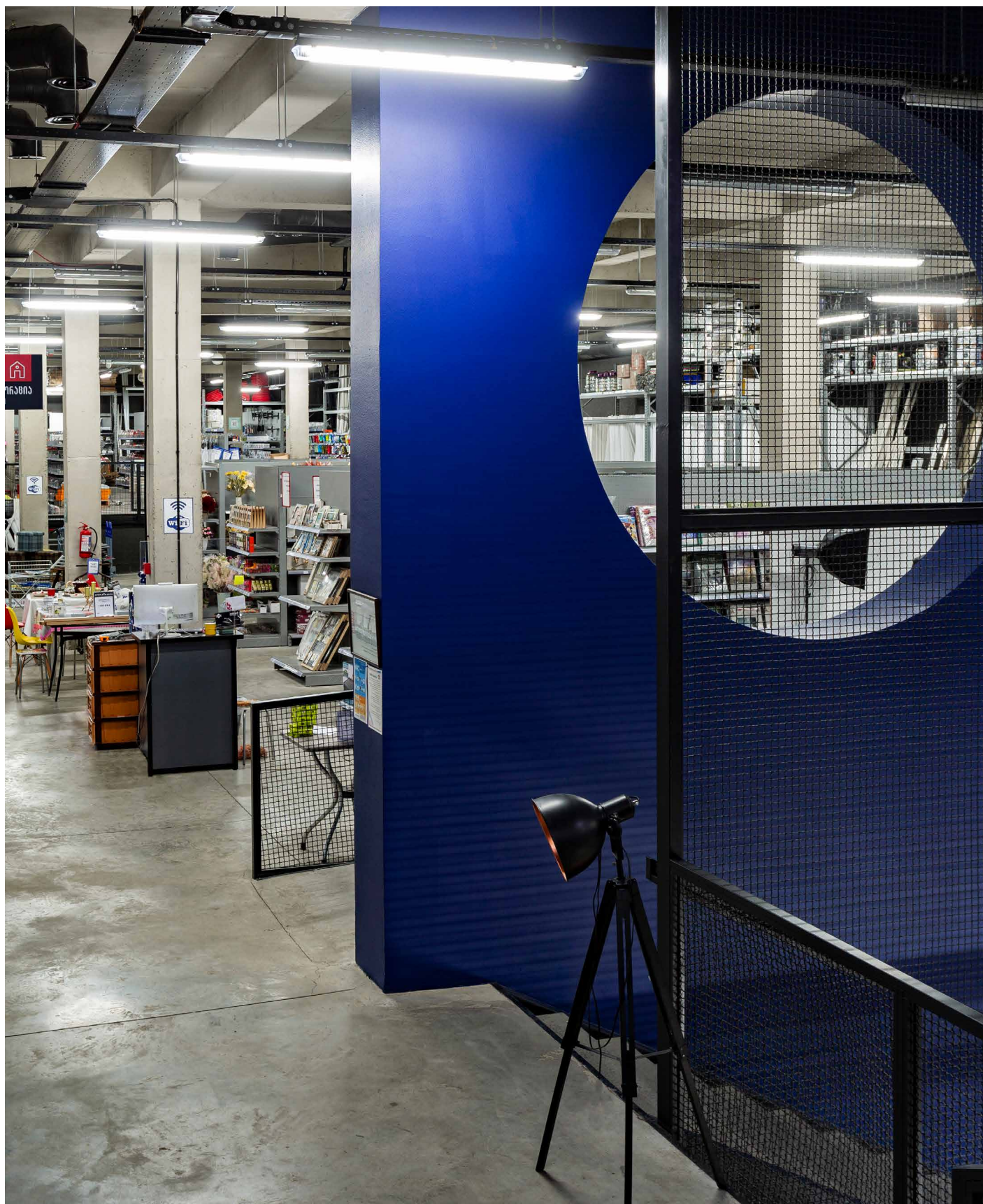
We have grouped our material sustainability topics according to the core sustainability impacts of our operations. Detailed information on our material topics, their relative significance, their boundaries, and our responses, is available in the table below. The last column of the table presents the specific report sections and chapters, where further information can be found.

## OUR CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

On September 25th, 2015 UN member countries agreed on the new agenda of sustainable development entitled, “Transformation of our world: 2030 agenda on sustainable development”, which includes 17 global goals. These goals aim at reaching long term and sustainable results in economic, social and environmental areas, such as the reduction of poverty, inequality and injustice, protection of the environment, and the minimization of climate change. Every sector of the economy and every organization has a specific role to play in implementing the 2030 agenda. Currently, we operate multiple social and environmental protection programs, through which we are contributing implementation of the 2030 agenda. In 2021, a sustainability focused, environmental, social and governance (ESG) strategy and particular action plans will be developed by TBC. The strategy will enable us to make a more tangible contribution towards reaching the sustainable development goals.

The table below presents those sustainable development goals to which the results of our current activities and programs are linked. It should be mentioned that the level of our contribution differs topic by topic.





## MATERIALITY MATRIX

Material topic	Importance (High/medium/low)	The Boundary for the material topic
<b>CORPORATE GOVERNANCE, ETHICS AND FAIR OPERATIONS</b>		
Anti-corruption, Ethics, & Countering money laundering	High	Within/external
Good Corporate governance	High	Within
Risk management and social and economic compliance	High	Within/external
<b>ECONOMIC IMPACTS</b>		
Financial performance	High	Within/external
Responding to macroeconomic issue	High	External
Attracting investments	High	Within/external
Economic impacts created by taxes, employment, procurement and our loans	High	External
<b>EMPLOYEE RELATIONS</b>		
Workforce well-being, conduct and culture	High	Within
Diversity and inclusion	High	Within
Employee development, training, education and leadership	High	Within
Occupational health and Safety	High	Within/external
<b>CLIENTS AND SERVICES</b>		
Improving customer satisfaction and experience	High	External
Responsible sales and marketing	High	External
Privacy and data security	High	Within/external
Digital innovation and new products	High	Within/external
<b>PROMOTING SOCIETY WELL-BEING</b>		
Investing in economic well-being and greater prosperity of local communities	High	External
Financial education, inclusion and accessibility of financial services	High	External
MSME development and encouraging entrepreneurship	High	External
<b>DIRECT ENVIRONMENTAL FOOTPRINT</b>		
Paper & waste	Medium	Within/external
Energy	Medium	Within/external
GHG emissions	Medium	Within/external
<b>INDIRECT SOCIAL AND ENVIRONMENTAL IMPACTS OF OUR OPERATIONS</b>		
Responsible lending, investing and procuring	High	External
Responsibility towards suppliers	High	External

<b>Relevant GRI Standard in the report</b>	<b>How we are addressing the topic (report section)</b>
<b>CORPORATE GOVERNANCE, ETHICS AND FAIR OPERATIONS</b>	<b>Ch.5 Governance and Sustainability Management Pg.36</b>
205. Anti-corruption; 206. anti-competitive behaviour;	
102. General disclosures (102:16; 102:17)	
102. General disclosures (4. Governance)	
307. Environmental compliance; 419. Socioeconomic Compliance;	
102:30 Effectiveness of risk management processes	
<b>ECONOMIC IMPACTS</b>	<b>Ch.7 Our Economic Impacts Pg.56</b>
201. Economic performance	
201. Economic performance	
201. Economic performance	
201. Economic performance 203. Indirect economic impacts 204. Procurement practices	
<b>EMPLOYEE RELATIONS</b>	<b>Ch.09 Responsible Employer Pg.82</b>
401. Employment	
405. Diversity and equal opportunity; 406. Non-discrimination	
404. Training and education	
403. Occupational health and safety	
<b>CLIENTS AND SERVICES</b>	<b>Ch.10 Treating our Customers Responsibly Pg.110</b>
417. Marketing and Labeling; 418. Customer privacy	
417. Marketing and Labeling	
418. Customer privacy	
413. Local Communities; 418. Customer privacy; Financial Services Sector Disclosures: FS 16: Initiatives to enhance financial literacy	
<b>PROMOTING SOCIETY WELL-BEING</b>	<b>Ch.11 Supporting Communities Pg.124</b>
413. Local communities	
Financial Services Sector Disclosures: FS13: Access points in low-populated or economically disadvantaged areas; FS16: Initiatives to enhance financial literacy	
413. Local communities; 203. Indirect Economic Impacts	
<b>DIRECT ENVIRONMENTAL FOOTPRINT</b>	<b>Ch.08 Environmental Responsibility Pg.66</b>
301. Materials; 306. Effluents and Waste	
302. Energy	
305. Emissions	
<b>INDIRECT SOCIAL AND ENVIRONMENTAL IMPACTS OF OUR OPERATIONS</b>	<b>Ch.12 Treating our Suppliers Responsibly Pg.146</b>
203. Indirect Economic Impacts; 204: Procurement Practices; FS7- FS8: Financial Services Sector Disclosures (Aspect: Product Portfolio)	
102-9 Supply chain; 204: Procurement Practices	

## MAPPING OUR ACTIVITIES TO SDG GOALS

UNSDG	How we contribute	Report Section
SDG 1: No Poverty	<ul style="list-style-type: none"> <li>– through our community programs and social investments;</li> <li>– through our SMSE development program</li> </ul>	Chapter 11 Supporting Communities Pg.124
SDG 3: Good Health and Wellbeing	<ul style="list-style-type: none"> <li>– through ensuring social protection and occupational health and safety to our employees</li> </ul>	Ch.09 Responsible Employer Pg.82
SDG 4: Quality Education	<ul style="list-style-type: none"> <li>– through our community programs oriented at education;</li> <li>– through providing educational opportunities to our employees</li> </ul>	Ch.11 Supporting Communities Pg.124
SDG 5: Gender Equality	<ul style="list-style-type: none"> <li>– through our employee diversity programs; -through our credit lines designed for women</li> </ul>	Ch.09 Responsible Employer Pg.82
SDG 7: Affordable and Clean Energy	<ul style="list-style-type: none"> <li>– through financing energy efficient projects and renewable energy</li> </ul>	Ch.08 Environmental Responsibility Pg.66 Ch.12 Treating our Suppliers Responsibly Pg.146
SDG 8: Decent Work and Economic Growth	<ul style="list-style-type: none"> <li>– through ensuring good work and development environment to our employees;</li> <li>– through internship programs for youth;</li> <li>– through community programs oriented at education;</li> <li>– through supporting digital innovation and promoting entrepreneurship;</li> <li>– through including local suppliers in our supply chain</li> </ul>	Ch.09 Responsible Employer Pg.82 Ch.11 Supporting Communities Pg.124 Ch.10 Treating our Customers Responsibly Pg.110 Ch.12 Treating our Suppliers Responsibly Pg.146
SDG 9: Industries, Innovation and Infrastructure	<ul style="list-style-type: none"> <li>– through programs promoting entrepreneurship and supporting startups</li> <li>– through financial products designed specifically for MSMEs (Financing micro-enterprises, SMEs) thus increasing their access to finances</li> <li>– through Youth Support Program, offering affordable credit to the youth</li> </ul>	Ch.11 Supporting Communities Pg.124
SDG 13: Climate Action	<ul style="list-style-type: none"> <li>– through considering environmental aspects in our corporate lending and investment decisions and developing green financial products, thus reducing our indirect impact on climate and stimulating renewable energy generation;</li> <li>– through reducing our direct carbon footprint</li> </ul>	Ch.08 Environmental Responsibility Pg.66 Ch.12 Treating our Suppliers Responsibly Pg.146
SDG 16: Peace, Justice and Strong Institutions	<ul style="list-style-type: none"> <li>– through our anticorruption and anti-money laundering policies and practices;</li> <li>– through applying our exclusion list to our credit decisions and thus contributing to elimination of illicit financial and arms flows and all forms of organized crime</li> </ul>	Ch.5 Governance and Sustainability Management Pg.36
SDG 17: Partnerships for the goals	<ul style="list-style-type: none"> <li>– through our partnership under the state subsidies programs;</li> <li>– through our partnerships with international organizations</li> </ul>	Ch.01 Who we are Pg. 06 Ch.11 Supporting Communities Pg.124







# GOVERNANCE AND SUSTAINABILITY MANAGEMENT

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## **Corporate Governance Framework**

- > The Board of Directors
- > Board Operations
- > Board Composition
- > Board Committees
- > Division of Responsibilities
- > Annual Board Effectiveness Evaluation
- > Training Agenda

## **Risk Management Model**

- > Risk Management Framework
- > Governance

## **Sustainability Governance**

- > ESG Framework
- > Focus on Climate Change

## **Managing Conflicts of Interest**

## **Compliance with Laws and Regulations in the Social and Economic Area**



# GOVERNANCE AND SUSTAINABILITY MANAGEMENT

## CORPORATE GOVERNANCE FRAMEWORK

Our approach is to ensure that our governance structure is both fit for purpose and in line with best practice. The Board’s primary responsibility is to ensure that the Group applies the highest principles of corporate governance and that such principles are embedded into the culture and operations of our business.

We comply with National Bank of Georgia Corporate Governance Code for Commercial Banks (the “NBG Code”) and, in addition, as a London Stock Exchange premium segment listed company we are in compliance with the requirements of UK Corporate Governance Code (the “UK Code”).

The Group has a “Mirror Boards” governance structure. Under this structure, key aspects of the Board of Directors and the Supervisory Board of its main subsidiary JSC TBC Bank (the “Supervisory Board”) are aligned. The Board of Directors continues to hold the view that this structure is the most appropriate approach to allow for efficient governance within the TBC group. Under the structure:

- › The Board and the Supervisory Board have the same non-executive members;
- › The Chairman of the Board also serves as the chairman of the Supervisory Board;
- › The Senior Independent Director (“SID”) of the TBC Bank Group PLC also serves as the SID of the Supervisory Board; and
- › The Boards Committee chairs also serve as the equivalent committee chairs of the Supervisory Board.

The Mirror Boards governance structure maximises efficiencies in the management and supervision of the Group’s business and adds stability to the Group’s governance.

### The Board of Directors

The Board is the principal decision-making body of the Group and is collectively responsible for promoting the Group’s purpose, culture, values, long-term success strategy and the delivery of sustainable value to stakeholders by establishing and overseeing the strategic direction of the Compa-

ny and its business. The Board’s role is to provide leadership through effective oversight and review of the Group’s operations. It sets the Group’s risk appetite, monitors operational and financial performance and reporting, ensures the Group is adequately resourced with effective controls and remuneration policies, and that there are appropriate succession planning arrangements in place. The Directors are aware of their duties under section 172 of the Companies Act 2006 and further insight into how the Board took account of the views and interests of our stakeholders can be found on pages 150-151 of the 2020 Annual Report, which is published on the company’s website: [www.tbcbankgroup.com](http://www.tbcbankgroup.com) (the “Annual Report”).

The Board is led by the Chairman and provides challenge, oversight and advice to ensure the Company’s success. The Chairman ensures that there is constructive debate in the boardroom in order to create and maintain an environment where the Board remains open to different viewpoints and ideas.

### Board operations

During the year, the Board met 39 times, although only one of those meetings was in person. When unable to meet in person, the Board held meetings by video conference, which led to a change in working patterns. In 2019, the Board had scheduled review meetings, a designated strategy review session, and only met on an ad-hoc basis for urgent approvals. This year, the Board used the flexibility of video conferencing to hold not only regular review meetings but also ad hoc discussions around business development issues, and “deep dives” into core strategic developments.

There is a formal schedule of matters reserved for the Board’s approval in place to ensure that the Board retains control over key decisions. The matters exclusively reserved for the Board’s approval include, among other things, approval of the Group’s strategy, long-term objectives, risk appetite, the annual operating and capital expenditure budgets, changes to the Group’s capital, share buy-backs, major acquisitions and/or mergers, annual reports and accounts. The full document is available on the website at [www.tbcbankgroup.com](http://www.tbcbankgroup.com).





All Board meetings, irrespective of the type of discussion, follow a tailored agenda agreed in advance by the Chairman, Chief Executive Officer and Group Company Secretary. In addition, the Board has a detailed schedule of work, which guides the Board's workload throughout the year, in line with the schedule of matters reserved for the Board.

The Board recognises the need to prioritise time to focus on material strategic and business matters, while ensuring monitoring and oversight of all other key matters within its remit.

The Board and Committees rely on the management to raise relevant items for approval. The processes of agenda setting and reporting to the Board are reviewed as part of the Board's performance evaluation.

All Directors are expected to attend each Board meeting and the meetings of Board Committees of which they are a member.

**Board composition**

In accordance with the Code, the majority of the Board are independent non-executive Directors. At the date of this report, the Board is comprised of a Chairman (Arne Berggren) who was independent on appointment, one executive Director (Vakhtang Butskhrikidze), three newly appointed independent non-executive directors (Eran Klein, Per Anders Fasth and Thymios P. Kyriakopoulos) and five independent non-executive Directors Tsira Kemularia (interim Senior Independent Director), Maria Luisa Cicognani, Nicholas Haag, Abhijit Akerkar, Eric Rajendra and Nikoloz Ehlukidze, the former Chairman, a non-executive Director who is not considered as independent under the Code.

As announced on 30 April 2021, Nikoloz Ehlukidze, Nicholas Haag and Eric J. Rajendra are not standing for re-election at the Company's Annual General Meeting and their authority as Directors of the Company will therefore terminate at the conclusion of the Annual General Meeting on 14 June 2021.

In accordance with the UK Corporate Governance Code, all continuing directors of the Company (Arne Berggren, Tsira Kemularia, Vakhtang Butskhrikidze, Maria Luisa Cicognani, Abhijit Akerkar, Eran Klein, Per Anders Fasth and Thymios P. Kyriakopoulos) will stand for appointment or reappointment at the Annual General Meeting on 14 June 2021.

The Board has considered the independence of the Company's non-executive Directors as against the factors described in the Code and has determined that all non-executive Directors, apart from Nikoloz Ehlukidze, are independent. In addition, the Company's all non-executive Directors (excluding departing non-executive Directors) are considered independent under the requirements of National Bank of Georgia's Corporate Governance Code.

Each non-executive Director has an ongoing obligation to inform the Board of any circumstances that could impair their independence.

Biographical details of our existing Directors standing for appointment or reappointment are set out on pages 162-165 of the Annual Report.

Biographical details of newly appointed Directors are set out below:

Eran Klein is an experienced international senior banker and lawyer who held senior roles over decades in leading financial institutions such as Commerzbank, Citibank, ING Financial Markets and Deutsche Bank across both developed and emerging markets. He has accumulated valuable knowledge in capital markets, SME, retail lending, corporate governance, liquidity, and balance sheet management, as well as risk management and strategy implementation. Currently, he serves as a non-executive director and risk committee chair at Privatbank, the largest bank in Ukraine.

Per Anders Fasth is an independent non-executive director with a proven track-record as an executive. Mr. Fasth has been senior executive for 20 years - at the leading North-European Bank SEB and as CEO of SBAB Bank - as well as top-tier consultant for 10 years at McKinsey and QVARTZ (now Bain & Company). He is currently the chairman of FundedByMe, a listed Fin-tech equity crowd-funding company. He is also a board member and chairman of risk and audit committee at Skandiabanken AB. From 2017 to 2019 he was a board member and member of the risk, audit, remuneration, strategy, nomination and ethics committees of Piraeus Bank S.A., a listed leading Greek Bank.

Thymios P. Kyriakopoulos is an internationally experienced banking executive specializing in the areas of risk management and transformation, financial engineering and portfolio management. He serves on the board of the Hellenic Corporation of Assets and Participations, the Greek sovereign wealth fund, and is a chairman of the investment and risk committee. From 2017-2020, he served as executive general manager, chief risk officer of Piraeus Bank S.A, a listed leading Greek

Bank. Prior to that he was a managing director in the fixed income currencies and commodities division of Goldman Sachs.

### Board committees

The Board discharges some of its responsibilities through, and is supported by, its Committees, which provide oversight and make recommendations on the matters delegated to them by the Board. The Board has established four principal Board Committees: the Corporate Governance and Nomination Committee, the Audit Committee, the Risk Committee and the Remuneration Committee.

Each Committee is led by a Chair and membership consists solely of Non-Executive Directors. The Chairs of each Board Committee provide a report on committee business at each Board meeting, including the matters being recommended by a Committee for Board approval. The process for setting a Committee agenda and running a Committee meeting mirrors that of the Board. Terms of References for each principal Board Committee is available on our website ([www.tcbankgroup.com](http://www.tcbankgroup.com)).

### Division of responsibilities

There is a clear division of responsibilities between the Chairman, the Chief Executive Officer and the senior independent non-executive Director. As Chairman, Arne Berggren is responsible for leading the Board to ensure that the Board as a whole performs a full and constructive role in the development and determination of the Group's strategy and overall commercial objectives. He also oversees the Board's decision-making processes. The Chief Executive Officer, Vakhtang Butskhrikidze, is responsible for the Company's day-to-day management and has the principal responsibility of running the Group's business. He is responsible for proposing, developing and implementing the Group's strategy and overall commercial objectives, which is done in close consultation with the Chairman and the Board. In addition, the Board has appointed, in line with the requirements of the Code, Tsira Kemularia as interim senior independent non-executive Director, who provides a sounding board for the Chairman. This separation of responsibilities between the Chairman, the Chief Executive Officer and the senior independent non-executive Director ensures that no one individual has unfettered powers of decision-making. The full document detailing the division of responsibilities between the Chairman, the Chief Executive Officer and the senior independent non-executive Director is available on our website at [www.tcbankgroup.com](http://www.tcbankgroup.com).

### Annual Board effectiveness evaluation

In 2020, the Board undertook an internal evaluation of its performance conducted by the Company Secretary under the supervision of the Governance and Nomination Committee (CGN). The format followed was similar to that used in 2019, and the individual Directors completed a questionnaire seeking their views on how the Board had operated, how they assessed its performance, and how they assessed that of the various Board Committees. Once completed, the consolidated questionnaires were considered at three levels: (i) at a CGN Committee; (ii) between the Chairman of the CGN Committee and the Chairman of the Board; (iii) and at a full Board meeting. Overall, Board and Committee performance was deemed to be satisfactory.

Full details on the annual Board effectiveness evaluation and respective action plan can be found on pages 151-152 of the Annual Report.

As required by the code, an externally conducted Board evaluation will be undertaken in 2021.

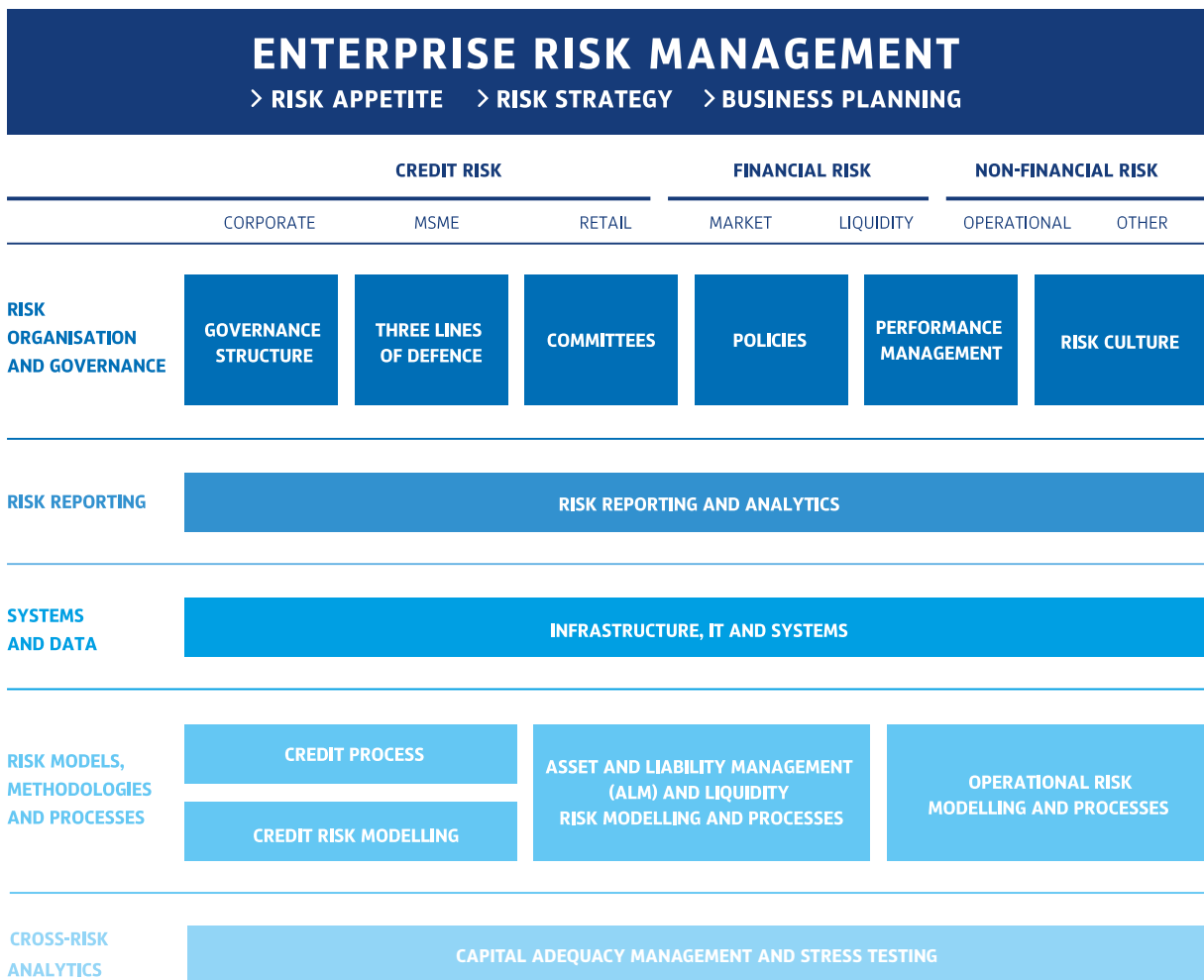
### Training agenda

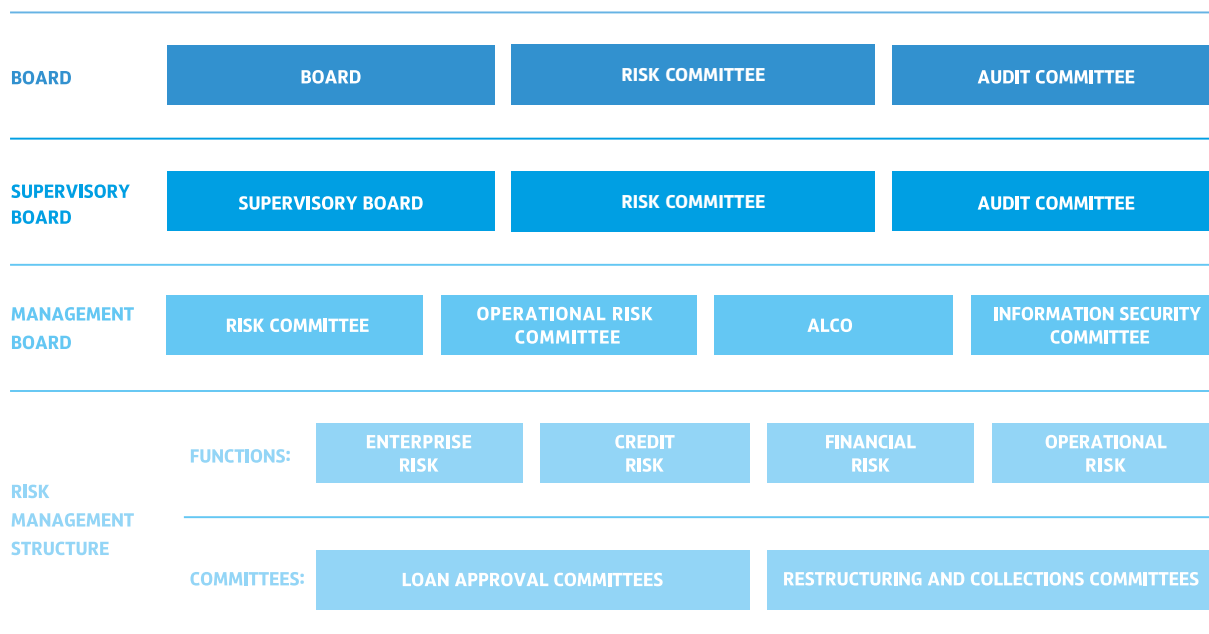
The Board of Directors of TBC Bank Group PLC has established a diverse and comprehensive training agenda, which is reviewed annually. The Group's Company Secretarial team creates a general training catalogue at the beginning of the year, which covers all relevant areas of risk, audit, remuneration and governance, with additional focus during 2020 and 2021 on ESG regulatory compliance, reporting, shareholder views and impact. The catalogue includes an effective mix of publicly available and client-tailored webinars, analytical materials, and opportunities for live discussion with industry participants. Providers of these training opportunities include the Big Four auditors, external legal advisors, chartered institutes (such as the Institute of Directors and the Governance Institute), and subject-specific consultants. Directors use the training catalogue in order to create their bespoke training calendars and exchange knowledge during Board meetings or via the Group's dedicated Board platform.

## RISK MANAGEMENT MODEL

We operate a strong and independent, business-minded risk management system. Its main objective is to contribute to the sustainability of risk-adjusted returns through the implementation of an efficient risk management system. In the group, we have adopted four primary risk management principles:

- › Govern risks transparently to obtain understanding and trust. We believe that consistency and transparency in risk-related processes and policies are preconditions for gaining the trust of various stakeholders.
- › Manage risks prudently to promote sustainable growth and resilience. Risk management acts as a backstop against excessive risk-taking and ensures the Group’s sustainability and resilience.
- › Ensure that risk management underpins the implementation of strategy. The staff responsible for risk management provide assurance on the feasibility of achieving objectives through risk identification and management.
- › Identifying and adequately pricing risks and taking risk mitigation actions supports the generation of desired returns and the achievement of planned targets.
- › Use risk management to gain a competitive advantage. Comprehensive, transparent and prudent risk governance facilitates understanding and trust from multiple stakeholders, ensuring the sustainability and resilience of the business model and the positioning of risk management as the Group’s competitive advantage.





**Risk management framework**

The Group’s risk management framework incorporates all the necessary components for comprehensive risk governance. It is comprised of enterprise risk management, credit, financial and non-financial risk management, risk reporting and supporting IT infrastructure, and cross-risk analytical tools and techniques such as capital adequacy management and stress testing. The following diagram depicts the risk management framework:

**Risk governance**

The Group conducts its risk management activities within the framework of its unified risk management system. The involvement of all governance levels in risk management, the clear separation of authority, and effective communication between the different entities facilitate clarity regarding the Group’s strategic and risk objectives, adherence to the established risk appetite, and sound risk management.

The Group’s governance structure ensures adequate oversight and accountability, as well as a clear segregation of duties. The Board and the Supervisory Board have joint overall responsibility to set the tone at the top of the Group and monitor compliance with the established objectives, while the Management Board governs and directs the Group’s daily activities.

The risk governance structure consists of three board levels, including the Board, the Supervisory Board and the Management Board. All three boards have dedicated risk committees. The Board and

the Supervisory Board each have a Risk Committee that supervises the risk profile and risk governance practices within the Group, as well as an Audit Committee that is responsible for implementing key accounting policies and facilitating internal and external auditor activities. The Management Board’s Risk Committee was established to guide Group-wide risk management activities and monitor major risk trends to ensure that the risk profile complies with the established risk appetite.

The Management Board’s Operational Risk Committee makes decisions related to operational risk governance, while the Assets and Liabilities Management Committee (ALCO) is responsible for the implementation of asset-liability management policies.

The Board, the Supervisory Board and the Bank’s senior management govern risk objectives through the Risk Appetite Statement, which establishes the desired risk profile and risk limits.

Board-level oversight, coupled with the permanent involvement of senior management in the Group’s risk management and the exercise of top-down risk allocation by the enterprise risk management function, ensures clarity regarding risk objectives, intense monitoring of the risk profile against the risk appetite, the prompt escalation of risk-related concerns and the establishment of remediation actions.

The daily management of individual risks is based on the three lines of defense principle. While business lines are the primary owners of risks, respective risk teams act as the second line of defense by

sanctioning transactions, tools and techniques for risk identification, analysis, measurement, monitoring and reporting. The committees established at operational levels are charged with making transaction-level decisions as part of a framework comprised of clear and sophisticated delegations of authority, based on the “four-eyes” principle. All new products and projects pass through risk teams to ensure that the risks are comprehensively analyzed.

Credit, liquidity, market, environmental and social, operational and other non-financial risks are each managed by dedicated teams. In addition to the risk teams subordinated to the Chief Risk Officer, the compliance department reports directly to the CEO and is specifically in charge of anti-money laundering and compliance.

The Environmental Policy governs the Environmental Management System (EMS) within the Group and ensures that we comply with applicable environmental, health and safety and labour regulations and use sound environmental, health and safety, and labour practices, as well as take reasonable steps to make sure that our customers also fulfill their environmental and social responsibilities. The Group has developed risk management procedures to identify, assess, manage and monitor environmental and social risks. These procedures are fully integrated in the Group’s credit risk management process and are applied to all commercial transactions. The Environmental and Social Risk Management (ESRM) team, which is comprised of full-time employees, is part of the SME and Corporate Business Credit Risk Department, which reports directly to the Chief Risk Officer.

As a third line of defense, the internal audit department is responsible for providing independent and objective assurance and recommendations to the Group to promote the further improvement of operations and risk management.

## SUSTAINABILITY GOVERNANCE

TBC’s activities for managing sustainability risk are aligned with its generally low tolerance of risk. Sustainability risk management is done within a framework of established processes for risk management.

According to our vision, a sustainable bank is a profitable institution that offers adequate, affordable and need-based services to its clients, treats its employees, suppliers and all other stakeholders with a high sense of responsibility, and strongly supports the development of society. It is also a technologically advanced and environmentally aware bank that is trusted by society.

The sustainability risks are related to the Group’s different roles as a lender, asset manager, service provider, purchaser and employer. Of particular interest in the area of sustainability are risks related to compliance, conduct and digitalization, as well as human rights, working conditions, the environment, climate change, financial crime, and information and IT security.

Sustainable development policies and management structures are represented in various policy documents and management domains. TBC has developed several thematic policies and codes that regulate various social and environmental protection issues related to company activity. They include: the Code of Ethics, the Incident Management Policy, the Anti-Corruption Policy, the Personal Data Protection Policy, the Conflict of Interests Management Policy, the Green Purchase Recommendations etc. These documents are described in detail in the respective chapters.

This year we continue systematizing the existing policies under one umbrella, as well as implementing sustainable development management structures and procedures and harmonizing them group-wide. At the end of, 2020, in order to intensify the efforts, the Group established the Investment Risk Department which will coordinate the process across subsidiaries. Furthermore, in 2021, the ESG Coordination Department was created in order to support the establishment of an integrated ESG framework synergizing business, social, environmental and governance aims. Both departments are reporting to the Chief Risk Officer.

In 2020, we started to implement the Environmental Policy in the subsidiaries and individual action plans were agreed with 19 of them. In order to effectively implement the environmental policy in 2020, all TBC subsidiaries have appointed Environmental and Social Risk Management Coordinators for whom the TBC Bank’s Environmental and Social Risk Management Team provided trainings and conducted deep dive informational meetings. The coordinators introduced the environmental policy standards and requirements to the employees of the subsidiaries.

Compliance with the Bank’s Environmental and Social Risk Management Policy is closely monitored by the Environmental and Social Risk Management team. Progress on policy implementation is regularly reported to top management and the respective divisions. A range of departments manages implementation of the other policies, as relevant, and provide progress reports to top management.



**ESG framework**

In 2021, the Group takes further steps to enhance its ESG framework and to demonstrate our commitment towards taking active measures to mitigate climate change.

- > The ESG strategy will be further refined and developed in order to integrate S (social) and G (governance) factors related to climate change, direct and indirect environmental impact, sustainable development across the group, customers, employees, suppliers and society, financial inclusion, employee relations and talent management, workplace diversity and inclusion.
- > The Board and the Risk Committee will take responsibility for approving and overseeing the ESG strategy. Regular reporting on ESG matters will be established.
- > The ESG Committee is established at the senior executive level, which will take responsibility for implementing the ESG strategy and approving the action plans.
- > The implementation of the ESG strategy will be supported by the various organizational functions responsible for ESG matters: E&S risk management, the ESG Coordinator and the ESG competence center.



## FOCUS ON CLIMATE CHANGE

In order to increase our positive direct and indirect impact, the Group strives to integrate ESG considerations, in particular climate change related matters, into its main activities, services and products. In 2021, the Group aims to:

**IMPLEMENT THE RECOMMENDATIONS OF THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES;**

**INCREASE UNDERSTANDING OF THE IMPACT OF CLIMATE CHANGE ON BUSINESS ACTIVITIES, THE ENVIRONMENT AND SOCIETY;**

In 2021, the Group aims to improve its climate-related annual financial filings, practices and techniques. Improved data analytics in the Group will ultimately support better understanding of the potential implications of climate change for the organization.

In 2021, the Group will work towards:

- > identifying material topics related to climate change;
- > developing data analytics;
- > integrating additional analytical components in its day-to-day operations;
- > expanding existing metrics and defining targets; and
- > developing metrics to capture non-financial outputs.

## MANAGING CONFLICTS OF INTEREST

We qualify conflicts of interest as a situation in which the personal (or related) interests of an employee can be satisfied at the expense of a bank or a client of a bank, which can harm one or both parties. This definition is based on National Bank Regulation, UK Listing Rules and IAS standards. Identification and prevention of potential conflict of interests, especially at the management level, is one of the basics of practicing business fairly and one of the priorities of sound corporate governance.

In order to prevent conflicts of interest, we have developed and implemented the following policies and practices:

1. A Code of Conduct that includes the definition of a conflict of interest and defines standards of acceptable conduct.
2. A Related Party Transaction Policy that defines a conflicts of interest management process, according to the National Bank of Georgia “Conflicts of Interest Management Provisions” document, UK Chapter 11 Listing Rules and DTR.7.3.
3. An Ecosystem Governance Policy that is in compliance with the principles of ecosystem management guidelines developed by NBG, as well as the laws and regulations governing: (i) the principles of ethical behavior by banks; (ii) personal data protection; (iii) conflict of interest; and (iv) competition and other relevant applicable rules.
4. Each member of management is responsible to disclose information about their related parties immediately after changes and on a quarterly basis.
5. Each member of management is responsible not to take part in transactions where conflicts of interest could potentially exist.

In accordance with the requirements of the Companies Act 2006 and the Company’s articles of association (the “Articles of Association”), the Company requires Directors to declare actual or potential conflicts of interest that could interfere with the interests of the Company. The Directors are required, prior to Board meetings, to declare any conflict of interest they may have in relation to the matters under consideration and, if so, to abstain from voting and decision-making in relation

**ADDRESS CLIMATE MITIGATION AND ADAPTATION IN ITS COUNTRIES OF OPERATIONS;**

**DEVELOP PRODUCTS, SERVICES AND APPROACHES THAT CONSIDER ITS ESG GOALS, E.G. GREEN LOANS; AND**

**SET UP A FORMAL FRAMEWORK FOR SOCIAL PROJECTS WITH A SUSTAINABILITY IMPACT.**

to the matter in question. Directors have a continuing duty to notify the Chairman and Company Secretary as soon as they become aware of any potential or actual conflicts.

The Related Party Transaction Policy has been implemented in the Bank since 2001 and was renewed in 2015, according to the requirements of the NBG’s “Conflict of Interests Management Provisions”. The last update was applied in December 2020. The policy is revised annually and amendments are approved by the Supervisory Board.

The Compliance Department is responsible for the adequate functioning of the conflict of interest management framework. We have three lines of defense. The first level of responsibility lies with the employee. The second level of responsibility lies with the Compliance Department, which ensures implementation of policies, procedures and control mechanisms, and raises employee awareness of conflicts of interest.

The third level of protection is related to the Internal Audit Department, which periodically conducts audits concerning the matter and provides additional information to the Bank Audit Committee and Supervisory Board on the efficiency of management systems. Any kind of conflicts of interest are identified by Internal Audit and are disclosed to the Audit Committee and Supervisory Board.

The National Bank of Georgia regulation, “Conflict of Interest Management Provisions”, sets limits above which the Bank Supervisory Board is

obliged to approve concrete transactions with the related parties. We report to the NBG on related party transactions and provide them with up-to-date list of related parties on a monthly basis.

UK Listing Rules require the Company to disclose and obtain Board approval for above certain threshold related party transactions. Furthermore, the Bank, with the assistance of external advisers, undertook a review of the Bank’s relevant internal controls systems. Although these reviews did not identify any material deficiencies in the Bank’s existing internal controls and compliance systems, they did make certain recommendations for further technical improvements for the Bank. The Risk Committee closely monitored the whole review process, extensively discussed the recommendations and monitored progress in the execution of recommendations.

**COMPLIANCE WITH LAWS AND REGULATIONS IN THE SOCIAL AND ECONOMIC AREAS**

Compliance with the law is the foundation on which our company activity is based. The Compliance, Human Capital and Risks Management Departments are responsible for compliance with laws and regulations in the social and economic areas. The company has created sound monitoring mechanisms to ensure legislative compliance. In 2020, no fines or non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area have been identified.



# ETHICS AND INTEGRITY

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## **Business Ethics and Ethical Conduct**

- > TBC Code of Ethics
- > Informing Employees on the Code of Ethics
- > Informing External Stakeholders on the Code of Ethics
- > Code of Conduct
- > Informing Employees on the Code of Conduct

## **Anticorruption, Countering Bribery and Money Laundering**

- > Company Anti-Corruption Policies and Procedures
- > Anti-Corruption Policy Implementation, Monitoring and Response
- > Informing Employees about Anti-Corruption Policies and Procedures
- > Operations Assessed for Risks Related to Corruption

## **Public Policy and Government Relations**

### **Policy and Practices to Prevent Anti-Competitive Behavior and Anti-Trust Practices**

### **Incident Management Policy / Whistleblowing Policy**





# ETHICS AND INTEGRITY

## BUSINESS ETHICS AND ETHICAL CONDUCT

In order to gain customers' and partners' trust and successfully do our business, we have to ensure that the behavior of our employees and our business decisions are in line with the highest standards of ethics.

As we are a part of a community and have diverse stakeholders, every decision we make impacts employees, customers, business partners, other stakeholders and society as a whole. The Bank's code of ethics is a "moral compass" assisting us with our decision-making framework. It serves as a guidance for our team on ethical conduct and for making the right decisions in specific circumstances.

For many years, TBC has been promoting ethical conduct in all its activities. We have invested time and energy in identifying non-ethical and dishonest behavior risks and creating prevention mechanisms.

The TBC Code of Ethics and Code of Conduct are two core documents that describe our principles of ethics and conduct, and they apply to all employees within the group.

### TBC Code of Ethics

The TBC Code of Ethics document represents our vision and values, and establishes the ethical principles for professional and personal conduct that we expect from all employees. It applies to the whole group. The Code of Ethics considers local regulations, international standards and best practices.

The initial version of the Code was developed in 2013. It has been regularly updated, based on various legislative changes or internal policy amendments. The last update of the Code of Conduct was conducted in 2020. The Code of Ethics has been approved by the Board and the Supervisory Board.

### Informing employees on the Code of Ethics

In order to efficiently implement the Code of Ethics and raise awareness of its principles, we develop a training plan each year. It is of the utmost importance to ensure that all employees have received comprehensive information about the Code of Ethics and understand it. In 2020, the

training content was expanded with specific cases that focused on deep dive analysis of real-life examples.

In order to deliver this training efficiently, especially during the pandemic, the Compliance Department developed online training modules. The topics related to the Code of Ethics were covered in different types of training:

- > Training for existing employees and internal trainers;
- > Welcome trainings and an information package for new employees, including the Code of Ethics and Code of Conduct;
- > TBC academy training programs; and
- > Various specialized training modules such as Sales and Customer Service.

**IN 2020, 4,492 EMPLOYEES WERE TRAINED IN THE CODE OF ETHICS AND THE CODE OF CONDUCT TOPICS VIA THE DISTANT LEARNING PLATFORM.**

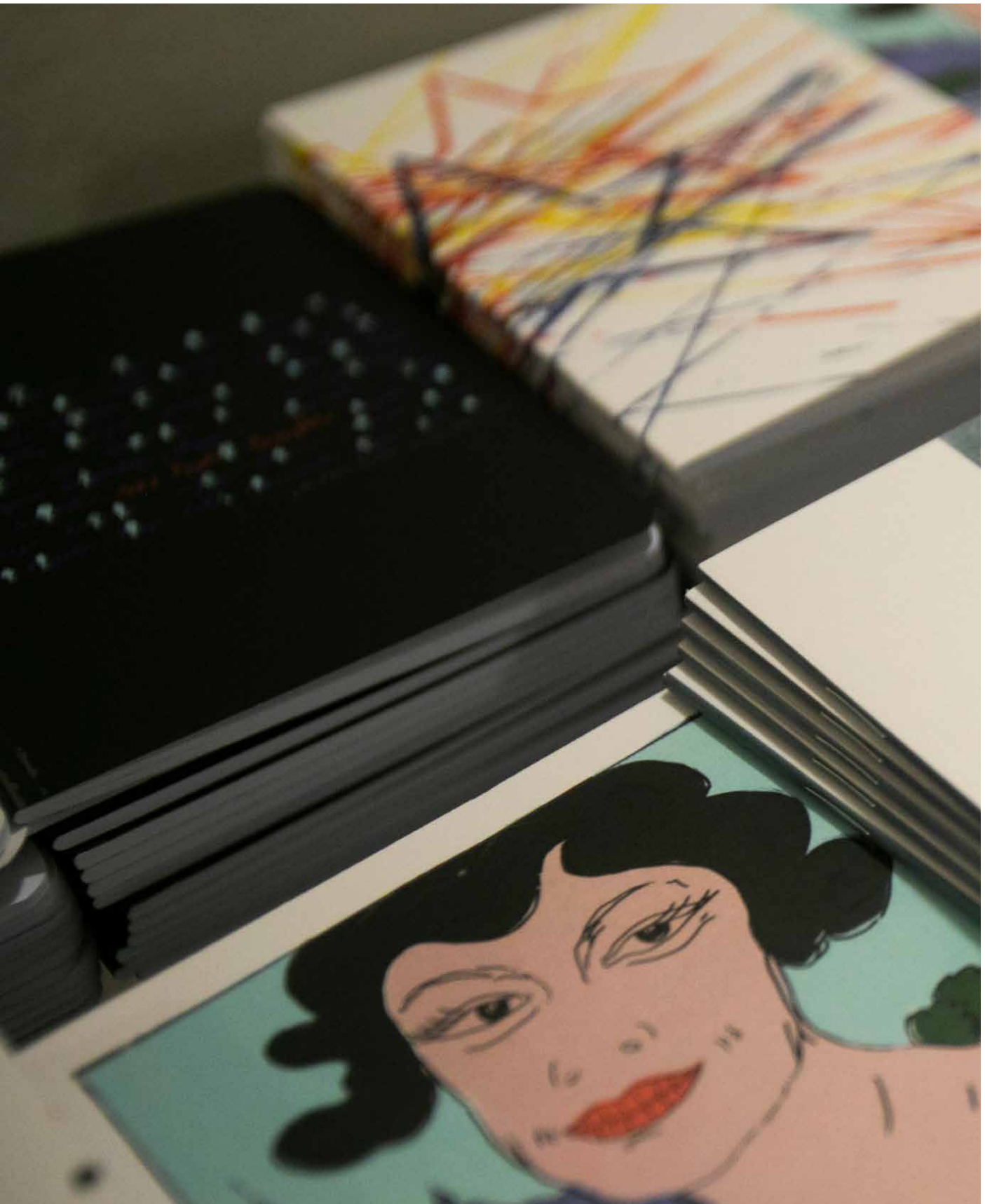
In 2020, 4919 employees received whistle-blowing policy training, as well.

### Informing external stakeholders about the Code of Ethics

The TBC Code of Ethics is publicly available at the following address in English [www.tbcbankgroup.com](http://www.tbcbankgroup.com).

We strive to inform society about the importance of ethical conduct for our company through various activities and channels.

This is often part of our communication activities. Although the fulfillment of the Code of Ethics by third parties cooperating with us is not binding, our cooperation agreements include clauses that consider ethical conduct requirements such as the fight against corruption, the fight against tax avoidance, confidentiality requirements, etc.



**Code of Conduct**

One of the instruments for implementing the Code of Ethics in TBC is the Code of Conduct, which is a mandatory document for every employee, breaches of which may be subject to disciplinary action.

The Code of Conduct is based on the main ethical values and principles of the company and regulates such issues as labor rights, conflicts of interests, relationships with clients, personal data protection and more.

The Code of Conduct is revised annually, with the last update conducted in 2020. All amendments to the Code of Conduct are approved by the Board and the Supervisory Board.

The Code of Conduct is available both for internal usage in the intranet and for public access at the following address: [www.tbcbankgroup.com](http://www.tbcbankgroup.com).

The Human Capital Department is responsible for implementing the Code of Conduct among employees. Internal audit, security, operational risk and compliance teams carry out regular monitoring of fulfillment of the Code of Conduct.

**Informing employees on Code of Conduct**

The Code of Conduct is an indispensable part of the labor agreement. Every new team member receives the Code of Conduct via e-mail, and the Code is covered further during their induction training. A post-training test checks how well they understood and remembered it. At regular intervals, employees receive push message reminders from the intranet portal, recommending them to review the Code of Conduct and refresh their understanding.

**ANTICORRUPTION, COUNTERING BRIBERY AND MONEY LAUNDERING**

**Company Anti-Corruption policies and procedures**

Any form of corruption is unacceptable for TBC. We strive to implement all possible measures in order to implement strict controls and risk prevention.

The TBC Anti-Corruption Policy, which covers anti-bribery, anti-corruption and the prevention of the facilitation of tax evasion policy, is publicly available at: [www.tbcbankgroup.com](http://www.tbcbankgroup.com)

The Code of Ethics, the Code of Conduct and Sponsorship Procedures also include important clauses about anti-corruption.

The Bank prohibits any form of bribery and corruption, including but not limited to accepting, offering, paying, giving, soliciting or authorizing bribes, by promoting internal integrity and fulfilling the obligation towards the stakeholders of the Bank.

The Group has implemented internal policies, procedures and detailed instructions to prevent itself from being used to facilitate money laundering, financing of terrorism or engagement in other unlawful activities such as bribery, corruption or tax evasion.

The Bank has zero tolerance for financial crime, regulatory breaches and any attempt to circumvent the Group's financial crime policies and controls. Combatting financial crime is a common objective throughout the Bank at all levels.

The Policy defines high-risk areas and sets behavioral guidelines for employees, who are expected to seek prior written approval from the Compliance Department for all gifts received or offered with a higher value of limit set in the Bank's Code of Conduct. Employees are prohibited from acting for personal gain, facilitating payments, receiving cash or cash equivalent gifts, offering or providing any kind of hospitality with intention to influence the recipient to act in an improper way.

**Anti-Corruption Policy implementation, monitoring and response**

The Compliance Department is responsible for implementing and renewing the anti-corruption policy. The policy is approved by the Supervisory Board. The coordination of anti-corruption policy implementation is carried out on a Group level.

Monitoring of the anti-corruption policy is included in various internal control processes, internal audits and clients' complaints management. The quarterly report to the Supervisory Board Risk Committee covers anti-corruption topics, if any. The response to violations of the anti-corruption policy depends upon the severity of the breach. The sanctions are described in detail in the internal Code of Conduct.

**Informing employees about Anti-Corruption policies and procedures**

The organization's anti-corruption policies and procedures have been communicated to all employees, including all members of the governance bodies. New employees receive the Anti-Corruption Policy as a part of their welcome package, including all policies and procedures, and are trained in anti-corruption matters. The anti-corruption policy is also a part of the Compliance Department trainings that are delivered to those em-

employees who, due to their specific responsibilities, are more exposed to risk. Employees periodically have online trainings and testing on the subject. In 2020, 4,854 employees received training on the anti-bribery and anti-corruption policy.

**Operations assessed for risks related to corruption**

The Bank has identified high-risk activities, such as third party relations, and has implemented dedicated actions to minimize the risks (such as gifts and hospitality procedures, an agreement with third parties template, trainings, process escalation rules, etc.). The policy is applied to the whole group, and is publicly available on our website: [www.tbcbankgroup.com](http://www.tbcbankgroup.com).

When evaluating third party corruption risks, the Bank takes into account the country corruption index, where the third party operates, country regulation in relation to anti-corruption and anti-bribery, third party fields of activity, the transaction context and implementation channels, contract value and other aspects.

The agreement with third parties (suppliers, partners, etc.) includes clauses about anti-corruption policy.

**PUBLIC POLICY AND GOVERNMENT RELATIONS**

According to company policy, financing or lobbying political parties, as well as publicly expressing the political views of the company’s management, is prohibited. The company has a clear apolitical, neutral position. As one of the largest financial institutions, we understand the scale of influence on economic and social systems, and therefore we strictly restrain from using this power for any kind of political influence. TBC holds a constructive dialogue with the government in relation to various economic and social issues that are directly linked to the company’s activity.

**POLICY AND PRACTICES TO PREVENT ANTI-COMPETITIVE BEHAVIOR AND ANTI-TRUST PRACTICES**

TBC believes that vigorous and fair competition makes the whole industry more prosperous. The Compliance Policy of the Bank provides anti-trust and fair competition general provisions. Since TBC is committed to open and fair behavior:

**IT IS PROHIBITED FROM MAKING A CARTEL AGREEMENT WITH OTHER BANKS;**

**ANY PROVIDED INFORMATION SHOULD BE KEPT IN A TRANSPARENT, FAIR AND ACCURATE MANNER; AND**

**GROUP MEMBER COMPANIES ARE GUIDED BY ECOSYSTEM COMPANIES’ GOVERNANCE PRINCIPLES. THESE INCLUDE:**

- › Ecosystem Companies should provide services to TBC and to all other interested banks/companies on an arm’s length principle and in accordance with the common pricing policy;
- › The Group member companies should be open to unrelated ecosystems, as well; and
- › Exclusive terms of relationship are forbidden between the Group member companies.







## INCIDENT MANAGEMENT POLICY / WHISTLEBLOWING POLICY

One of the instruments for implementing ethical principles and the anti-corruption policy in our everyday operations is our Incident Response Policy/Whistleblowing Policy, which enables us efficiently to reveal cases of a breach of the Code of Ethics, Code of Conduct or Anti-Corruption Policy. The aim of the Incident Response Policy is to ensure responsible and honest conduct within the Bank, as well as to promptly identify and respond to potential breaches that may jeopardize employee work effectiveness, the Bank's reputation and the Bank's business. The policy ensures whistleblower protection from an immediate supervisor or other employees or from the imposition of any other sanctions. The policy supports employees in the appropriate reporting of any suspected violations and concerns. The Incident Response Policy is applied to the whole Group and each employee is responsible to comply with its requirements. According to this policy, the employee is obliged to raise the alarm (speak up, blow the whistle) in case of employee oppression, bullying, or an employee entering a corrupt/ fraudulent scheme, etc. Employees can communicate the problem openly or anonymously. The Incident Response Policy is renewed annually, and was last updated in December 2020. The policy is applied to the whole group and is publicly available on our website: [www.tbcbankgroup.com](http://www.tbcbankgroup.com)

In 2020, TBC Bank conducted an internal survey on whistleblowing topics. Around 900 employees participated in the survey. Based on an analysis of the survey results, several areas for improvement were identified. The Bank made respective action plans to:

- > Increase the role of HR business partners as focal points for communication of policy requirements to the employees;
- > Improve the process of sharing of information, with communication content to be expanded with positive story-telling, more information about incident identification, negative stories and real cases; and
- > Expand the standard training topics to focus on more examples, irregularities and discussion.

### Ensuring policy implementation

The policy and its amendments are approved by the Supervisory Board. The Compliance Department is responsible for:

- > Sharing the policy in available portals to all employees;
- > Conducting trainings on this policy; and
- > Analyzing the incidents communicated through anonymous channels and starting the inquiry process.

Every quarter, the department provides information on incidents to the Risk Committee of the Supervisory Board. Each company in the group is responsible for implementation of this policy and for reporting any incidents to TBC Bank.

### Complaints and response mechanisms

Employees can deliver complaints/information through the following open and anonymous communication channels:

Bank internal phone: 2 27 27 27 (\*1998)

Anonymous communication web-site: [www.tbcbank.ge](http://www.tbcbank.ge).

E-mail: [incident\\_compliance@tbcbank.com.ge](mailto:incident_compliance@tbcbank.com.ge).

Anonymity is preserved in the following ways: the Bank internal number 2 27 27 27 (\*1998) can be dialed from internal as well as external networks. On this number, the incoming call and the caller telephone number are not recorded if the caller does not want to present the identity.

When leaving a message on the anonymous web-site, the IP address is not identified, while information received through the website is automatically transferred to an outsourced company in an encrypted form and only afterwards becomes available to the Bank.

Anonymous complaints are received by two employees of the Compliance Department, the Head of the Compliance Department and the Head of the Compliance and Controlling Unit. If the issue concerns fraudulent operation by employees, the Operational Risk Department is involved in the process of the inquiry. If the matter concerns employee oppression, bullying or discrimination, the Human Capital Department is involved. In other cases, the Compliance Department manages the process.

In total, 15 incidents were identified through various inputs, such as client complaints, internal control processes and anonymous hotline calls. Out of these, seven were anonymous.





## **Introduction**

### **Direct Contribution to the Economy**

- > International Fund Raising
- > TBC Impact through Taxes
- > TBC Impact through Employment
- > TBC Impact through Suppliers

### **Indirect Impact on the Economy**

- > Advanced Resource Allocation Practices

### **Financial Technologies**

### **MSME Financing, Trainings, Projects, Startup Programs**

### **Promoting Georgia Internationally**

### **Research**



# OUR ECONOMIC IMPACTS

## INTRODUCTION

Georgia's financial sector is dominated by the banking sector, as other sources of financing are relatively limited in size. 2020 turned out to be a particularly challenging year as the pandemic generated significant instability around the world. Georgia's real GDP decreased by 6.2% in 2020 due to COVID-19 related lockdown measures and restrictions throughout the year. However, the banking sector played a crucial role in providing needed funds to the hardest hit sectors and guaranteeing the business continuity of the real sector. Thus, the banking sector acted as a shock absorber during the crisis. Overall, in 2020 domestic credit provided by the banking sector relative to the GDP amounted to 77.4%.

TBC Bank, as the largest financial institution in Georgia, represents the most important credit provider in the country and assumes leading positions across a number of sectors. The importance of TBC Bank was especially evident during the pandemic. Given the unprecedented nature of the pandemic, TBC Bank offered a three-month grace period to its borrowers. The policy was aimed at mitigating the negative impact caused by the pandemic and encouraging the country's economy. Later, the grace period was extended for another three months for those clients most affected by the pandemic. TBC's share in total credit extended by the banking sector as of 2020 stands at 39.0% amounting to 30.2% of GDP. In terms of segments, TBC accounts for 38.9% of loans to legal entities and 40.8% of retail lending, significantly contributing to investment and consumption activities in each of these segments. TBC is especially active in housing finance, with a 46.4% share in the retail mortgage portfolio; the Bank represents the first choice for homebuyers in Georgia.

Capital market development is high on the agenda of the country's economic policy and TBC group actively contributes to the development of non-banking sector through TBC Capital, the investment-banking arm of TBC Bank. As a shareholder of the Georgian Stock Exchange, TBC Capital plays an active role in the development of infrastructural and legal aspects of capital markets in Georgia.

In 2020, TBC Capital maintained its leadership position in terms of total bonds issued on the Georgian Market. While demand was quite limited due to pandemic, we conducted several transactions, including acting as the sole lead arranger for bonds of TBC Leasing in the amount of GEL 70 million, as well as for two private placements with a total amount of US\$ 25.0 million. Most notably, TBC Capital, together with a number of leading international investment banks, acted as a co-manager for the green bond of Georgian Global Utilities in the amount of US\$ 250 million. This was Georgia's first green bond issuance, which was listed on Irish Stock Exchange. As a result, the bonds issued publicly and listed by TBC Capital during this year amounted to GEL 834 million, constituting 93.0% of total bonds issued and listed on Georgian Stock Exchange in 2020.





## DIRECT CONTRIBUTION TO THE ECONOMY

### Economic Impact: Value Generation and Distribution

GEL'000	2020	2019	2018
<b>Direct Economic Value Generated</b>			
Net interest Income	835,432	801,539	777,022
Non-Interest Income	320,158	326,704	309,446
<b>Non-Operating Income</b>	<b>1,155,591</b>	<b>1,128,243</b>	<b>1,086,468</b>
Administrative and other operating costs	125,359	140,190	139,861
Depreciation and Impairment Charges	424,538	152,734	215,978
<b>Direct Economic Value Generated</b>	<b>605,694</b>	<b>835,318</b>	<b>730,629</b>
<b>Direct Economic Value Distributed</b>			
Shareholder (dividends and comprehensive income attributable to non-controlling interest)	4,737	111,049	91,161
Governments (corporate income tax expense)	-3,383*	45,184	72,764
Employees (salaries and bonuses)	244,043	247,803	220,354
Community (community Investments)	3,530	1,990	1,074
<b>Direct Economic Value Distributed</b>	<b>248,927</b>	<b>406,026</b>	<b>385,353</b>

\*Due to COVID-19 related credit loss allowances and losses from modifications

### International Fund Raising

TBC Bank directly promotes lending and economic growth through its investment of borrowed funds in productive sectors of the economy. In 2020, TBC invested 195 million USD or 1.23% of GDP through borrowings from international financial institutions and commercial banks such as EBRD, EIB, OFID, CITI, and SMBC. Given the limited availability of local currency funding on the domestic market, TBC Bank also stepped up its efforts to provide additional GEL funding to borrowers and reduce the FX exposure to firms and individual entities. In 2020, TBC's efforts attracted 92 million GEL in domestic currency funding.

In many cases, external funding is directed towards specific groups of borrowers with the aim of promoting social and environmental goals as well as supporting small and medium enterprises to obtain funding.

> In March 2020, TBC Bank signed a loan agreement in the amount of USD 50 million with the OPEC Fund for International Development. The three-year loan facility will be used primarily to finance the international trade activities of TBC Bank customers.

- > In April 2020, TBC Bank signed a USD 67 million Trade Finance Facility with Citi. The proceeds of this facility will support import and export transactions for customers of TBC Bank, increasing the volume and value of trade transactions in Georgia's key economic sectors.
- > In June 2020, TBC Bank signed a loan agreement in the amount of USD 30 million with DEG. The loan facility will be used to finance micro, small and medium size businesses in Georgia.
- > In June 2020, TBC Bank signed a loan agreement in the amount of USD 100 million with EBRD. The proceeds of the disbursement will be used to support clients in response to the economic consequences caused by the COVID-19 pandemic.
- > In December 2020, TBC Bank and the European Investment Bank ("EIB") signed an agreement to expand the existing credit line facility of EUR 56 million by additional EUR 25 million. This seven-year loan facility will be primarily used to support the recovery of small and medium size enterprises affected by the COVID-19 pandemic. The funds can be disbursed either in EUR, USD or synthetic GEL, based on our funding needs.





### TBC impact through taxes

TBC creates substantial value via its tax contributions. The impact is most significant in Georgia.

#### Taxes paid by TBC Group across countries in 2020 (GEL'000)

	Other tax	Profit tax	Total
<b>Georgia</b>			
TBC	62,385.4	44,547.7	<b>106,933.1</b>
TBC Leasing	9,920.5	-	<b>9,920.5</b>
TBC Pay	1,697.5	516.0	<b>2,213.5</b>
Vendoo	813.5	-	<b>813.5</b>
TBC Capital	487.8	-	<b>487.8</b>
UFC	2,431.8	-	<b>2,431.8</b>
MY.ge	1,888.3	116.7	<b>2,005.0</b>
<b>Uzbekistan</b>			
Uzbekistan bank and Vendoo	3,826.7	-	<b>3,826.7</b>
<b>Azerbaijan</b>			
TBC Credit	684.6	59.4	<b>744.0</b>
<b>Great Britain</b>			
TBC BANK Group PLC	1,885.4	-	<b>1,885.4</b>

Due to COVID-19 related tax deferrals in 2020, corporate income tax expense amounted -3,383 thousand GEL.

<i>Income tax payments by TBC (GEL'000)</i>	2020	2019	2018
Governments (corporate income tax expense)	-3,383	45,184	72,765
– Income tax	3,022	46,202	52,914
– Deferred income tax expense	-6,405	-1,018	19,851
% of total income tax revenues of state budget	-0.4%	5.2%	9.9%

### TBC impact through suppliers

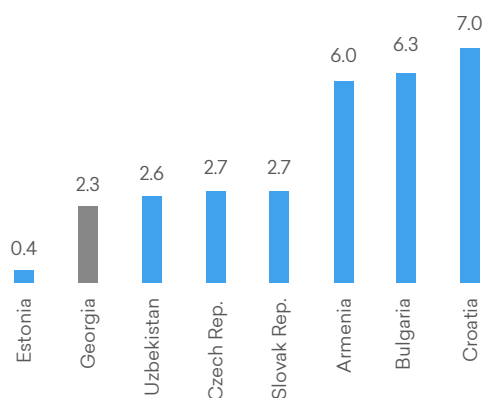
TBC Bank recognizes that it has a considerable impact on the economy through its procurement activities. With its purchasing volume of GEL 222.9 million last year and 6,158 unique suppliers in total, TBC Bank is one of the largest purchasers in Georgia. Moreover, through our procurement procedures we ensure inclusion of a wide range of suppliers in our supply chain and, consequently, we are cooperating with small startups, large companies, as well as individual providers. 75% of the total volume was purchased from local suppliers, who represented 90% of all the suppliers contracted by the TBC Bank in 2020. All this underscores TBC Bank's contribution to stimulating the economy by boosting local procurement and encouraging local business development.

## INDIRECT IMPACT ON THE ECONOMY

### Advanced resource allocation practices

A core function of the bank lies in the identification of productive investment opportunities and allocation of depositor resources to the sectors that make the most out of it. TBC has been actively increasing its loan portfolio over the last couple of years; the growth of loan book amounted to 15.0% in 2018, 17.9% in 2019, and 8.7% in 2020, all excluding the FX effect. At the same time, given the systemic importance of the Bank, it is important to invest client deposits responsibly and without excessive risk-taking. Solid portfolio quality performance over the last couple of years is an indicator of sound risk management practices, which have been the defining feature of the Bank. Aside from the direct positive impact of advanced risk management concerning TBC's clients, its economy-wide effects are also considerable as investments flow to the most productive sectors, as evidenced by the low level of problem loans. Even in 2020, Georgia demonstrated low NPL levels compared to its Central and Eastern European peers when calculated by IMF's methodology, indicating not only a healthy banking sector, but also its significance in terms of overall macroeconomic stability. However, according to the NBG, NPL in the economy (the percentage of total loans classified by the Bank as Substandard, Doubtful and Loss) increased during 2020 compared to previous years.

### Non-performing loans to gross loans (% , as of 2020-Q3)



Source: IMF

### Non-performing loans in Georgia (NBG methodology)

% of Gross Loans	2020	2019	2018
Market	8.2	4.4	5.5
TBC	7.7	3.1	3.6
Other lenders (market w/o TBC)	8.6	5.2	6.7

## FINANCIAL TECHNOLOGIES

TBC is constantly striving to improve its payment technologies and offer advanced online banking services to its customers. With 96% of all retail transactions currently conducted outside its branches, TBC significantly contributes to the improvement of productivity in the economy through lowering transaction costs. TBC Bank balances its economic rationale with the responsibility of giving access to financial services to the customers, creating good coverage of economically advanced as well as less prominent regions. Our digital solutions are very simple and easy to use and allow our customers to conduct most of their banking operations comfortably online. In addition, digital offerings increase financial inclusion of people (e.g. self-employed customers) who otherwise would have an issue in getting products and services, and customers from remote areas, with no access to physical branches. Furthermore, distance banking solutions have become particularly important in the face of the COVID-19 outbreak to ensure the smooth delivery of banking products to our clients.

## MSME FINANCING, TRAININGS, PROJECTS, STARTUP PROGRAMS

Small and Medium Enterprises (SMEs) play a major role in the Georgian economy as they contribute to job creation and economic development. In 2020, SME accounted for 64% of employment and 61% of production value created by all enterprises in Georgia. At the same time, access to finance is a key constraint to the growth of the SME sector, which emphasizes the responsibility of financial institutions in its development. As of 2020, TBC Bank serves 160, 311 MSME customers and is continuously designing and developing products and services specially adapted for their needs. Moreover, TBC is willing to share knowledge and expertise to help the SME sector. In 2017, we launched “Startuperi”, a new program aimed to help SMEs; at present, around 47,000 startups have been registered in the program’s various activities. Favorable startup loans, amounting to 185 million GEL in total, have been issued to over 600 startups.

## PROMOTING GEORGIA INTERNATIONALLY

TBC Bank also directly contributes to the economy through its active involvement with existing and potential investors and serves as the first point of contact for many investors interested in opportunities in Georgia. TBC Bank regularly performs roadshows, in which a significant part of the

discussion and analysis focus on the Georgian economy. Widely spreading the word about the domestic economy and its potential amongst investors from various parts of the world significantly enhances the chances for the country to attract additional investment and accelerate economic growth domestically.

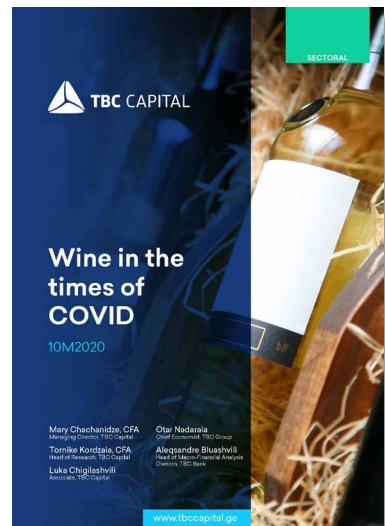
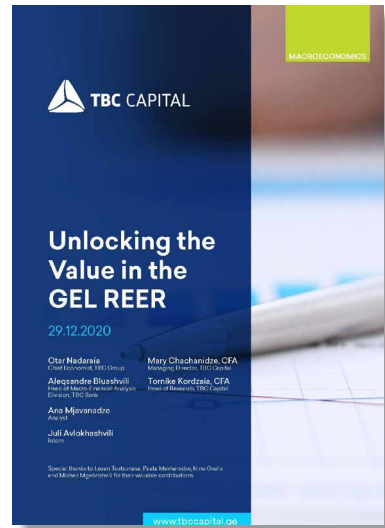
## RESEARCH

TBC Capital research serves to provide interested parties with in-depth macro and sector research. Without any subscription fee or other charges, TBC Capital reports aim to provide insights and projections on key economic parameters to enable better-informed decision making for TBC’s clients as well as a broader audience interested in the Georgian economy and financial sector. In addition, TBC Capital reports and conferences on macro and sectoral topics have facilitated the discussion among different business and public sector representatives, materially contributing to the decision making process on both fronts.

In 2020, TBC Capital published approximately 120 pieces of research and hosted 11 online webinars. Notably, during the year TBC Capital published reports based on the needs and demands of clients and other interested parties:

- › Macro Insights and Macro-Sector Overviews – periodic reports covering key trends and projections from macro and sectoral perspectives;
- › Tracking the Recovery – a weekly series aiming to provide readers with the latest information on the dynamics of recovery in light of the pandemic. The reports aggregates and translates data from TBC Bank’s channels into findings that help sector representatives and the wider audience to navigate in a time of uncertainty;
- › Fixed Income Regional Market Watch – a periodic report that covers the range of EUR and USD state and corporate bonds issued in CIS, Caucasus, Eastern Europe and the extended region, and describes the latest trends with a closer look at Georgia and immediate neighbors;
- › Tbilisi Residential Market – a monthly report that covers the recent dynamics of demand, supply, prices, and rent in the Tbilisi housing market as well as related fundamental macro-economic factors; and
- › Sector reports – covering major trends and outlooks in the most affected industries, such as hospitality, wine, FMCG, and automotive sector analyses.





For the full the list of our publications please refer to our website: [www.tbccapital.ge](http://www.tbccapital.ge)





## **Environmental Policy and Management Approach**

- > Policy
- > Management Approach
- > Risk Management and Legislative Compliance
- > Employee Engagement in Implementing the Environmental Policy

## **How Do We Manage Our Environmental Impact**

- > Material Usage - Paper
- > Energy Usage
- > Water
- > GHG Emissions
- > Waste



# ENVIRONMENTAL RESPONSIBILITY

## ENVIRONMENTAL POLICY AND MANAGEMENT APPROACH

### Policy

Our Environmental Policy governs our Environmental Management System (EMS) within the Group. The policy ensures that we comply with applicable environmental, health and safety, and labor regulations and use sound environmental, health and safety, and labor practices, as well as take reasonable steps to make sure that our customers also fulfill their environmental and social responsibilities. Our Environmental Policy defined our values, system, goals and tasks and was developed in accordance with the local legislative requirements as well as ISO 14001:2015 standards.

The Environmental Policy:

- > Defines the environmental aspects and impacts of our business activity;
- > Elaborates and develops measures to minimize our negative impact on the environment;
- > Takes efficiency and responsible resource management into account;
- > Ensures our compliance with applicable environmental, health, safety and labor regulations;
- > Raises awareness among our staff/customer/suppliers;
- > Prevents the Bank from financing businesses that have a negative effect on the environment and society; and
- > Promotes sustainability finance among our clients.

The Environmental and Social Risk Management team developed the policy, with the active participation of the Corporate Lending, Small and Medium Enterprise, Credit Risk Management, Logistics, Operational Risks and Compliance Departments. Top management was also actively involved in the process, and has reviewed and approved the policy.

In addition to this policy, we have elaborated additional policies and procedures that regulate the environmental impact of specific activities, such as the Waste Management Manual, the Green Procurement Recommendations, TBC Bank's Procedure for addressing external Environmental & Social queries and concerns, and others.

Our Environmental Policy is publicly available at: [www.tbcbankgroup.com](http://www.tbcbankgroup.com)

TBC Bank has a dedicated Environmental and Social Risk Management (ESRM) team, which is comprised of full-time employees. Our ESRM team is responsible for overseeing the implementation and operation of our EMS on a Group-wide and for reporting environmental management plans and results to the Environmental Committee on a top management level. Our ESRM team is part of the SME and Corporate Business Credit Risk Department, which reports directly to the Chief Risk Officer.

Our EMS is based on four directions/pillars:

- > Internal environmental measures;
- > Environmental and social risk management in lending;
- > Sustainable finance; and
- > External communication.

### Management approach

An Environment Action Plan is developed annually and includes activities and projects to be implemented Group-wide during the year.

Our top management is actively involved in implementation of the Environmental Policy. The Environmental Committee meets a minimum of three times a year and at least one representative of the Board of Directors always participates in it. In 2020, three committee meetings were held.

At the Group level, environmental topics and policy implementation are coordinated through the production of the annual Greenhouse Gases Emission Report. Based on the results, respective action plans for the coming year(s) regarding resource usage and decreasing direct impact on environment are developed.

The Environmental Management System efficiency is assessed annually by internal audit.

In 2020, we took active measures to manage the environmental and social risks associated with our direct and indirect activities.

## WE FURTHER STRENGTHENED OUR ENVIRONMENTAL MANAGEMENT SYSTEM (EMS) ACROSS THE GROUP AND SUCCESSFULLY COMPLETED THE ISO 14001:2015 CERTIFICATION AUDIT REMOTELY, DESPITE THESE CHALLENGING TIMES.

This certificate serves as testament to our EMS's full compliance with international standards. In addition to being a great achievement, it also confers the responsibility to maintain and further develop our EMS.



### Risk management and legislative compliance

Based on activity specifics, the direct and indirect environmental impact of the company is identified and corrective measures and action plans are developed.

TBC regularly monitors compliance of its activities with legislative requirements. Annually, compliance status is assessed based on the mandatory Environmental Legal Check document. This document describes all those environmental issues that are specific to company business activity and regulated by legislation. The Environmental and Social Risk Management team is responsible for document renewal and process control. Starting from 2020, within the framework of environmental policy, the individual Environmental Legal Check documents were created in subsidiaries and they are subject to annual review and updating, as well.

As per local legislation, TBC Group's activity is not subject to an environmental impact assessment. However, we do assess our direct and indirect impact on the environment and society and strive to manage it responsibly through applying preventive and mitigating actions and initiatives.

In 2020, the company had no fines or non-monetary sanctions for non-compliance with environmental laws and regulations.



### Employee engagement in implementing the Environmental Policy

TBC Bank's ESRM team's main motto is "start from yourself". In response to that, we developed EMS based on internationally recognized standards. We fully realize that TBC employees have the greatest scope to efficiently implement the policy. It is very important to ensure that they have a sufficient level of awareness, motivation, involvement and participation. In order to raise employee awareness, our Environmental and Social Risk Management team regularly holds trainings and discussion meetings with TBC employees.

In that regard, an Environmental and Social training program was developed, which includes:

1. Welcome training for new employees;
2. Introductory trainings for new employees;
3. Annual mandatory online EMS e-learning course for all staff followed by a self-evaluation test; and
4. Specialized trainings about environmental and social risk management in lending for business credit staff.

In 2020, several E&S training sessions were held and 172 business credit staff was trained, including SME and Corporate Credit Officers, Credit Analysts, Credit Risk Managers and Business SME Lending/Sales Coordinators.

Furthermore, the entire staff of TBC Bank has digital training and testing in the Environmental Management System once in a year.

Information about our internal environmental activities, projects, environmental reports and news is available for each employee via the internal network (TBC Intranet) and e-mail.

### HOW WE MANAGE OUR DIRECT ENVIRONMENTAL IMPACT

Since banking is not a high-polluting activity, the implementation of an internal Environmental Management System to address the Group's resource consumption is not expected to have a significant impact on the surrounding environment. However, TBC Bank has reviewed all of the operational activities, procured items, and outsourced services that it can control (present and planned), and has identified all of the material environmental aspects relevant to the business.

The direct environmental impact of our business activity arises from energy, water, fuel and other resource usage, waste and emissions.

The Bank has established a comprehensive internal environmental system to manage its GHG emissions and is committed to reducing them by closely monitoring its consumption of resources.

In order to evaluate the significance of impact for each of the categories, we have elaborated a comprehensive evaluation methodology and applied it to the whole Group. Based on this, an evaluation company decides the significance of impact, defines annual goals and elaborates specific initiatives and programs to reach them.

As a result of the 2020 GHG emissions count, annual environmental action plans tailored to their business specifics have been defined for the subsidiaries as well which cover resource efficiency, GHG emissions reductions and relevant KPIs.

### Calculation methodology

For the GHG inventory, the following steps have been set: defining organizational boundaries, operational boundaries, gathering data and calculation of carbon dioxide (CO<sub>2</sub>) equivalent. This report describes all emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 (Scope 1 and 2) and, in addition, the emissions under Scope 3 that are applicable to the business. In preparing the emissions data, the emissions factors from the UK Government's Greenhouse Gas Conversion Factors for Company Reporting 2017 and National IPCC emission factors for electricity (tCO<sub>2</sub>\*/MWh) were used. The required data was collected and a report developed for the boundaries of TBC PLC's main activities, as follows:

**Scope 1** (combustion of fuel and operation of facilities) includes emissions from the combustion of natural gas, diesel and/or petrol in equipment at owned and controlled sites; and the combustion of petrol, diesel fuel, natural gas, etc. in owned transportation devices;

**Scope 2** (purchased electricity for own use for lighting, office appliances, cooling, etc.) includes emissions from used electricity at owned and controlled sites; to calculate the emissions, the conversion factor for National IPCC emission factors for electricity (tCO<sub>2</sub>\*/MWh) was used;

**Scope 3** includes emissions from air business travels (short haul, medium haul, long haul and international haul); it should be noted that information on the travel class was considered and an "economy class" conversion factor was used for the emissions calculation from the following link: [www.atmosfair.de](http://www.atmosfair.de).



### Material Usage - Paper

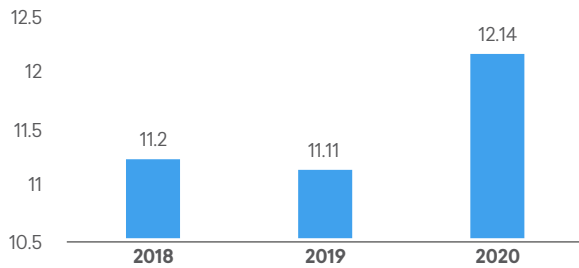
Based on the specific company activity, a significant share of materials used is represented by paper usage. TBC strives to decrease its impact through various initiatives.

In order to decrease the volume of paper usage, TBC Bank has been actively digitalizing numerous business processes, in front as well as back offices through the whole year.

A test regime for the Follow-Me Printing Initiative is in progress.

Compared to previous year, paper consumption group-wide is increased by 9% as the Group acquired six new subsidiaries; additionally, the calculation methodology in one of the subsidiaries was amended.

#### Paper consumption per person in reams (TBC PLC)



As for TBC Bank, paper consumption per person in reams decreased by 26%.

**TARGET:**  
**FOR THE YEAR 2021, IT IS PLANNED TO DECREASE PAPER USAGE**  
**by 5%**

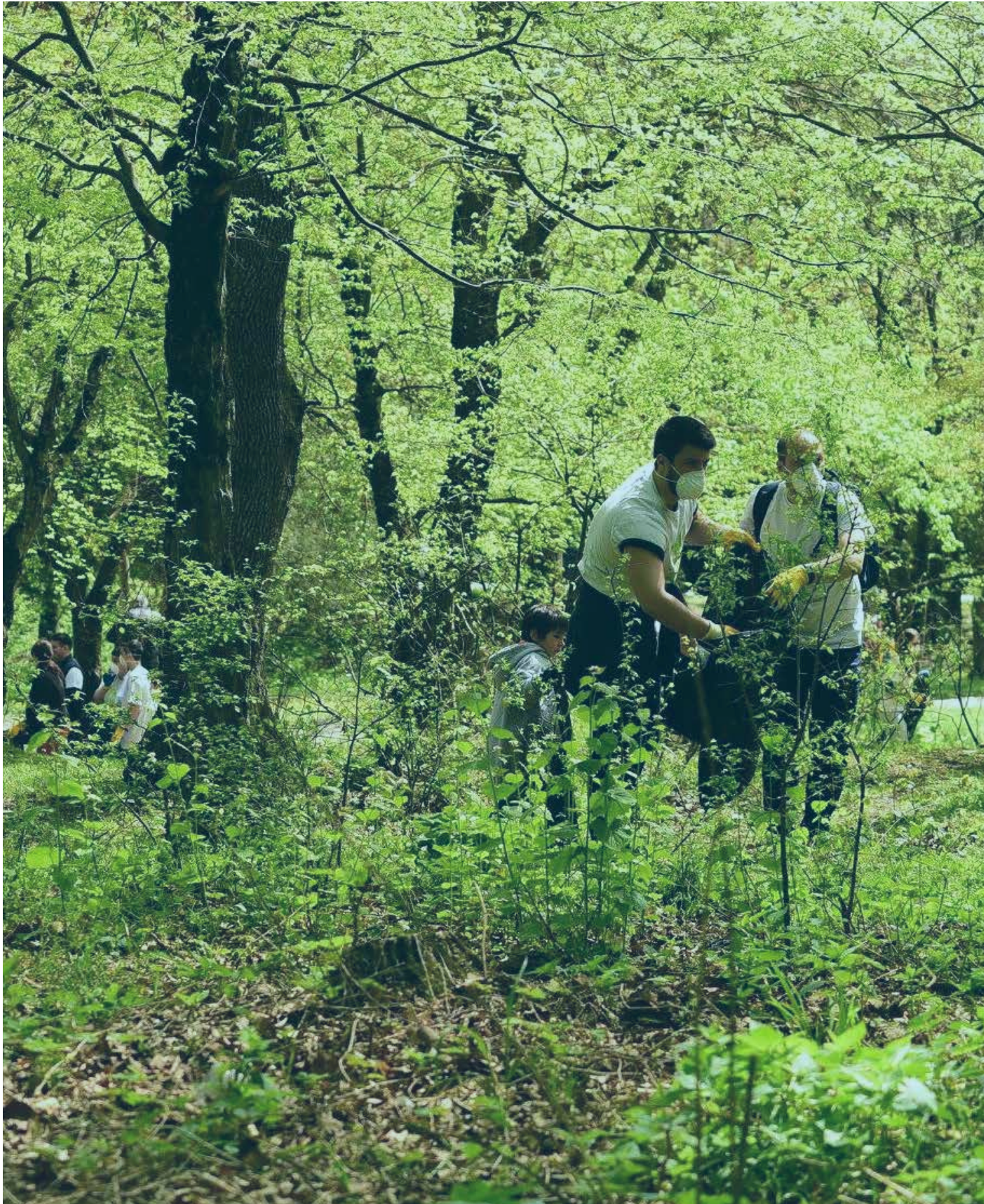
### Energy Usage

Energy usage is one of the most significant sources of our environmental impact. It is represented by electricity consumption for premises and equipment, the usage of heating and cooling systems, transportation and more. In 2019, the Bank implemented controls on purposeful and sustainable consumption of energy. In TBC Bank, we use energy-efficient LED lighting and operate energy efficient heating and cooling systems in our offices.

#### Energy Consumption data

Energy Consumption 2020	Measured in	Bank	Group
Total electricity consumption	kW/h	15,056,732	16,427,017
Total heating consumption	kW/h	7,629,664	8,206,297
Total cooling consumption	-	-	-
Total steam consumption	-	-	-
Total energy consumption	kW/h	24,973,607	24,947,189







TBC Bank operates green car fleet, which is comprised of electric and hybrid vehicles.

An entirely new car management system was implemented, enabling "car sharing" practices by employees and, hence, saving on energy consumption.

Energy consumption was decreased by 654,608 kW/h for the whole Group in 2020, including electric energy, heating systems, and fuel for generators.

Total electricity consumption in CO2 increased by 28% (in comparison to the planned -4%), which is due to the change of electricity conversion factor from 0.07 CO2 per kWh to 0.094 CO2 per kWh due to the update of National IPCC emission factors for electricity (tCO2\*/MWh). Respectively, the negative trend affected TBC Bank - 353,482 CO2kge and for all subsidiaries - 30,138 CO2kge.

**TARGET:  
FOR THE YEAR 2021, IT IS  
PLANNED TO DECREASE  
ENERGY USAGE**

**by 5%**







## CAR FLEET

TBC Bank operates green car fleet which is comprised of electric and hybrid vehicles.



### Water

The efficient and sustainable usage of water is described in the Environmental Policy document and is applied to the whole Group. Water consumption also is regulated by our Code of Ethics.

Water consumption in 2020 reached 78,021 m<sup>3</sup> Group-wide (TBC Bank –72,113 m<sup>3</sup>; others – 5,908 m<sup>3</sup>).

In order to implement the efficient and sustainable consumption of water, various initiatives were launched in cooperation with different departments. Awareness raising activities were held.

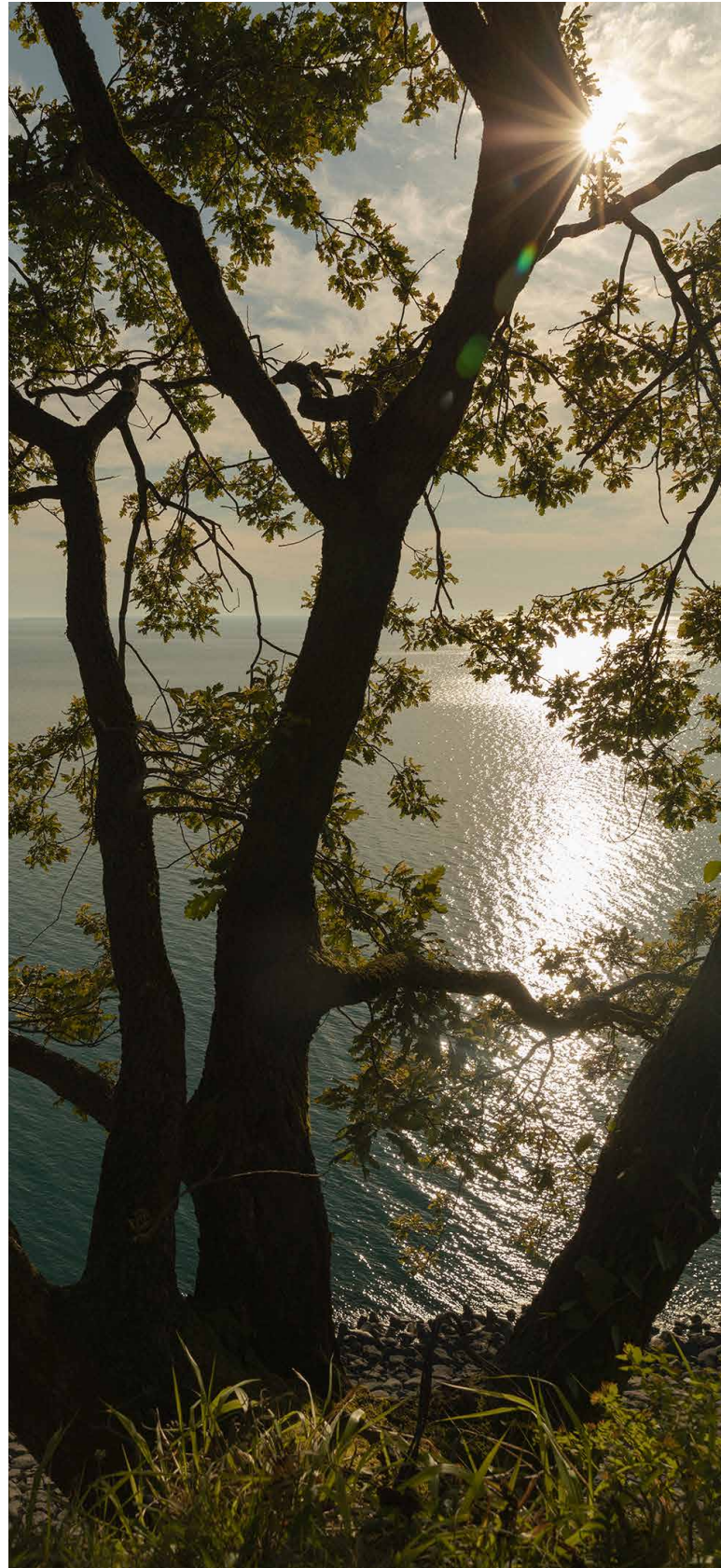
Total water consumption of TBC PLC decreased by over 12% annually (compared to a planned goal of -6%). Evaluation of the data shows that the main factors behind the improvement in water consumption came from the prevention of leakages that occur on the premises.

As planned, in 2020 TBC Bank installed water pressure control devices in four locations at Head Offices as a pilot project, which resulted in water usage reduction.

In 2021, it is planned to install water pressure control devices in more 10 locations.

**TARGET:  
THE DECREASE OF  
WATER CONSUMPTION  
IN 2021**

**by 5%**



### GHG Emissions

We pay special attention to greenhouse gas emissions and try to strengthen our contribution to decreasing greenhouse gas emissions. This subject is addressed in the TBC Group Environmental Policy document.

TBC greenhouse gas (GHG) emissions derive mostly from the following sources: vehicles, international flights, electricity generators, air conditioners and cooling systems, heating systems, computer accessories, ATMs, electronic waste, masts and inverter batteries.

TBC Bank has established a comprehensive internal system to manage its GHG emissions within the Group, and is committed to reducing its GHG emissions by closely monitoring its consumption of fuel, gas and electricity. TBC Bank also commissioned an independent Health, Safety, Environment (HSE) consulting company to verify the measurements of its GHG emissions.

A Greenhouse Gas Emissions Report is produced annually Group-wide and is verified by G&L Management LTD, an independent Health, Safety and Environmental (HSE) consulting company. Based on the report, goals and annual action plans aimed at decreasing GHG are being developed.

### Scope 1 Emissions

Scope 1 - (combustion of fuel and operation of facilities) includes emissions from the combustion of natural gas, diesel and/or petrol in equipment at owned and controlled sites, and the combustion of petrol, diesel fuel, natural gas, etc. in owned transportation devices.

TBC's direct GHG emissions in 2020 amounted to 3,272 tons of CO<sub>2</sub>.

CO<sub>2</sub> emissions from vehicle fuel consumption on a group-wide basis decreased by more than 9,000 Liters in comparison to 2019. 72.8% of total CO<sub>2</sub> emissions were generated by subsidiaries and 27.2% by the Bank.

### Direct GHG emissions

Direct GHG emissions metric tons of CO <sub>2</sub> equivalent	Group
Gross direct (Scope 1) GHG emissions	3,272
Emissions in the base year (2019)	3,164

### Scope 2 Emissions

Scope 2 - Purchased electricity for own use (lighting, office appliances, cooling, etc.) includes emissions from used electricity at owned and controlled sites. To calculate the emissions, the conversion factor for National IPCC emission factors for electricity (tCO<sub>2</sub>\*/ MWh) was used.

TBC's gross market-based energy indirect GHG emissions reached 1,614 tons of CO<sub>2</sub>. Emissions in the base year equaled 1,260 tons of CO<sub>2</sub>.

Total electricity consumption of TBC Group increased by 28% in 2020, which is due to the change of electricity conversion factor from 0.07 CO<sub>2</sub> per kWh to 0.094 CO<sub>2</sub> per kWh in the update of National IPCC emission factors for electricity (tCO<sub>2</sub>\*/MWh). Without the change in the conversion factor, total electricity consumption would have decreased by around 9%. The main driver of this result was TBC Bank, which accounts 87.7% of the total electricity consumption of the Group.

### Energy indirect GHG emissions

Energy indirect GHG emissions, metric tons of CO <sub>2</sub> equivalent	Group
Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO <sub>2</sub> equivalent. Gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO <sub>2</sub> equivalent	1,614
Emissions in the base year 2019)	1,260

### Scope 3 Emissions

Scope 3 - includes emissions from air business travel (short haul, medium haul, long haul and international haul). It should be noted that information on the travel class was considered and an "economy class" conversion factor has been used for the emissions calculation from the following link: [www.atmosfair.de](http://www.atmosfair.de).

Total scope 3 emissions constituted 144 tons of CO2 (the gases included in the calculation were CO2, CH4, N2O, HFCs, PFCs, SF6, NF3).

Base year emissions constituted 697 tons of CO2.

Total flight emissions in 2020 dramatically decreased by 76% compared to 2019 on a group-wide basis; on a bank-wide basis, it decreased by 82% due to COVID-19.

In order to calculate the GHG emissions deriving from business trip flights, the detailed route of each trip (including transfers between international flights), the type of flight class (first, business, and/or economy), and the number of persons on each business trip were taken into account.

Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source - [www.atmosfair.de](http://www.atmosfair.de) Other Indirect Scope 3 Emissions:

### Other indirect (Scope 3) GHG emissions

Other indirect (Scope 3) GHG emissions metric tons of CO2 equivalent	Group
Gross other indirect (Scope 3) GHG emissions	144
Emissions in the base year (2019)	697

Overall, in 2020 GHG emissions decreased by 91 000 kg of CO2 group-wide and decreased by 2 000 kg of CO2 bank-wide which is due to the change in the electricity conversion factor from 0.07 CO2 per kWh to 0.094 CO2 per kWh in the update of National IPCC emission factors for electricity (tCO2\*/MWh). Without the change in the conversion factor, total GHG emissions on a group-wide basis would have decreased by 9% and on a bank-wide would have decreased by 10%.

### Reducing consumption targets 2021

Reducing consumption targets 2021	Group
Fuel consumption	6%
Electricity consumption	5%
Water consumption	5%
Paper consumption	5%
Total greenhouse gas emissions	5%
Per employee Greenhouse Gas emissions	5%

### Intensity Ratio

According to the LSE and Investor requirement, we calculated Intensity Ratios in line with Streamlined Energy and Carbon Reporting (SECR):

### Intensity Ratios

Data for the FY	Total CO2 Intensity Ratios					
	TBC PLC (tons)			TBC Bank (tons)		
	2018	2019	2020	2018	2019	2020
tCO2e/Revenue (USD)	0.000011	0.000013	0.000014	0.000010	0.000010	0.000011
tCO2e/EBTDA(USD)	0.000021	0.000022	0.000040	0.000019	0.000016	0.000029
tCO2e/Net Income (USD)	0.000027	0.000027	0.000049	0.000025	0.000019	0.000033





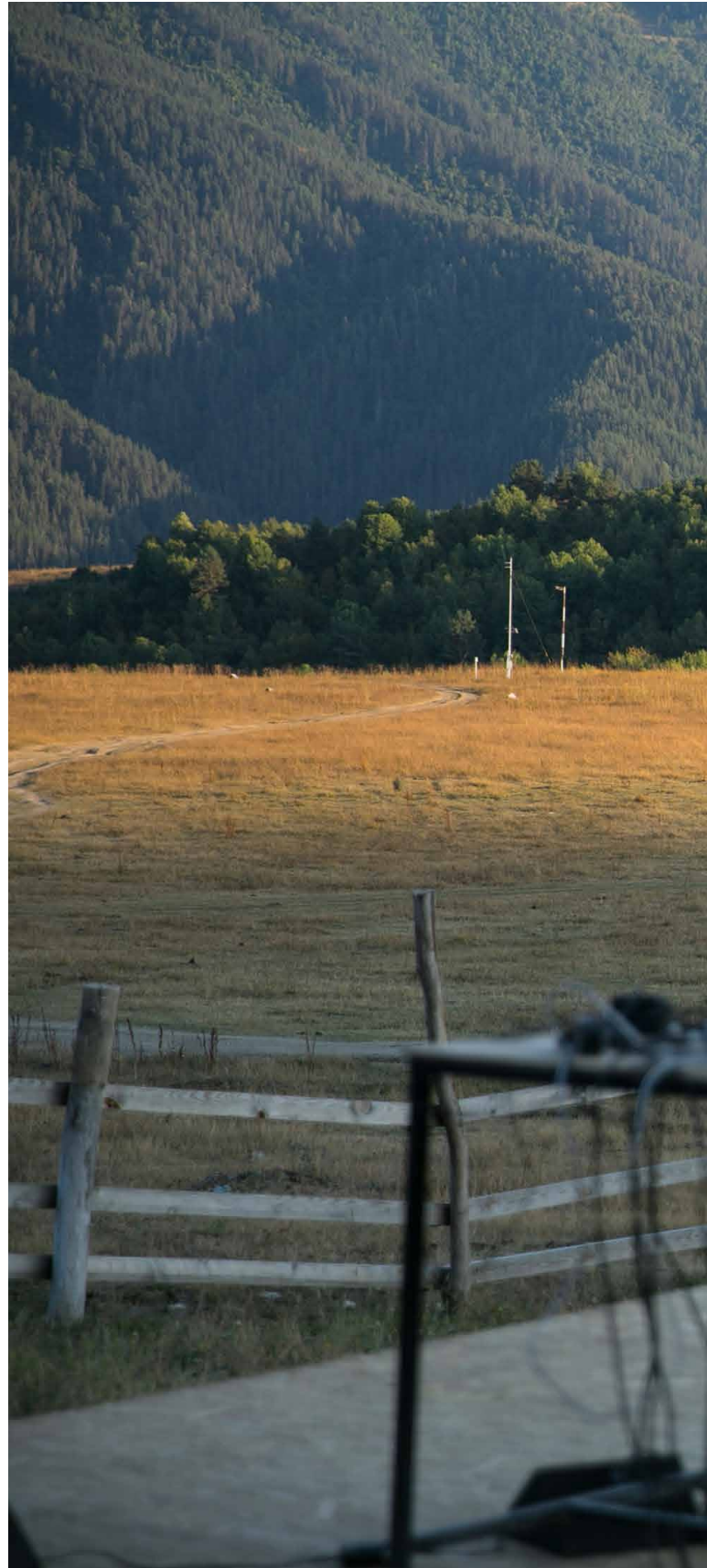


### Waste

TBC Bank operates a waste management system. The Waste Management Manual defines the key standards and recommendations for managing waste in accordance with legislative requirements. It includes waste separation, e-waste and hazardous waste management procedures. The identification of waste-related impacts is done based on legal requirements and standards.

Waste separation is not a mandatory requirement in the country; however, as an environmentally responsible company, TBC Bank has implemented a waste separation practice in head office premises.

In 2020, the Bank planned to expand this practice to its branches but, due to the COVID-19 pandemic situation and the remote working mode, the installation of special bins for separated collection of waste was temporarily postponed.





## OUR ROLE

“As we acknowledge the importance of social and environmental matters for the long-term, sustainable development of the Group, we strive to positively impact the environment and play our role in transitioning to a low-carbon economy.”



# A RESPONSIBLE EMPLOYER

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## **Policy and Management Approach**

- > Management Systems
- > Grievance Procedure
- > Informing Employees about the Grievance Procedure
- > Submitting Complaints/Grievances
- > Investigation in HR
- > Number of Incidents

## **Our Employees**

### **Diversity and Equal Opportunities**

### **Salary and Benefits, Employee Social Protection**

- > Salary, Bonuses and other Benefits
- > Family Friendly Bank
- > Parental Leave
- > Families with Multiple Children
- > Marriage and First Child Support
- > "Tibiselebi" Fund – Employees Supporting Each Other

### **Employee Safety and Health, Professional and Occupational Sickness Prevention**

- > Drivers
- > Cash Collection
- > Front Office Staff

### **Work Climate, Employee Motivation and Engagement**

- > Satisfaction and Happiness Research

### **Talent Management**

#### **(Recruitment, Trainings, Professional Development and Leadership)**

- > Recruitment
- > Performance Review
- > Career Development
- > Startup-leave



# A RESPONSIBLE EMPLOYER

TBC is one of the largest employers in the country. As of the end of 2020, TBC Bank employed 6,659 people, the total number of TBC Group employees was 8,281. We understand how our corporate culture and employment policy impact the well-being of our employees, their families and society as a whole.

Our employees are one of our most valuable assets and one of our most important stakeholders. Our business success depends on them. It is our responsibility to create a system that is capable of attracting and keeping the best people, developing their talents and professional skills, cultivating team spirit and nurturing a corporate culture that supports employee happiness, engagement and, hence, company success.

For us, having a sustainable and successful business means treating all employees equally and fairly, supporting and coaching them throughout their whole career. We provide a safe work environment free from any kind of discrimination in which each and every employee is valued, respected and treated equally regardless of gender, age, marital status, sexual orientation, race, ethnicity, religious and political beliefs or disability. We take special care of our colleagues with disabilities and strive to improve our workplace according to their needs. Furthermore, we support them to have the same access to learning, development and job opportunities.

We remain committed to having a gender-balanced workforce through a workplace environment and culture that supports and empowers women.

**71% OF EMPLOYEES AT TBC BANK ARE WOMEN  
WHILE THE SHARE OF WOMEN IN SENIOR ROLES IS  
35%**

We treat our employees with the utmost respect and strive to offer them a fair and diverse environment, in which people feel valued and are motivated to realise their full potential and perform to a high standard. We plan to further improve the gender balance across managerial positions and plan to undertake deep dive analysis and surveys in order to increase our understanding for necessary actions.

We also have a good mix of people comprised of employees with extensive working experience and younger employees. We have a diverse recruiting process to ensure recruitment of bright talents with innovative and fresh ideas who have just graduated from top universities in Georgia and abroad. We believe that age diversity creates more dynamic and higher-performing teams that lead to better results.

## Age Diversity – Various Staff Categories

Staff Categories	2020			2019		
	20-30	30-50	>50	20-30	30-50	>50
Front Office	68%	31%	1%	61%	37%	1%
Back Office	50%	45%	5%	47%	49%	4%
Middle Management	7%	89%	4%	4%	92%	4%
Technical staff	53%	38%	9%	59%	38%	3%



Due to the volatile situation and nearly global economic crisis caused by COVID-19, it was important to reassure employees and give them the sense of stability. Therefore, in spring 2020, TBC announced that no COVID-19 related redundancies were planned in that year. The Executive Directors of TBC Bank Group PLC and the senior Management of JSC TBC Bank volunteered to waive all their rights to potential bonuses and long-term incentive plan grants for 2020, which usually represents the majority of their total compensation, while ensuring job stability for the staff. Moreover, the number of TBC employees grew further by 627 during 2020.



## POLICY AND MANAGEMENT APPROACH

Relationships at work are regulated by our Code of Ethics, Code of Conduct and various human resource policies and procedures. The key policies are: the Remuneration Policy, the Human Rights Policy, the Disciplinary Sanctions Policy, the Employee Confidentiality Policy, the Anti-Harassment Policy, the Complaint Policy, and Incident Management Policy. The relevant procedures and instructions include the New Employee Hiring Procedure, the Vacation Procedure, the Procedure on Engaging in Other Business Activities, the Parental Leave Procedure, the Employee Learning Co-Financing Procedure and others. These policies and procedures ensure that employee relationships are aligned with local legislation, international standards and best practices. Most of the policies apply to the Bank. TBC Bank's human capital management team works to ensure that similar policies and procedures are developed across the whole TBC Group.

We remain committed to workplace diversity and inclusion. In order to expand our approach with more gender-focused topics, we are going to elaborate and implement a Gender Policy, based on the Women Empowerment Principles (WEPs) – a set of principles offering guidance to businesses on how to promote gender equality and women's empowerment in the workplace, marketplace and community. Established by the UN Global Compact and UN Women, the WEPs are informed by international labour and human rights standards and grounded in the recognition that businesses have a stake in, and a responsibility for, gender equality and women's empowerment.

Considering the level of aggression from customers which increased due to negative effects of the pandemic, in 2021, we started to work on a separate Policy on Employee Protection which will apply to employees as well as customers and all persons with whom employees have a relationship in order to provide services. The policy will cover rules and detailed procedures in cases of violence defined as physical and/or mental violence committed by a person while receiving any service, as well as the threat of damage to a person or property, other forms of violence, verbal abuse, psychological pressure, sexual harassment, etc. The policy is important for the Group, as an employer, for supporting a safe and secure environment for employees, both in the front and back office.

Initially, it was planned to harmonize all policies and procedures group-wide in 2020. However, the action plan was modified due to the COVID-19, which switched our focus on to pandemic-related documentations instead as described in different parts of this chapter.

In 2021, we will be focused on group-wide harmonization of policies and procedures related to those changes in the labour regulation that were passed at the end of 2020.

## MANAGEMENT SYSTEM

Our management system aims to create mechanisms that efficiently comply with company policies as well as relevant legislation. The monitoring of incidents and non-compliance is conducted through a range of channels and tools. Because our company is constantly evolving, more and more information needs to be processed and consolidated. The Human Resource Management System (HRMS) enables us to collect, store and process very large amounts of information, which is used by the Human Capital Department in decision-making. It allows the company to keep track of all its employees and employee data, as well as information on benefits, such as enrollment and status changes.

In last two years, some very important self-service and respective interfaces were introduced in the Bank's intranet for employees, such as vacation, changes in terms of personal information (mobile phone, experience, education, etc.) and health insurance, which are integrated in the HRMS. Those services enable employees to become part of the everyday HR activities and be self-reliant.

**IN 2021, THE HUMAN CAPITAL DEPARTMENT PLANS TO IMPLEMENT AN ELECTRONIC SIGNATURE PROCESS FOR EMPLOYEE CONTRACTS, WHICH MEANS THAT ALL CONTRACTS WILL BE SIGNED ELECTRONICALLY.**

We believe that this is a very important breakthrough, which will lead to the following benefits: the process will be faster, transparency will increase, compliance and data integrity will improve, and associated costs will be reduced.

## GRIEVANCE PROCEDURE

We have implemented a Grievance Procedure and provided a grievance mechanism for employees to raise workplace related concerns. This procedure is linked to the Bank's Code of Ethics and Code of Conduct, as well as its Incident Management Policy. According to the procedures, every employee is eligible to provide information about incidents, either openly or anonymously, including any kind of harassment, be it moral, physical or psychological.

### Informing Employees about the Grievance Procedure

The Grievance Procedure together with the Incident Management Policy are mandatory documents with which every employee has to be familiar. We ensure this through the following actions:

1. Each new employee welcome package includes these documents, together with other important policies and procedures.
2. New employees have classroom trainings in which the Incident Management Policy and the Grievance Procedure feature as one of the key topics.
3. Any changes to the Incident Management Policy or the Grievance Procedure are delivered to all employees by e-mail.
4. These documents are available on the intranet to all employees of the Bank.
5. Employees are regularly tested on the Incident Management Policy.

### Submitting complaints/grievances

Employees can submit complaints verbally, or in writing through an open or anonymous letter to the HR manager, HR team, or their own management. They are highly encouraged to report incidents of harassment, discrimination or other grievances without delay to ensure their quick processing. The anonymous channels for submissions are:

- > Anonymous Hotline: +995 32 2 27 27 \*1998
- > Anonymous website: [www.tbcbank.ge](http://www.tbcbank.ge)
- > Anonymous letter: [Incident\\_Compliance@tcbank.com.ge](mailto:Incident_Compliance@tcbank.com.ge)

Incidents related to money laundering, terrorism financing, related party transactions, trades based on insider information, Code of Ethics breaches and legislative regulation breaches are reviewed by the Compliance Department. If an incident relates to employee harassment, or physical, moral or psychological pressure, the HR team manages the case, in cooperation with the Compliance Department.

Incidents related to fraud, falsification and conflict of interest are transferred to the Operational Risk Management and Security team.

### Investigation in HR

The investigation process will begin immediately after an incident is detected. When a case is anonymous, the complainant cannot be contacted; however, in non-anonymous cases the employee is contacted in order to specify the details and, in certain cases, is informed about the decision. The HR Manager and/or HR senior staff, together with the complainant's line manager (unless the complaint was made against the immediate line manager or the complainant objects to the involvement of the line manager) investigate the complaint (be it harassment or anything else) with the utmost confidentiality. The purpose of the initial assessment is to establish that the allegations are founded and that there potentially could be a case.

If the complaint is unfounded or unsustainable, the complainant will be informed accordingly and disciplined by HR for unnecessarily bringing a charge against another employee. If there is a case, HR in liaison with the complainant's line manager will decide on further actions in the Grievance Committee, together with the employee or their representative. Depending on the severity of the case, matters may be brought to the attention of the senior management. If this occurs, a management representative will participate in the Grievance Committee. When complaints are anonymous, HR in liaison with HR Business Head / Deputy CEO will decide on further actions. Actions could take the form of a verbal warning, a written warning or other disciplinary actions, including dismissal.

### Number of incidents

There were a total of 15 incidents in 2020, seven of which were anonymous. They were all related to breaches of the Code of Ethics and the Code of Conduct, and all of them were reviewed and decided upon. Depending on the incident's severity, the Bank took a range of measures: in some cases, this took the form of a discussion with the employee and rotation to another position, while in other cases stricter disciplinary measures were applied. To support our corporate culture, TBC Bank has implemented a whistleblowing policy, which is available to all employees. The policy identifies the rules and conduct required of all individuals working for the Group and defines employee rights and responsibilities. For more information, see Chapter 06 Ethics and Integrity.

## OUR EMPLOYEES

TBC Bank is one of the largest employers in the country. At the end of 2020, the Bank employed a total of 6,659 people.

### Number of employees, gender breakdown

Employees	%	2019	%	2020
		Number		Number
Male	29%	1,853	29%	1,979
Female	71%	4,448	71%	4,680
<b>Total Number</b>	<b>100%</b>	<b>6,301</b>	<b>100%</b>	<b>6,659</b>

### Number of employees, contract type and gender breakdown

Employees	%	2019	%	2020
		Number		Number
<b>Short term contract</b>		1,143		1,062
Female	80%	918	86%	912
Male	20%	225	14%	150
<b>Long term contract</b>		5,158		5,597
Female	68%	3,530	67%	3,768
Male	32%	1,628	33%	1,829

### Number of employees, full time/part time employment breakdown

Employees	%	2019	%	2020
		Number		Number
<b>Full time</b>		6,146		6,555
Female	70%	4,299	70%	4,580
Male	30%	1,847	30%	1,975
<b>Part time</b>		155		104
Female	96%	149	96%	100
Male	4%	6	4%	4



Number of employees, Tbilisi/Region breakdown

Employees	%	2019	%	2020
		Number		Number
Tbilisi	77%	4,822	77%	5,117
Outside the capital	23%	1,473	23%	1,542
<b>Total</b>	<b>100%</b>	<b>6,295</b>	<b>100%</b>	<b>6,659</b>





## DIVERSITY AND EQUAL OPPORTUNITIES

We believe that diversity and inclusion are the key to the success of any company. In our company, each employee is treated equally regardless of race, colour, language, age, citizenship, origin, place of birth, place of residence, social or property status, profession, religion or belief, nationality, ethnicity or social belonging, profession, family/marital status, health, disabilities, sexual orientation, gender identity and expression, political opinion or other beliefs. Ensuring equal opportunity in all key areas of human resources management such as selection, promotion, training and development are critical to retaining employee engagement and satisfaction across our workforce.

In 2021, TBC Bank is going to sign the Women's Empowerment Principles and integrate them in the gender equality and employee diversity strategy. We developed an action plan for the next two years, marking a milestone in the development of the gender and employee diversity framework. The key objectives are to:

- › Develop an organization-wide gender equality and employee diversity strategy and action plan that identify specific priority areas where further improvements can be made;
- › Establish company-wide goals and targets for gender equality, women's empowerment and employee diversity and measure progress through clear performance indicators;
- › Designate focal points who champions the gender equality and employee diversity agenda in the company;
- › Widely communicate the gender equality and employee diversity strategy and goals to staff and a wider audience;
- › Advocate for gender equality, employee diversity and women's empowerment and promote the company's commitment in public forums;
- › Take a proactive role in promoting women to higher positions to reduce the gender pay gap;
- › Collect, analyze and report sex-disaggregated data.
- › Regularly train staff on discrimination, sexual harassment, domestic and gender-based violence topics;
- › Support services for survivors of violence and harassment; and
- › Report annually on progress in the implementation of the Women's Empowerment Principles.

### Gender diversity in governance bodies

Governance Bodies	2019		2020	
	Female	Male	Female	Male
Supervisory Board	33%	67%	29%	71%
Supervisory Board Audit Committee	50%	50%	50%	50%
Supervisory Board Risk Committee	50%	50%	50%	50%
Supervisory Board Corporate Governance and Nomination Committee	25%	75%	25%	75%
Supervisory Board Remuneration Committee	25%	75%	25%	75%

### Age diversity - Supervisory Board / Board of Directors

Age	2019	2020
	Percentage	Percentage
20-30	0%	0%
30-50	30%	29%
>50	70%	71%

### Age diversity - Management Board

Age	2019	2020
	Percentage	Percentage
20-30	0%	0%
30-50	100%	100%
>50	0%	0%

**Gender diversity – various staff categories**

Staff Categories	2020			2019			
	20-30	30-50	>50	20-30	30-50	>50	>50
Front Office	68%	31%	1%	61%	37%	1%	1%
Back Office	50%	45%	5%	47%	49%	4%	4%
Middle Management	7%	89%	4%	4%	92%	4%	4%
Technical staff	53%	38%	9%	59%	38%	3%	3%

**Mean Gender Pay Gap in hourly pay, %**

Staff Categories	2019	2020
	Percentage	Percentage
Middle Management	-7.30%	10.90%
Back Office	21.80%	24.70%
Front Office	50.20%	43.00%
<b>Bank Total</b>	<b>44%</b>	<b>44.00%</b>

**Mean Bonus Gender Pay gap %**

Staff Categories	2019	2020
	Percentage	Percentage
Middle Management	-40%	-6.40%
Back Office	30.50%	25.90%
Front Office	66.50%	64.10%
<b>Bank Total</b>	<b>57%</b>	<b>53.30%</b>

**SALARY AND BENEFITS, EMPLOYEE SOCIAL PROTECTION**

We believe that one of the most important issues that defines an employee's well-being is fair remuneration and social protection. Our employees should have adequate remuneration and envisage their future with feelings of hope and stability. TBC is one of the best employers in the country. We offer a competitive remuneration package that includes a monthly salary and a performance-related bonus. We also provide an attractive benefits package. The benefits listed below apply to all permanent employees, both full time and part time.

**Salary, bonuses and other benefits**

Market studies conducted by local and international companies, and rankings in three different salary surveys, prove that we are one of the best employers in the country in terms of competitive compensation packages.

**Family Friendly Bank**

We understand that work-life balance is one of the most important factors for employee satisfaction and well-being. One of the aims of TBC's employment policy is to establish a family friendly corporate culture. To that end, we work in several directions, including good parental leave conditions, support to multi-child families, support to marriage, child-birth support and more.

### Parental leave

According to local legislation, a company is not obliged to remunerate parental leave; however, TBC employees receive paid parental leave based on their full remuneration rate for 183 or 200 days, depending on whether they had a standard or complicated delivery. In 2020, 298 employees in total received parental leave, including one men.

	2019	2020
Parental Leave	Number	Number
<b>Employees who became parents</b>	<b>457</b>	<b>340</b>
Female (all)	372	339
– Female (permanent)	296	297
Male (all)	85	72
– Male (permanent)	85	72
<b>Employees who took the leave and received parental leave pay<sup>1</sup></b>	<b>297</b>	<b>298</b>
Female	296	297
Male	1	1
<b>Employees who returned to work from parental leave</b>	<b>282</b>	<b>271</b>
Female	282	271
Male	0	0
<b>Employees whose parental leave ended during the last two years and who were still employed 12 months after their return to work</b>	<b>426</b>	<b>441</b>

1. Employees with temporary contracts can benefit from parental leave, however, the parental leave is not paid by the company additionally; the employees received compensation according to the Labour Code.







## PARENTAL LEAVE

„TBC gave me a possibility to take the parental leave and engage myself in the upbringing of my children while my wife could align her plans with her professional development goals. As a full-time father, I started to understand my children easier, got more insights in their psychology that helped to form a better relationship with them. The COVID-19 pandemic put my efforts under challenges as two older children were left without kindergarten and school. At that time, I had to take care of all three children. It was very difficult, however, the experience I got in the first months of the parental leave helped me to overcome this challenge.“ – Giorgi Tusharashvili



**Families with multiple children**

In order to support employees who have multiple children, the Bank has introduced a special program, according to which every employee who becomes the parent of a fourth or fifth child receives 10,000 GEL. For the sixth child and above, the parent receives 50,000 GEL. This program applies to full-time employees with a long-term contract. The Bank also issues various benefits for employees with multiple children, such as one more day off per quarter.

**Multi-child support 2020**

	2019	2020
Multi-Child support	Number	Number
Number of employees who got a 4th and/or 5th child	8	11
Number of employees who received bank support	8	11
Total support in GEL (Gross)	102,040	140,306

**Marriage and child birth support**

We operate a marriage and childbirth support program. The Bank issues a one-time financial benefit to employees who get married and give birth to a child. This support is valid for all employees with long-term contracts.

**THE TOTAL VALUE OF FINANCIAL ASSISTANCE IN 2020 UNDER THE MARRIAGE AND CHILD SUPPORT PROGRAM AMOUNTED TO**

**GEL 228,572**

**The Tibiselebi Fund – employees supporting each other**

The Tibiselebi Fund (“Tibiselebi”) was founded in 2009. It currently unites employees of JSC TBC Bank and six other subsidiaries from TBC Bank Group PLC as its donors and beneficiaries. Employees donate 1% or 2% of their monthly salary on a voluntary basis to the Tibiselebi Fund, which in turn supports its contributing employees and their immediate family members financially in case of significant health issues. Tibiselebi has a rotating, representative Board, made up of delegates from participating companies, which makes all financing decisions within the scope of the salary project.

**DURING 2020, TIBISELEBI PROVIDED FINANCING FOR 250 APPLICATIONS, TOTALING MORE THAN**

**GEL 1 mln**

The Fund provides financing to support cases where sickness represents a danger to health or life, or to purchase additional hearing aids, wheelchairs, special nutrition or artificial insemination. Decisions are made by the Fund Board by majority voting.

**EMPLOYEE SAFETY AND HEALTH, PROFESSIONAL AND OCCUPATIONAL SICKNESS PREVENTION**

Since our employees are our most valuable asset, it is our obligation to ensure protection of their lives, health and safety. Although workplace-related health and safety risks in the financial sector are not as high as in many other industries, they still exist. The biggest potential risks in our field include customer aggression, attacks on frontline employees, risks related to cash collection and car park management activities.

This year, one of the priorities was to ensure the safety and wellbeing of our employees.

The company shifted pregnant and risk-category employees to a remote working regime in the very first days of the pandemic. Currently, about 2,400 TBC employees are working remotely. Thermo-screening of both employees and customers is implemented in all branches. To create a safe work environment, an anti-virus strategy

has been devised with an epidemiologist who provides TBC's relevant team with information on the dynamics of the virus in Georgia and the best practices in combating it. As a result, the Bank has taken a wide range of measures. 141 TBC facilities are disinfected daily; in total, 64,000 square meters of TBC network are disinfected every week. Protective glass partitions have been installed in 115 branches, while 850 disinfectant solution dispensers and containers have been installed in all branches and the head office, making a total of 158 locations. Front-line workers in the branches have received 1,100 disinfectant solutions for individual consumption, the supplies of which are periodically updated. 3,900 employees have received protective masks at the branches and the cash registers. Employees are provided with gloves and facemasks; daily, 126 cash registers are equipped with the necessary equipment. Furthermore, the epidemiologist has held meetings with the staff of the cash registers and branches. Information stickers have been placed at the front of the facilities, urging users to keep their distance. Finally, cashiers have been equipped with protective suits and hats. TBC has introduced an appropriate cleaning standard adapted to the challenges of the virus period.

Since many health-related questions have arisen, we created a pandemic related FAQ for COVID-19 issues, which included a hotline, a contact e-mail address and even contracted epidemiologist for additional support if needed. All those changes were instantly communicated to company staff.

In the beginning of March 2020, we announced remote work for HQ employees. Thanks to our strong digital capabilities and technical capacity, we were able to set up the necessary infrastructure for remote working practices in a very short period of time: by the end of March 2020, 95% of our back-office employees were able to work from the safety of their homes. We have set a 2-week quarantine time for people who have traveled abroad for private or business purposes, and for people who have been in contact with COVID-19 infected people.

Furthermore, we have developed a remote work policy and "golden rules" to keep our employees safe and effective. We have also redesigned the onboarding rules for new colleagues

According to Georgian legislation, since September 2019 every company has been obliged to hire a Health, Safety and Environment (HSE) specialist to ensure implementation of the HSE management system and standards. Currently we outsource HSE management to an experienced company that, together with the Bank's team, is in the process of developing an HSE policy and

strategy. Once every four months, HSE specialists carry out inspections and develop specific reports about the risks and hazards in all branches and offices. Twice a year, HSE specialists measure the microclimate and light in every branch and office to make a more comfortable working environment for employees. Risk assessments are updated every four months, highlighting which risks and hazards should be controlled. Every six months, we conduct fire and evacuation drills. Once a year we conduct trainings for all employees in HSE, fire, electric, ergonomics, emergency action plan, stress and human factors. The Health and Safety framework applies to all employees and contractors, both full-time and part-time.

In 2020, one call center employee was diagnosed with a condition in her vocal cords. Since the doctor recommended her to change her professional occupation, the Bank asked her to stay home until we could offer a new position. She is working in a new position in back office.



### Drivers

Bank drivers constitute a group of contractors that face special health and safety risks. Risks related to car park management and driver activities are mitigated by instructions for TBC Bank drivers that regulate issues such as speed limits, working hours, health control and driver vigilance. Implementation of these instructions is monitored with the help of GPS systems.

### Cash collection

Due to the specific nature of cash collection activities, cash collectors face the highest health and safety risk amongst Bank employees. Two types of cash collection activities are performed in the Bank: 1. ATM cash collection is done by a Bank cash collector, who is escorted by security police; 2. Branch network and client cash collection is carried out by security police who train with the Ministry of Internal Affairs. All cash collectors of the Bank receive regular safety training.

### Front office staff

Since the most important health and safety related risks in the financial sector are aggressive customers, attacks and robberies, the Bank conducts special learning activities for front-office staff concerning workplace safety. Every branch employs several security administrators who ensure the timely and efficient identification and prevention of risks. As a result, only two cases of attempted robbery have taken place in TBC Bank over the last 18 years of operation. We also have a contract with security police, who attend to any incident as soon as it is identified. In 2020, one minor incident took place.

## WORK CLIMATE, EMPLOYEE MOTIVATION AND ENGAGEMENT

Our colleagues are an integral part of our success and our most valuable asset. We are committed to creating a collaborative working environment, in which our team members feel safe, valued, motivated to realize their full potential and deliver a high performance.

In 2020, the pandemic posed a number of challenges. Our main concerns were:







## DRESS CODE

In 2021, we added more components to the well-being concept of employees and reviewed the dress code.



- **HOW TO MAINTAIN A CALM ATMOSPHERE;**
- **HOW TO RETAIN EFFICIENCY;**
- **HOW TO KEEP UP TEAM SPIRIT; AND**
- **HOW TO SUPPORT EMPLOYEE MENTAL HEALTH.**



In order to tackle those challenges, we have carried out several initiatives:

- Senior management regularly conducts meetings with employees to keep them up-to-date on the Group's strategy, performance and recent achievements. The staff has an opportunity to ask questions and share feedback. These meetings became particularly important during the pandemic, as employees needed more assurance about the company's financial position and future prospects. Moreover, we conduct an open dialogue with our staff via a Facebook group, in which we regularly share the Group's achievements, as well as success stories of individual employees. In addition, we hold quarterly online meetings with managerial board, in which members share quarterly achievements and strategy;
- Systematic online sessions were held for the entire company with different external speakers, covering topics such as:
  - Psychology
  - Coaching
  - Culture
  - Entertainment
  - Soft Skill Trainings etc.;
- Online team-building activities;
- We have also developed remote work policy and "golden rules" to keep our employees safe and effective. The rules include: space sharing regulations, remote work schedule control (to avoid overtimes) etc. Given the high number of questions about health issues, we created a pandemic related FAQ, hotline and contact e-mail address.

As the pandemic continues, the challenge to maintain a safe work environment remains our top priority in 2021. Our whole team constantly seeks new and effective ways to improve employee mental health, maintain efficiency and good team spirit, while staff work remotely from wherever they prefer.

#### **Satisfaction and Happiness Research**

We conduct employee satisfaction and happiness research annually, analyze the results and develop action plans to improve employee loyalty, create comfortable working conditions and motivate them through various benefits. We adhere to local regulations on employment rights, while simultaneously aiming to implement international standards and best practices.

We started to monitor staff engagement in 2012. Every year a special survey is conducted, in partnership with leading international universities and research firms. The survey provides a clear picture of our strengths and weaknesses as perceived by our employees. In 2020, a Bank-wide survey was conducted by Amsterdam University, in which 3819 employees; representing 59 % of the total workforce, participated. The research results are presented to management ever year. Work teams are established to review the research results, analyze the problems and develop action plans. The HR annual action plan includes activities that respond to the challenges revealed by the research.

In 2020, the staff turnover rate in the Bank was as low as 8.3%, compared to 15% in 2019.

#### **TALENT MANAGEMENT (RECRUITMENT, TRAININGS, PROFESSIONAL DEVELOPMENT AND LEADERSHIP)**

We understand that our success derives from our employees - how we manage to attract and keep the best of them, and how we support their professional growth and motivation. We believe that our approach has been successful in attracting, retaining and developing our employees despite strong competition. This process is dynamic and we have to continuously enhance our human resources management system to attract and maintain top talent. Talent management is regulated based on the Bank's Code of Conduct, the Learning and Qualification Development Procedure and Testing Instructions. During 2020, TBC Bank recruited 1,424 candidates in total, out of whom 635 colleagues were promoted to new positions and 789 people were newly recruited.

**Recruitment**

Attracting new talents

We are committed to attracting, developing and retaining a diverse and inclusive workforce and providing equal opportunities. We encourage young talents to enter the innovative working environment of TBC. We also emphasize the importance of well-balanced diversity in teams for both women and men, and promote ICT and risk management among girls.

**85%<sup>1</sup> EMPLOYEE HAPPINESS INDEX**

**91%<sup>1</sup> ENGAGEMENT INDEX**

In 2021, one of our major recruitment priorities is to strengthen our team with more IT specialists in order to support our digital transformation.

In order to promote ICT employment possibilities among young people, we established an IT Academy in 2019. The academy is run by experienced staff members and leading professionals from relevant fields. This programme is free of charge for selected students. This initiative has proved to be very successful: out of over 4,500 applications since 2019, 335 students were selected to join the academy and 83 were employed at TBC Bank after graduation.

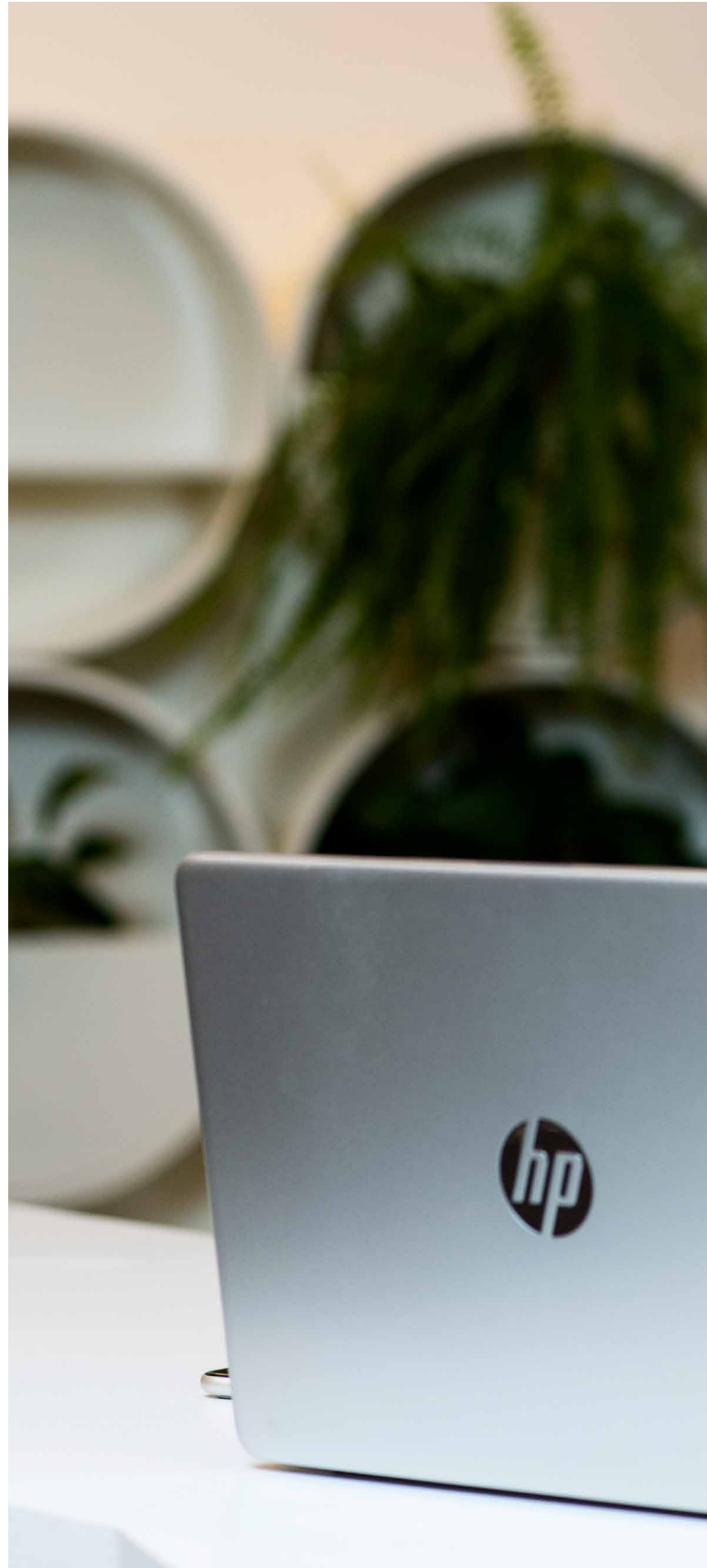
**IT Academy**

IT Academy	2019	2019	2020	2020
<b>Total Number of participants</b>	<b>45</b>		<b>290</b>	
Women	9	20%	75	26%
Men	36	80%	215	74%
<b>Total Number of course graduates</b>	<b>25</b>		<b>212</b>	
Women	6	67%	41	55%
Men	19	53%	171	80%
<b>Employed by the Group</b>	<b>25</b>		<b>102</b>	
Women	6	100%	26	63%
Men	19	100%	76	44%

1. Employee Happiness Index was assessed internally based on comprehensive survey prepared with the assistance of the world's leading consulting firm and measures whether employees feel happy and satisfied with their job. The index was measured in July 2020 for the Bank's employees
2. Engagement Index was measured in October 2020 by an independent consultant for the Bank's employee's and measures how much employees feel involved and committed to TBC Bank

In March, 2021, the **IT Academy** started a new program with special focus on women in technologies. A series of webinars and courses are dedicated to encourage and empower women in tech industries and provide them with opportunities to grow and develop professionally. The online events are open and expected to be joined by over 150 attendees. The platform serves to introduce successful women tech professionals and have them share their experiences and stories about their accomplishments and choices. TBC's culture will also be stressed and discussed in more details as well as professional development opportunities provided by the company and the environment created for employees to grow and follow the desired path.

By the end of 2020, we established the **Risk Academy**, which offers various courses in risk management to young professionals. The aim is to equip them with specific banking sector knowledge in risk management, which is not usually taught in universities, and better prepare them for their future careers. All courses are offered free of charge and the best students will be offered employment at TBC Bank. In 2021, the main focus was on key analytical skills, which is important for entry-level risk positions. The training topics include SQL, Microsoft Excel, Data Visualization in Power BI, and Data Science. 20 candidates have been selected so far.







## IT ACADEMY

“The main reason while choosing to study at TBC IT academy was my interest of programming field. At that time, I was studying at university, majoring in an absolutely different subject and foreseeing myself in a totally different career. However, after studying programming at the academy and being employed at TBC, I realized that doing this job, which involves participating directly in the creation of innovative products, is much more interesting to me, so now I am going to develop myself in this area. Studying at TBC IT academy is an excellent opportunity for everyone, especially for women, as they have chance to acquire knowledge that will help them to develop themselves in the most demanded field nowadays.”

**Tamar Dokvadze**



**Trainee programs**

Since 2011, we have run a wide-scale internship programme for the best students from Georgia's leading universities. This programme has been very successful, helping us to identify new talents who are part of our team today. This year, 98 participants were involved in our internship programme, of whom 28 people became full-time TBC employees in various departments including finance, risks, corporate, marketing, IT and data analytics. Overall, since its establishment, we have recruited 371 students under this programme.

In 2020, 38 students, comprised of 9 men and 29 women were selected for an internship and most of them were employed in various departments including finance, risks, corporate, marketing, IT and data analytics. The biggest demand was for IT and data analytics specialists, given our strategic focus on digitalization and data analytics.

Furthermore, we continue to run TBC Camp, a programme that was established in 2019 and runs a Stock Pitch Competition for fourth year finance students. This competition is integrated in the syllabus of the university's curriculum and is comprised of intensive online lectures, trainings and the preparation of real investment cases in selected companies, which are presented to a panel of judges. The two selected teams are awarded a special prize in the form of TBC shares. This year, we have involved 10 more universities, meaning that in total 12 universities are participating in the project. TBC Camp helps to increase awareness of investment banking among young people, and helps us to identify bright talents and recruit them into the corporate investment banking department.

**TBC culture in recruitment**

During 2020 pandemic year, the recruitment team worked on upgrade of the recruitment framework: In working groups, we developed statements emphasizing our corporate culture. TBC values represent a person who shows a firm attitude and strong belief that all will be fine, is delighted with work, is always eager to look into causes, is bold enough to look for and implement new opportunities, admits mistakes, always articulates ideas decently, feels and takes responsibility for own actions and words.





## TBC CULTURE

TBC culture is based on several principles.

- > Winner by Nature
- > Happy
- > Curious
- > Open to New Opportunities
- > Result Oriented
- > Honest
- > Always Delivers on it's Pomises

The requirement process aims to identify a similar culture and behavior in candidates, using the STAR (Situation, Task, Action and Result) methodology. The STAR methodology uses deep interview questions to enable candidates to talk openly about their experience and knowledge. It helps our talent acquisition managers to conduct interviews and make decisions in the hiring process.

In 2021, TBC Bank will acquire an application tracking system (ATS) solution, which will help to reduce hiring cost, to manage whole recruitment process and to make more granular reporting.

**New employees**

Age diversity	20<	20-30	30-50	>50
Number	31	1,160	289	0
Percent	3%	78 %	19%	0%

Gender diversity	Female	Male
Number	1,000	480
Percent	68%	32%

Regional diversity	Female	Male
Number	1,003	477
Percent	68%	32%

**Performance review**

Based on the specifications of particular business lines, we have different performance management systems in the Bank. The systems are closely linked with the overall objectives of the Group and are based on three core principles: clarity, fairness and integrity. We make sure that our colleagues have a clear understanding of their role in the company and are actively engaged in setting their personal goals. Regular employee feedback and constructive dialogue are an important part of each performance appraisal system.

For front-office employees, we use a target-based performance assessment system, where performance is linked to specific Key Performance Indicators (KPIs), including quantitative and qualitative components. Within the target-based system, employees are assessed monthly, quarterly or annually, depending on their positions.

We assess the performance of back office employees with the management-by-objectives (MBO) system. Goals are written down annually and are continually monitored by managers to check progress, including semi-annual direct feedback from supervisors. Rewards are based on the achievement of goals. We have a uniform scoring system for all employees within the MBO, which ensures fairness throughout the organization.

For our middle managers, as well as employees who are part of the agile structure, we also run a 360° appraisal system that provides each employee with the opportunity to receive performance feedback from their supervisor, peers and subordinates.

The 360° appraisal system allows our employees to understand how others view their performance and increases self-awareness. It also helps to increase a culture of openness, empowers leaders and employees, and boosts self-growth and development.

In 2020, we decided to enlarge the scope of 360° appraisal and identified positions all over the Bank that can be involved in the system. To ensure the smooth rollout of the system, we have planned presentations about the 360° appraisal process and special trainings on “effective feedback”.



In 2021, we will deliver trainings for 600+ employees in the first part of year and, in the second part, we will held follow up sessions and presentations. After completing the preparation phase, these employees will participate in a 360° appraisal.

**Performance review**

Employees who had a regular performance review	2019	2020
Female	3,462	3,612
Male	1,504	1,645
Front office	3,078	3,049
Back Office	1,888	2,208

We encourage internal promotions and under equal circumstances give priority to internal candidates.

**DURING 2020, AROUND 14% OF OUR EMPLOYEES WERE PROMOTED TO MORE SENIOR POSITIONS.**

**Career development**

TBC, as a group of diverse companies, offers a wide range of career growth opportunities. Employees can have career growth within one organization or be transferred to another, to engage in new directions or be promoted to a higher position. In 2020, 904 employees were promoted, which is 18% of staff.

**Promotion**

	2019	2020
<b>Employees promoted</b>	<b>621</b>	<b>904</b>
Female	411	644
Male	210	260
<b>Middle Managers promoted</b>		<b>37</b>
Female		18
Male		19



### Agile transformation

One of the most important steps for leadership and career development that the Bank took in 2019 was agile transformation. TBC was the first company in Georgia to introduce agile. Our aims in pursuing this transformation were:

- › Better customer orientation and a quicker response to customer needs;
- › More flexibility and freedom from bureaucracy and hierarchical limitations;
- › Speeding up product-to-market time and creating more innovative products;
- › Increasing employee satisfaction and supporting their self-realization; and
- › Creating a special work environment and attracting top talent.

In 2020, we continued to roll out agile transformation across our corporate department, risk departments, and certain parts of the finance department. Overall, we created 93 cross-functional teams with more than 600 employees working in an agile structure. As the agile structure supports the empowerment of employees and instills an open culture, people in the agile structure were more prepared to work remotely and adapt to the new reality.

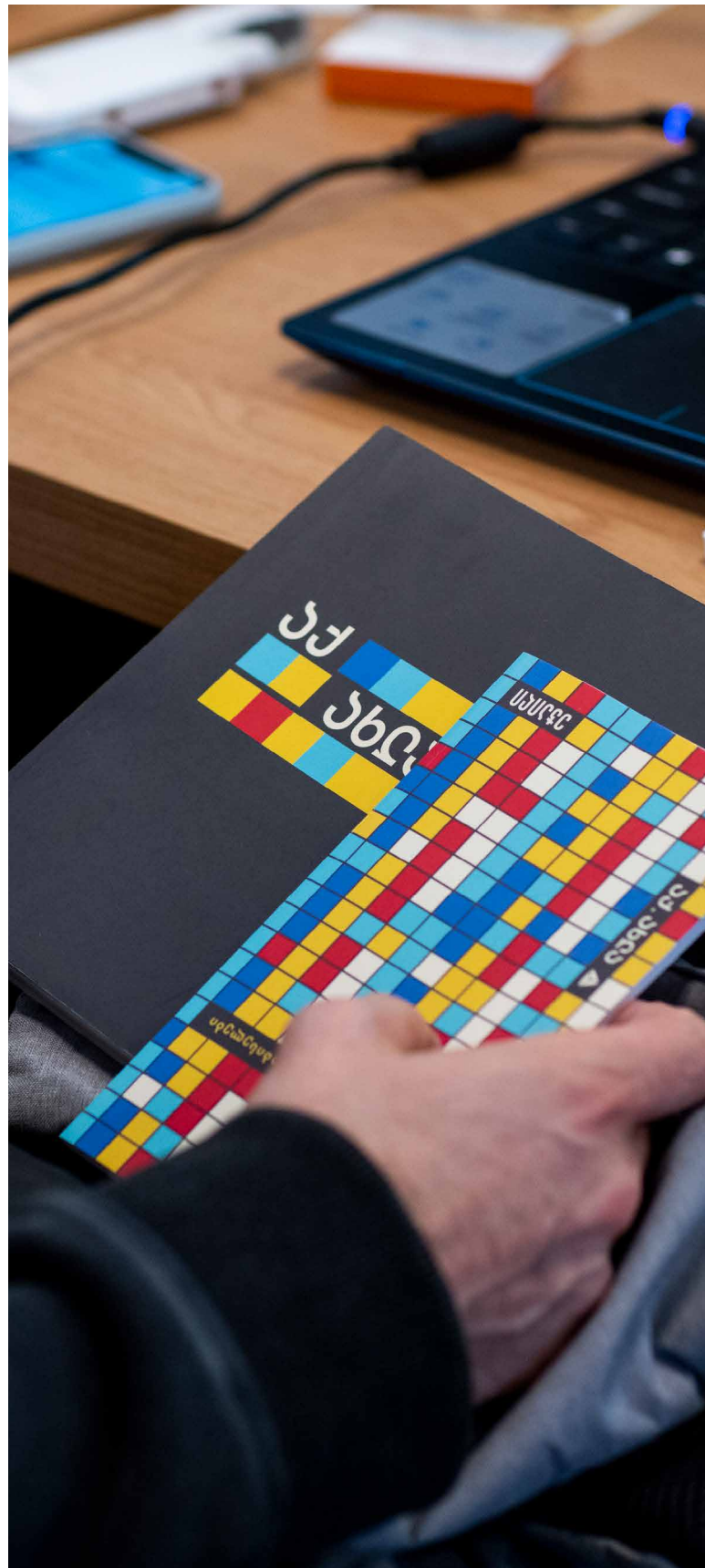
In order to increase awareness and share our experience about agile working practices and their benefits with the banking sector in the CIS region, we conducted an online conference with senior management from different companies from 16 countries. Attendees had the chance to learn from each other and interact with industry-leading experts.

In 2020, we achieved rather impressive results in our agile transformation project. Our organizational agility score improved by 30% in December 2020, compared to the previous year, time-to-market and release frequency improved by 1.4 times, and our Employee Happiness index increased by 7%.

Going forward, our goal is to implement an agile structure in other departments in order to unlock new opportunities across the company.

### Training

We are proud to operate an efficient digital learning system, through which employees are trained in, and tested on, issues such as operational risks, IT security and compliance. In total, seven different trainings were organized in 2020. The number of total training sessions was 4,950.



Due to the pandemic, trainings were conducted online which gave us an opportunity to involve more employees. In 2020, we conducted online trainings via Zoom sessions where in total 4,640 employees participated. In 2019, the number of unique participants was 3,800.

In 2020, a new training project was initiated for two branches in order to develop a “simple banking” concept, which means the universalization of front office staff, bringing several separate functions together and delivering service to customers based on the principle of “one window”. In 2021, it is planned to universalize employees in 60 branches.

In 2021, we started a mentorship program for front office staff. A new role of an in-branch trainer was introduced in 28 branches whose responsibilities are: supporting staff, improving their qualification, monitoring the customer service process, identifying staff weaknesses and adjusting individual training programs.

**Employees trained**

<b>Total (hired before 2020)</b>	<b>4950</b>
Female	3465
Male	1485
<b>Total (new employees)</b>	<b>2741</b>
Female	1920
Male	821

**Training hours**

<b>Training hours 2020</b>	<b>4950</b>
Existing employees	1317
new employees	2621
Front office	3719
Back office	648

**TBC Academy**

In 2011, we established TBC Academy to provide learning programs to any employee of the group. The academy unites several schools – a business school, Agile Academy and Avalanche Academy. In 2020, a total of 855 employees participated in various learning activities in TBC Academy. The most frequently addressed training topics were:

- > Business development
- > Banking
- > Project management
- > Change management
- > Leadership
- > Financial analytics
- > Risk modelling
- > Soft skills, such as time management and presentation skills

**Outsourced trainings/learning financed by the company for employees**

Financing outsourced trainings for employees that help them to develop their talents and succeed in their career is a common practice in TBC Bank. In 2020, we financed trainings in banking

products, coaching and talent development, and the agile work system. Employees also received financing to complete international certification programs such as ACCA, CFA, and PMP.

**DURING 2020,  
MORE THAN  
800 EMPLOYEES  
RECEIVED FINANCIAL  
SUPPORT FOR  
EXTERNAL TRAININGS.**

Employees who received financing	Detail info	Number of staff trained	Female	Male
External trainings	810	56%	44%	1317

### Financing local studies and abroad

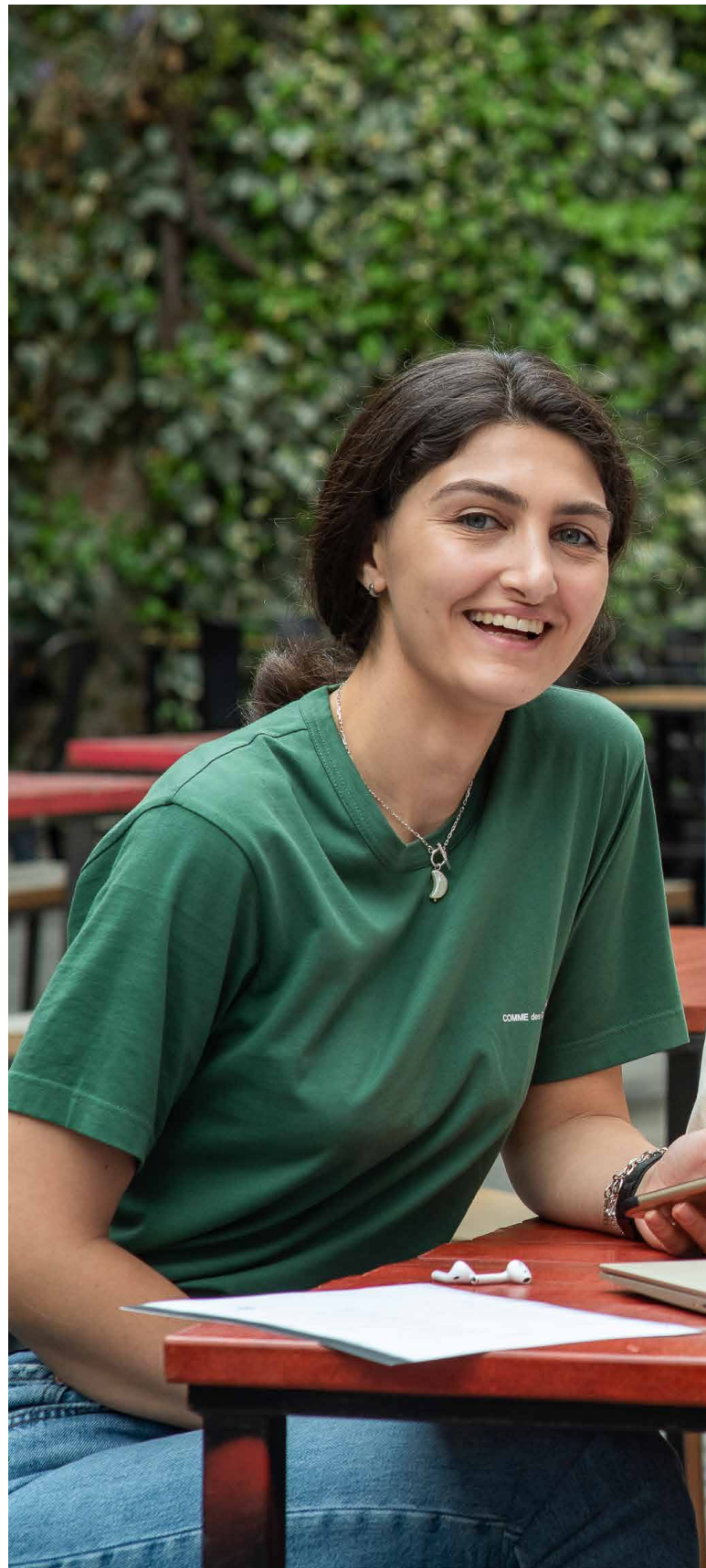
In 2012, we established the TBC Scholarship Fund, which provides co-financing to our top employees to study at the world's leading universities. Financing opportunities are open to any employee who has a long-term contract with the Bank. We offer financing of 100% or co-financing of 70%, 50% and 30%. The selection process is managed through a dedicated procedure that lists the decision-making criteria. In total, 44 employees received financing and co-financing to study abroad as well as in local universities from the Bank. In 2020, four employees received co-financing, comprised of three women and one man.

### Startup-leave

Startup leave is an innovative project that aims at promoting entrepreneurship and innovation among employees, as well as supporting the development of a startup eco-system in the country in general. Any employee who has worked with TBC Bank for more than 18 months is eligible to participate and to submit a business idea. Twice a year, an independent jury reveals the most innovative business idea and gives the authors a chance to use fully remunerated Startup leave for up to 6 months, to develop their startup. At the same time, Startup leave employees can use "Startuper" services - a special package of offers developed by our Bank for startups.

#### *The process*

- > In the first round, electronic applications are submitted;
- > An independent jury draws up a shortlist;
- > In the second round, teams have to pitch their idea;
- > The evaluation criteria are predefined in the program charter;
- > The number of potential winners is unlimited.







## UPWAY

In 2020, 15 applications were submitted to the Start-up leave project, six of which were from women. This year, out of many interesting and original business ideas, we selected UPWAY - a project that aspires to create an online platform that connects people interested in education and self-development with teachers and lectures. All three nominees are women.





# TREATING OUR CUSTOMERS RESPONSIBLY

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## **Customer Privacy and Data Protection**

### **Personal Information Protection Policies**

### **Identifying and Addressing Data Security Risks**

- > Informing and Training Employees in Security Issues and Related Risks
- > Informing and Educating Clients

### **Protecting Customers' Personal Information**

### **Business Integrity in Client Relationships**

- > Responsible and Fair Marketing and Sales Activities
- > Family Friendly Bank

### **Responding to Our Customers' Needs**

- > Ensuring Client Satisfaction
- > Response to the COVID-19

### **Digital Innovation and Financial Inclusion**

### **Ecosystems**



# TREATING OUR CUSTOMERS RESPONSIBLY

Excellent customer service is the cornerstone of the Bank's brand. We treat our customers with respect and professionalism. We put our customers' best interests at the forefront of everything we do.

We understand diverse client needs, add value, and build trust and relationships that endure. We are committed to offering solutions of the highest quality to our clients. We constantly strive to anticipate the rapidly changing needs of our clients and to develop new services to meet those needs. In providing our services, we keep our commitments, deliver what we promise, and act with honesty and integrity while pursuing our values.

We place clients at the center of our activities. We treat our customers fairly and in a manner which is compliant with all regulatory requirements.

TBC Bank is a leader in the retail banking segment in Georgia, serving around 2.6 million clients, which is 92% of the adult population of the country. Of those, 96,385 are affluent customers.

We have a well-diversified loan portfolio, serving 3,665 corporate clients across all major sectors of the economy.

TBC Bank is the number one partner bank for micro, small and medium enterprises (MSMEs) in the country. We serve 160,311 MSME customers. In 2020, 59% of newly registered legal entities chose TBC Bank.

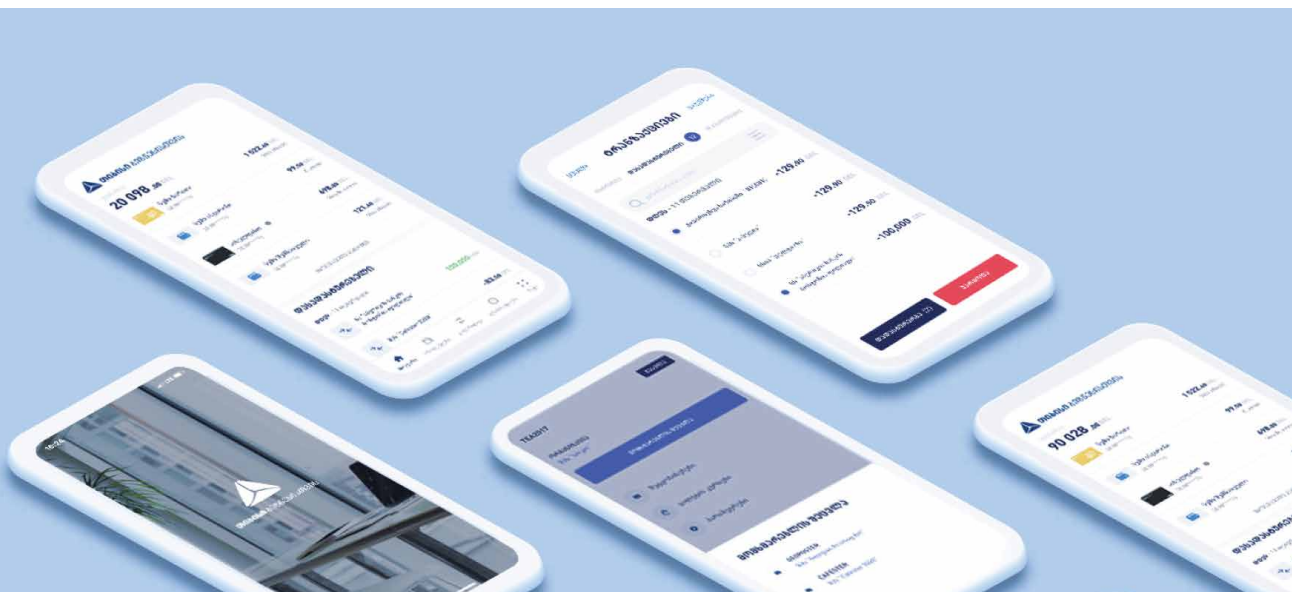
## CUSTOMER PRIVACY AND DATA PROTECTION

In the digital era, dependence on information systems is growing rapidly, creating a need for technological improvement and proliferation in everyday life. With the increased use of technology and data, cyber security issues also arise. Intelligently defending cyber systems, together with providing superb customer service, is one of the most important tasks for us.

The Bank's activities constantly require obtaining, processing and keeping data, documents and information pertaining to customers, employees, business partners, financial transactions and contracts. We have a legal and ethical responsibility to safeguard the confidentiality of information regarding customers, employees, business partners and other third parties.

## PERSONAL INFORMATION PROTECTION POLICIES

TBC has adopted an information security policy document that encompasses general principles approved by the Board of Directors, underlining their support for the information security program. This is the main document defining the company's approach in the information security field.



In addition, thematic documents regulate certain topics and define concrete procedures (for example, the IT Operations Management Security Policy, the Systems Development and Acquisition Security Policy, the Cyber Security Incident Management Policy, the Business Continuity Policy, the Information Security and Risk Management Policy), which cover the majority of the Group's companies.

Information security and data protection is under the responsibility of the Information Security Department, whose main objective is to minimize information security related risks. The department reports to the Chief Risk Officer and the Information Security Steering Committee, chaired by the CEO. The committee is in charge of continuously improving information security and business continuity management processes, and minimizing information security risks. The committee was formed to centralise the information security function, including physical security, HR security, data security, IT security and business continuity.

TBC's activities are also regulated by the Cyber Security Framework Document, which is based on the National Institute of Standards and Technology (NIST) Cyber Security Framework adopted by the National Bank of Georgia, which has been mandatory for all commercial banks since 2019.

Besides the NIST Cyber Security Framework, our Information Security Management System is in compliance with ISO 27001, a certification that the Bank is committed to obtain in 2021.

In 2021, Payment Service (PSD2) Directive (EU) 2012/2366 will be adopted by TBC. The regulation is stipulated by the National Bank of Georgia and will increase the alignment of local data privacy standards with international best practices.

## IDENTIFYING AND ADDRESSING DATA SECURITY RISKS

In order to mitigate the risks associated with cyber attacks and to ensure the security of clients, the Group continuously updates and enhances its in-depth security strategy, which covers multiple preventive and detective controls ranging from the data and end-point computers to edge firewalls.

A Security Operations Center has been built, which monitors every possible anomaly that is identified across the organization's network in order to detect potential incidents and respond to them effectively.

At least once a year, a full information security and cyber security threat analysis is performed, taking into consideration the relevant regional and sector specific perspectives. At least once every two years, as part of this analysis, an external consultant is contracted to assess the efficiency of our capabilities against industry best practices and real world cyber attack scenarios. This analysis gives the Group a broad overview as well as detailed insight, which helps to further enhance its information and cyber security systems.

In addition, cyber attack readiness exercises are performed on a regular basis. These exercises evaluate the actual position of the Group in this area and provide a benchmark against international best practices.

The Group invests in effective information security risk management, incident management and awareness programmes, which are enhanced with automated tools that ensure acceptable levels of information security risk within the organisation. Whenever preventive controls are not applicable, comprehensive business continuity and incident response plans ensure the Group's ability to operate on an ongoing basis and limit losses in the event of a severe business disruption.

Independent compliance audit checks are conducted annually; the last audit was run by one of the Big Four companies, with no major non-compliances being identified.

### Informing and training employees in security issues and related risks

Since employees play a crucial role in information security, regular mandatory training sessions are conducted for all employees, comprised of remote learning courses on security issues, fraud and phishing simulations, and informative emails to further assist our employees with information security matters.

New employees also receive this training as part of their induction process. These measures ensure that employees are fully aware of their responsibilities and are prepared for various security threats.

Simulation is another approach used by the Bank to educate its employees. Simulated fraud letters, also known as "phishing", are sent to employees to teach employees how to react to them.

Once a month, employees receive an information email on important cyber security topics.

Each employee is obliged to enroll in a distance learning course and receive certification on information security issues. In 2020, 98% of TBC Bank employees were enlisted in the course.



The Bank’s policies and management systems cover the majority of the Group’s companies, where local teams manage these issues. The Bank’s information security department carries out group-level coordination.

The Bank proactively monitors incidents and, in case of fraudulent activity, blocks transactions and informs clients immediately, giving information about any suspicious transaction attempted through a client’s card, account, internet or mobile bank application.

As a result of the COVID-19 pandemic, the Group activated secure remote working policies, which ensure that homeworking environments are protected against relevant cyber threats and that the security team provides effective oversight of teleworking channels. Although there has been a noticeable increase in phishing attempts against employees, there have been no major incidents. The Security Operation Center and Threat Hunting teams have successfully adopted effective remote collaboration and communication tools and practices.

**Informing and educating clients**

The Bank has elaborated an Information Security Incidents Management Policy, procedures and hotline for clients to report fraud. If a TBC client is a victim of fraud, or has a suspicion of unauthorized activity related to personal data or accounts, they can address the hotline 24/7 and receive recommendations, while the TBC team starts to react immediately to the reported incident.

In 2021, the Bank started the Edufin – a Facebook platform for financial education where information security tips for users are promoted in an easy-to-understand and readable format.

In order to bring information to customers in an interesting way, we made a quiz with On.ge, which poses specific questions and, gives advice on cyber hygiene to customers who answer incorrectly. The quiz has been taken by more than 3,000 users so far and is quite popular on social media.

In communication, we actively use regional online media and newspapers with the highest circulation. In almost every region, we have published articles that simply and clearly explain what phishing is, what form fraudsters use in this case, and what recommendations we should consider.



**PROTECTING CUSTOMERS’ PERSONAL INFORMATION**

Providing constantly improving and diversifying digital services enables TBC to be a leading bank in innovation and increases our capacity to deliver financial services to the whole population. At the same time, we pay utmost attention to protecting personal information and customers’ privacy. Ethical treatment of client data is a cornerstone of the high level of trust customers have in TBC. As a financial institution, we ensure that client data is used only for proper purposes in ways that serve their needs and respect the clauses defined in contracts with them.

TBC Bank has implemented a Data Leak Prevention System, enabling automatic monitoring. In case a leak is identified, the system blocks the process and informs the staff in charge about the incident.

The Bank also has an access control policy, which regulates the so-called Need To Know and Least Privilege principles. Under the policy, employees have access to the maximum amount of information needed for their work, with access and data usage limited to the actions necessary for the fulfillment of their responsibilities.

The policy and related procedures also ensure the proper involvement of third parties with bank data. The policy considers the legal and operational risks and limitations and ensures that only risk free information transfers can be carried out with any third party. In 2020, in TBC Bank, no personal data leak was detected, nor was any customer report of such a case received.

## BUSINESS INTEGRITY IN CLIENT RELATIONSHIPS

### Responsible and fair marketing and sales activities

By treating customers fairly we mean that:

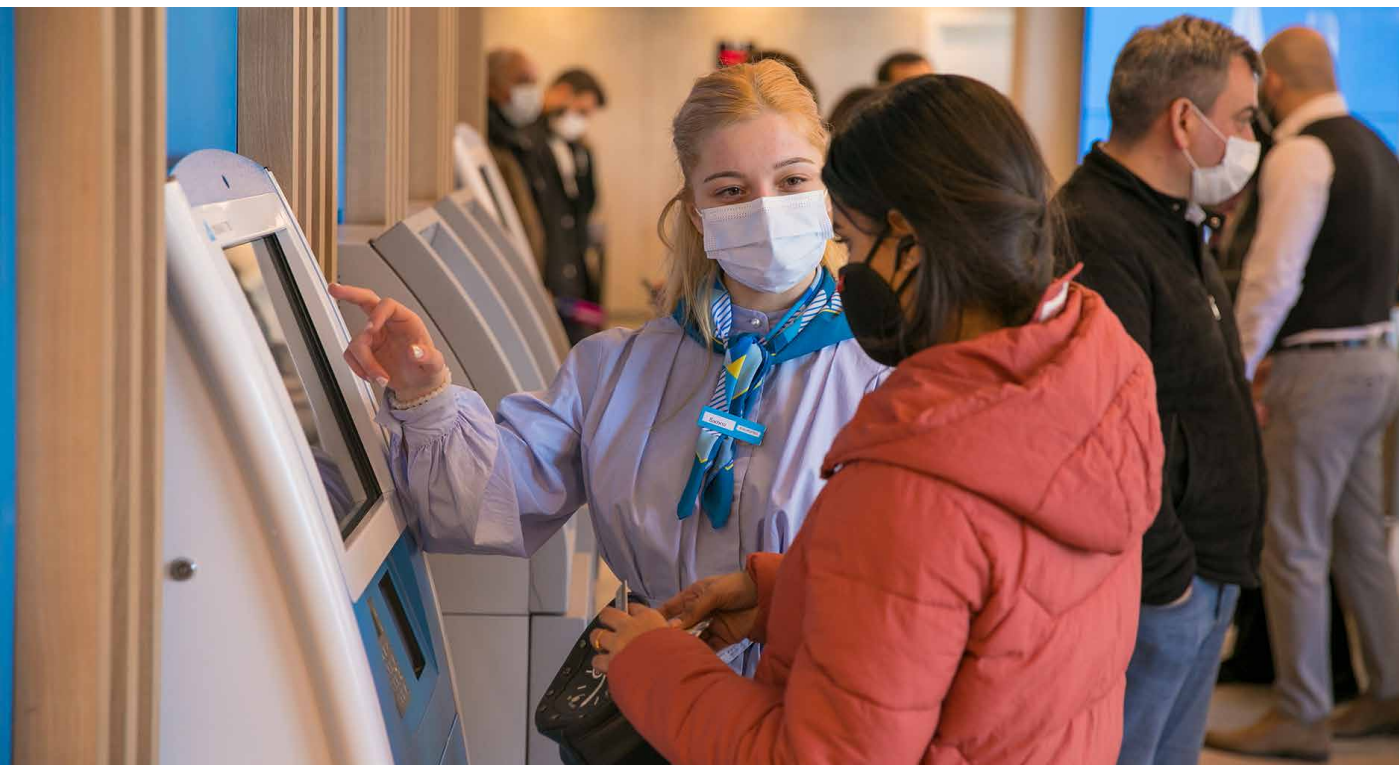
- › Products and services promoted and sold are designed to meet the needs of identified customer groups and are targeted accordingly;
- › Customers are provided with clear and accurate information in a timely manner;
- › Where customers receive advice, the advice is suitable and takes account of their needs and financial circumstances;
- › Customers are informed about significant risks, restrictions and limits related to specific financial products;
- › Customers are provided with contracts drafted in line with the requirements of the Consumer Protection Law;
- › The provided information is not intended to influence clients to make the wrong decisions

- › All promotion materials are drawn up based on Consumer Protection Law requirements
- › We do not encourage customers to purchase any unnecessary financial products for the purpose of fulfilling our sales plan; and
- › Customers do not face unreasonable post-sale barriers imposed by firms to change product, submit a claim or make a complaint.

Regulators require that clients be provided with full information before making a decision on a financial product purchase. The Bank practices full compliance with regulators' demands. There were only two minor cases when the information provided to the client was not sufficient. The total amount of fines was GEL 4,000.

The Bank has an internal instruction that regulates customers' rights protection, which underlines the necessity to provide information about the Bank's products, using clear language understandable for any customer. The Bank also implemented standards enabling it to serve visually impaired customers.

Another document regulating transparent and fair relationship practices with customers is the Code of Ethics, which covers financial products' transparency, is based on best practices defined by law and covers the whole TBC Group. The document is available publicly at [www.tbcbank.ge](http://www.tbcbank.ge)



## CLIENTS' COMPLAINTS MANAGEMENT

TBC has elaborated a client Complaints Management System, which is described in the Complaints Management Process Document.

Clients are informed about how to file a complaint and the complaint processing timeline through the TBC webpage and all legal contracts that clients sign.

Clients have the possibility to address the Bank with a complaint in written form or verbally through the call center, branches, internet bank and the official webpage ([www.tbcbank.ge](http://www.tbcbank.ge)).

Complaints are discussed and addressed by Customer Support and the Complaint Management Group, which reports to the National Bank of Georgia. Received complaints are uploaded in to the CRM module. A complaint management specialist assesses the complaint in the timeframe defined by law. If the complaint is filed in written form, the client receives the following SMS: "Your complaint is registered. You will receive feedback within one month."

The reasons for the complaint are analyzed, recommendations are prepared and subsequently, the responsible persons are addressed. A decision is made after the analysis and is communicated to the client through the phone or in written form.

In 2020, TBC Bank received 5041 (in 2019 - 3,355) complaints. The number of complaints filed during 2020 has increased compared to 2019 that is mainly related to pandemic effects:

- > User activity has increased, especially in terms of the use of remote services;
- > In 2020, numerous systems and upgrades were introduced, in connection with which additional assistance to clients was needed.
- > A significant part of customer calls related to credit products and the grace periods caused by the negative social and economic factors of the pandemic.

The breakdown according to content of complaints was as follows:

- > Quality of Service: 35%
- > Negotiation related to credit product terms: 20%
- > Product terms and contract details: 13%
- > Correction of commissions, penalties, and interest rates: 16%
- > Transaction-related: 4%
- > Demand for additional information or documents: 6%
- > Other: 5%.

100% of all complaints were analyzed and addressed. Client claims were satisfied in 37% of the cases.

During 2020, a total of 95 initiatives and recommendations were initiated by the Complaints Management Unit, which resulted in updating information on websites, providing additional information to clients by mailing campaigns, eliminating system deficiencies and amending payment security mechanisms.

## RESPONDING TO OUR CUSTOMERS' NEEDS

### Ensuring client satisfaction

One of the most important values for TBC Bank, as a service company, is customer care, well-being and satisfaction. We dedicate significant time and effort to explore our clients' banking needs and preferences, and we constantly transform our products and services in order to deliver an outstanding experience through all our channels. Our customers' interests are our top priority and we are committed to making their lives easier by acting as a trusted partner, who is always ready to help.

We regularly request feedback from our clients and use this information to analyze their needs and fine-tune our value proposition accordingly. We regularly measure customer satisfaction levels based on various surveys conducted by independent third party companies and maintain the highest scores in the Georgian banking sector. We also hold the leading position among the whole service industry in the country. According to the latest survey we are named as The Best Service Provider in Georgia among different service industries such as public services, pharmacy, telecommunication and financial sector.

In 2020, in order to reinforce our customer-centric culture, the Bank introduced an after service SMS survey, under which a CSI (Customer Satisfaction Index) is conducted on a daily basis. The survey tracks a total of 30,000 customer voices per month across Georgia (regions, branches and individual employees), which allows us to constantly monitor customer's experience and, as a result of customer feedback, to further improve the quality of service provided at branches.

Every year we conduct a bank-wide survey and identified employees who demonstrated exceptional customer care. These employees were recognized as service leaders and were awarded special gifts.

Our service quality assurance approach is described in the Service Standards and Code of Ethics documents, which cover fairness and transpar-

ency issues. Service quality evaluation is based on international level Service Level Agreement (SLA), operational excellence metrics and client satisfaction survey results where internationally recognized customer experience parameters like NPS (Net Promoter Score), CSAT (Customer Satisfaction Score), and CES (Customer Effort Score) are calculated. Base line quality standards are elaborated based on exceptional customer experience. Concrete, quantifiable Key Performance Indicators (KPIs) apply to concrete processes, such as waiting time, client pulse, NPS, monitoring index etc.

A Quality Dashboard is drawn up every month. It contains statistical data from all departments that have a direct or indirect connection with clients: SLAs, Satisfaction Survey results, monitoring indexes and targets for each parameter. Subsequently, parameters that have unsatisfactory results are discussed with the relevant departments, and actions for improvement are planned.

The Business Transformation and Customer Satisfaction Management Department implements service culture improvement initiatives annually. The initiatives include:

- › An Outstanding Customer Service Training Package for front and back office department employees, based on an exceptional service skills matrix;
- › Exceptional service stories to highlight cases of special customer experience and ensure recognition;
- › Service Leader recognition to identify and encourage employees with extraordinary customer care, based on customer satisfaction survey results;
- › Voice of internal customer survey for head office departments to evaluate each other's service and provide support for colleagues;
- › At the end of 2020, we started working on the Customer Experience (CX) Appetite project, which envisages the creation of a CX measurement framework for both the Bank and its subsidiaries in the development of quality management models. In 2021, it is planned to fully introduce this model in both AGILE and non-AGILE teams of TBC Bank.
- › Customer Pain Management. In 2021, it is planned to create a platform for Customer Pain Points management, which will allow us to identify the top issues for customers across the Bank's segments, products and services, to assign each "pain" to the teams responsible for solving it, to run rating systems and encourage the best Pain Killer teams.

In addition to the regular surveys, TBC also conducted a corporate customer survey. We asked corporate customers to assess the quality of corporate banking services after the impact of the pandemic on their businesses, the transition to remote mode, and the advice and suggestions provided from TBC on adapting businesses to the pandemic. In general, the quality of service provided in pandemic conditions was assessed positively.

A study to evaluate the effectiveness of the state subsidy program for mortgage loans during the pandemic period was conducted among TBC retail customers; the results showed that the program was effective and to some extent helped the construction business in terms of sales, and helped customers in obtaining beneficial terms for mortgages.

## THE AVERAGE ANNUAL NUMBER OF SURVEY PARTICIPATIONS REACHES TO MORE THAN HALF A MILLION.

TBC conducts customer surveys with the help of both internal and external, independent research companies.

### Response to the COVID-19

As in the rest of the world, the spread of COVID-19 has had a negative impact on the economy of Georgia. The necessary measures to prevent the spread of the virus have led to economic losses, whilst also radically changing the lifestyles, priorities and needs of both the country as a whole and of each citizen.

Hundreds of large and small companies have stopped operating. Companies were forced to discharge their workers. In parallel with the spread of the virus, the restriction of demand and supply became a significant problem for the economic growth of the country.

TBC was one of the first companies to respond promptly to the spread of the virus in its early stages, developing a crisis management plan for both employees and clients and, despite the unprecedented nature of the crisis, instantly mobilizing financial, human and intellectual resources to overcome the challenges existing in the country.



Our first step was the introduction of a three-month grace period on principal and interest payments for all our individual and MSME customers, as well as for certain corporate customers in March 2020. These procedures were done remotely without customers having to come to the branch. This initiative was conducted in close coordination with the government, the NBG and the banking sector. In May, we made a decision to extend the grace period for a further three months to the most vulnerable retail and micro customers based on specific qualification criteria as well as to certain corporate customers on an individual basis.

In addition, in order to further motivate consumers in the transition to remote banking, individuals using digital channels benefited from the following conditions during the first three months of the outbreak of the virus:

- > 0% commission on all transactions, including: transfers to others through account or mobile numbers in any currency, paying utility bills, and refilling mobile phone balances;
- > 1% more annual returns when opening a deposit in the national currency;
- > First-year service without commission when ordering a new debit card;
- > A better exchange rate and an increased daily conversion limit.

During the pandemic, the call center played a key role in communicating with clients and supporting them. The functions in the call center were expanded and additional processes were transferred to the call center channel.

**IN 2020, THE TOTAL NUMBER OF CALLS SERVED BY THE TBC BANK CALL CENTER REACHED 2,824,317.**

- > Nr of incoming calls (retail) - monthly average 239,673
- > Nr of incoming calls (Business) - monthly average 15,243
- > Nr of incoming calls (Concept) - monthly average 52,616
- > Nr of online chats - monthly average 69,776

**DIGITAL INNOVATION AND FINANCIAL INCLUSION**

Access to financial services is important for the financial stability of the country and for giving people the opportunity to better manage their income and expenses and plan their financial future. To have a modern and transparent economy, the country needs well-established, accessible financial services, with the strong digital as well as physical infrastructure that TBC provides. As a leader in the financial sector, TBC ensures that its branch, ATM and self-service terminal network covers the whole country, including both economically important centers and remote areas with less commercial activity. Although it has a well-established physical network, which gives access to a whole spectrum of financial services to the population of Georgia, TBC's main strategic direction is the constant development of digital financial services. TBC Mobile Banking was named as the best mobile bank application in the world by Global Finance in 2019. The Bank offers contactless payment services and serves clients through a call-center and chat-bots. In 2020, TBC Bank retail clients carried out up to 96% of their operations remotely. TBC is developing its digital footprint on a group level as well: TBC Insurance provides clients with online insurance products, while Vendoo offers an online shopping experience, customized for local needs.

TBC has grasped digital possibilities in all areas and has been able to adapt to the new reality in a short time so that neither consumers nor business processes are affected. This is especially important today, both for customers, TBC employees and the economy in general, which has faced enormous challenges caused by the pandemic.

Before the pandemic, 93% of all retail transactions were already being conducted remotely. That is why TBC was fully prepared for new challenges. As a result, the changes implemented to ensure the safety of its employees and over 2 million clients did not cause any delays in terms of services and operations. Despite a drastic increase in the flow of customers in remote channels, our well-developed digital capabilities helped the company to support clients without impediment. TBC successfully adapted to a new reality, which turned out to be both a challenge and an opportunity. TBC boldly urged people to stay home, as the company has enabled customers to receive banking services from a distance, in a safe environment over the past few years.

TBC implemented a fully digital onboarding system, which enables Georgian residents to go through a personal identification process and become TBC customers in just 90 seconds. To register as a TBC user, an application has to be downloaded. After registration, the user will open a TBC account automatically with a digital card and activate it completely free of charge. The card makes it possible to pay both in terminals and e-commerce, as well as to withdraw money from ATMs.



The multi-channel financial and non-financial services as well as a variety of innovative products give choice to customers to utilize those which meet their needs and expectations the most. Simplicity of usage is an essential factor for TBC as a technology driven company that seeks to make people's live easier. In parallel, we make sure that functionalities and conditions are clear for customers and information is provided through different means: call center, instructions and guidelines on platforms, frequently asked questions sections, informative e-mails, blogs, and branches creating the interaction possibilities for customers of almost any age. Respectively, the numbers of users in all channels is increased that gives indications about the increased accessibility of services and information.

The TBC Internet and Mobile Bank is tailored to the customer as much as possible, through voice commands, design and its ability to support different operating systems. In 2020, our internet and mobile banking remained the preferred channel of communication for our customers, accounting for 56% of all transactions. We continue to enrich it with new features, introducing several new offerings, including:

- › A consumer loan, which is fully digital from the request stage to disbursement;
- › A virtual digital card, which is an alternative to the traditional plastic card;
- › Certain simplifications for money transfers and utility payments; and
- › Usage of the mobile banking application without an internet balance.

In 2020, we introduced a brand new mobile banking app for businesses. This app features a similar interface to our award-winning retail mobile banking application and is also equipped with specifically created upgrades to meet the needs of business owners. On the corporate side, we launched a digital platform for factoring, which significantly simplifies the process for all parties involved. In addition, the app allows a fast and easy, fully digital on-boarding for newly registered businesses. Right after registering a new business, the business owner can download the app, register as a TBC client, set up an account and begin operations without visiting a branch. By the end of 2020, over 30,000 users have already downloaded the app since its launch in July and the user base is steadily increasing month to month. Data analytical capabilities, such as breakdown of sales by weekday and time of the day, effect of discounts on sales and customer loyalty analysis – are additional tools which will help clients to conduct business profitability analysis and develop a forward-looking strategy. An integrated invoice management feature, created by Invoice.ge – an online invoicing platform – which allows users to manage their invoices easily for an additional small fee.

Our subsidiary Invoice.ge launched an online invoice management subscription service for MS-MEs in September 2020. By the end of the year, the company had attracted around 700 companies. The platform provides diverse customization options as well as several templates for quick layouts.

Furthermore, to make the invoicing process even faster, users can make entries of their customers and products and when creating a new invoice, users can simply pick them from a pre-made list. In addition to creating and sending customized invoices, this platform also allows users to analyze revenues, overdue amounts and other statistical data with an analytical dashboard by integrating this platform with our internet banking. The platform is also integrated with the Revenue Service (RS.ge), which makes it even more convenient to use. In order to access the services of the platform, clients are welcome to start a 14-day trial and later subscribe to one of the three available options, depending on their needs.

**THE NUMBER OF DIGITAL USERS<sup>1</sup> IN THE FOURTH QUARTER REACHED AROUND 692,000 UP BY 8.7% YEAR-ON-YEAR POSITIONS**

**OUR PAYMENTS ACCEPTANCE BUSINESS PROCESSED GEL 14.3 BILLION TRANSACTIONS, UP BY 8.3% YEAR-ON-YEAR**

1. Retail internet and mobile banking active users, including Space



Since 2017, TBC has operated the online lending platform called “TBC credit” ([www.tbccredit.ge](http://www.tbccredit.ge)), which enables customers to obtain a loan remotely and easily. In 2020, we added two more innovative platforms:

- › A mortgage platform, [www.tbcmortgage.ge](http://www.tbcmortgage.ge), which gives our customers the opportunity to obtain mortgage loans online, without any hassle. The average time to market of such loans is only two days. The platform also features useful information such as attractive offers from real estate developers;
- › An installment platform, [www.tbcganvadeba.ge](http://www.tbcganvadeba.ge), which allows our customers to buy various things at our partner companies and obtain an installment loan without leaving home.

We continue to develop our digital banking platform, Space, which is particularly appealing to our youth segment as it offers simple, friendly and gamified user experience that is completely different to traditional banking. It also offers attractive loyalty programmes tailored to the young generation, including refunds in major food chains and food delivery services, as well as cash-backs for eco-friendly electric scooters. In 2020, we achieved significant growth in the volume and number of transactions year-on-year, which grew by 138% and 157%, respectively, and amounted to GEL 367 million and 6.5 million, accordingly. By

the end of the year, Space had around 246 thousand registered customers, up by 36% year-on-year, out of whom 27% were previously inactive customers and 14% were newly attracted customers. The age of our Space customers ranges from 25-34. In addition, in May 2020, Space launched its web channel, which makes Space’s services more accessible to the wider population. By the end of the year, the web platform has attracted around 63 thousand customers.

TBC Pay is one of the leading payment companies in Georgia, which connects consumers and merchants to conduct digital payment transactions in a simple and seamless way. TBC Pay serves more than a million users and processes hundreds of payments per minute. TBC Pay operates a wide network of 3,905 self-service terminals all over the country, which allows individuals to perform payments for various daily services instantly in an interactive mode on a 24-hour basis. Payments can be made with cash or by TBC’s debit or credit card. TBC Pay also operates a web platform ([www.tbcpay.ge](http://www.tbcpay.ge)), which allows customers to conduct their payment operations online by using credit/debit cards from Georgian or international banks. In addition, in 2019, we launched the TBC Pay mobile app, which was well accepted by our customers; by the end of 2020, it reached more than 100,000 downloads and achieved 4.9 and 4.8 star ratings on Apple store and Google play, respectively.





Another innovation in TBC's technology services is the integration of artificial intelligence. With the help of the first Georgian chat bot, users can perform financial transactions without leaving Facebook Messenger. Ti Bot, which speaks Georgian, can transfer money from a bank account, check the balance, top up the mobile balance, and more. The first insurance chat bot in Georgia, along with the online purchase of insurance also offers customers medical services abroad directly from Messenger without making an additional call.

**92%**  
**OF OUR CARD PAYMENTS ARE CONTACTLESS. CONTACTLESS PAYMENTS ARE SUPPORTED THROUGH VARIOUS TECHNOLOGIES, SUCH AS PAY STICKERS, A TBC WALLET, A TBC BRACELET, QR CODE, DIGITAL CARD.**

## ECOSYSTEMS

Since 2018, we have been entering various online marketplace verticals in order to build the first customer-centric digital ecosystems in Georgia closely integrated with our payments and financial offerings. Our ecosystems are open platforms enabling our users to choose for themselves which banking service they prefer to use, whether a loan, insurance or payments method.

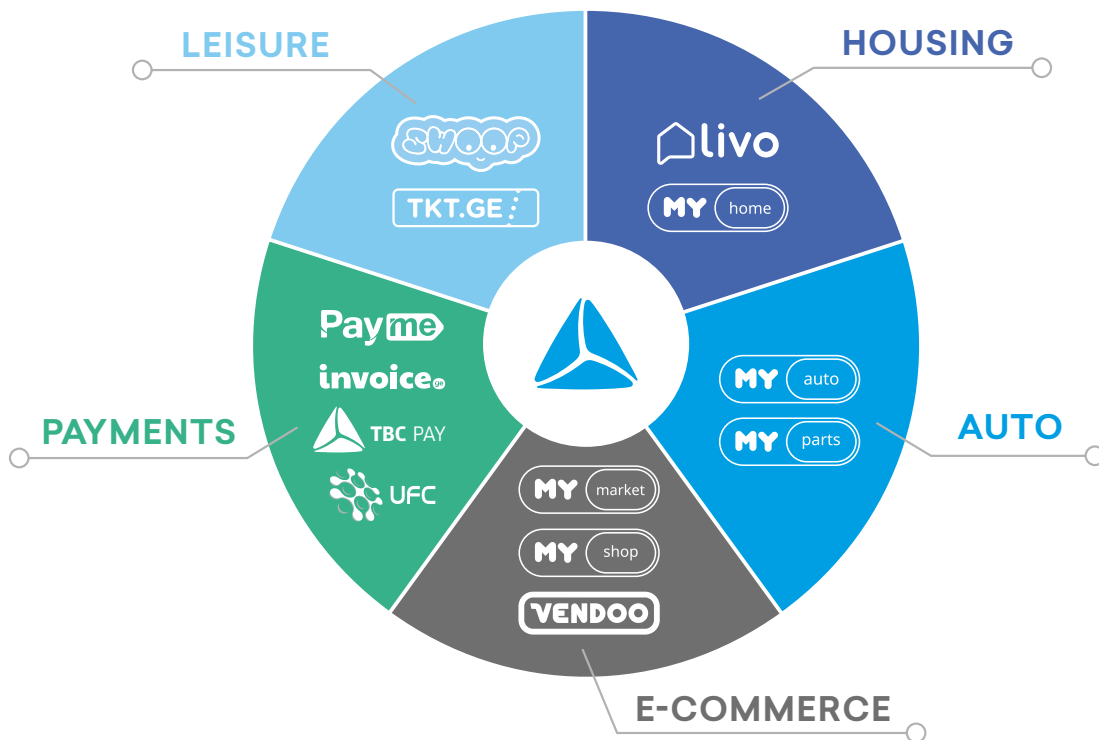
**Housing** - Our housing ecosystem platform consists of Livo.ge and Myhome.ge, which together hold an estimated total digital traffic of 36% in the housing market in Georgia, based on the number of visitors. In December 2020, the number of unique visitors reached 292,000 for Livo and 402,000 for Myhome. Livo.ge is a newly established data driven platform, which offers a wide range of traditional as well as innovative services. This year, Livo.ge introduced an AI module for real estate price estimation, as well as added real estate measurement and registration services. In addition, the company reached an agreement with two Georgian banks to conduct real-estate valuation services for them. Myhome.ge is a leading classified digital platform in Georgia for real estate purchase and renting, which has offered its services since 2011. In 2020, MyHome.ge launched an online real estate rental services and added real estate valuation and insurance services to the platform. Our aspiration is to further strengthen our position on the market by offering a complete suite of services needed for real estate owners or potential buyers.

**E-commerce** - Our e-commerce ecosystem consists of three platforms: Vendoo.ge, Myshop.ge and Mymarket.ge. Vendoo is a newly established online marketplace with the number of unique visitors reaching 321,000 in December 2020, while Mymarket and Myshop are well established hybrid platforms on the Georgian market, unifying classified listing services with an online marketplace. The latter host an estimated total digital traffic of 28% of comparable e-commerce, based on the number of visitors, which reached 1,279,500 by the year end. This year, our e-commerce platforms focused on fine-tuning their internal processes and upgrading their digital capabilities. Mymarket.ge began switching its focus towards becoming an online marketplace by integrating online payments for C2C sales, while Vendoo.ge updated its website and added two Georgian banks for online installment purposes.

**Automotive** - Our automotive ecosystem consists of Myauto.ge and Myparts.ge, offering new and used cars as well as car parts. These are the leading platforms in Georgia, with an estimated total digital traffic of 73% of comparable e-commerce,

based on the number of visitors. In December 2020, the number of the unique visitors reached 1,452,000. This year, Myauto.ge introduced a number of innovations, including the first online auto auction in Georgia, which facilitated the sale of around 50 cars during the year and a new mobile app, with the number of downloads reaching 218,000 by the end of December 2020. The Georgian e-commerce platform, My.ge combines myauto.ge, myhome.ge, mymarket.ge and myjobs.ge. The group's websites have 1.7 million unique users each month.

Entertainment - Our entertainment ecosystem includes Swoop.ge and TKT.ge. Swoop.ge is one of the major Georgian couponing platforms, offering discount coupons for various activities including sports, hotels, beauty salons and entertainment centers. In December 2020, the number of the unique visitors reached 88,000. TKT.ge is a leading Georgian online ticketing platform, which allows people to buy tickets for various events such as cinema, theatre or concerts as well as transport tickets. It hosts an estimated total digital traffic of 81% of comparable e-commerce, based on the number of visitors. In December 2020, the number of unique visitors reached 25,000. We expect strong growth in the entertainment industry following the recovery of the economy and plan to make the most out of it.







## **TBCforyou**

### **Well-being, Education and Entertainment Platforms**

- > Morning Concept
- > Digital Platforms
- > Financial Literacy

## **TBC Scholarship**

### **Adapting to New Reality**

### **Supporting Georgian Business Community**

- > Tbcbusiness.ge
- > Business Awards
- > Startaperi.ge
- > Supporting Rural enterprises

## **Partnership for Positive Impact**

### **Supporting Sports**

- > Rugby
- > Chess

## **Georgian Literature and Writing**

- > Saba Literary Award
- > E-books House Saba

## **Georgian Fabric Ornaments**

## **Physical Network**





# SUPPORTING COMMUNITIES

## TBCforyou

TBC has been active in community support since its foundation, and has established programs that have been running for many years. In response to the global pandemic, TBC renewed its approaches, implemented new initiatives, and modified existing projects in order to support its customers, and Georgian society as a whole, in these unusual and difficult times. TBC was among the first companies to react to the crisis with various initiatives.

TBC created a program to support the population of Georgia called TBCforyou, which combines all the projects initiated by TBC to reduce the damage caused by COVID-19. 5 million GEL was allocated to overcome the challenges. The support program consists of two components: 2 million GEL for social assistance initiatives and over 3 million GEL to alleviate the three-months commission costs for both individuals and businesses.

An online platform, [www.tbcforyou.ge](http://www.tbcforyou.ge), has been launched, gathering all digital services of TBC and its partners, in order to help users access digital services. The focus has been on supporting the population and businesses, distance education, online commerce and many other services that make life easier for customers in this new reality.

Cooperation between the state and the private sector was crucial in overcoming the challenges facing the country. Healthcare was the primary sector in need of support in this situation. Based on consultations with the government, TBC purchased 10,000 COVID-19 rapid tests worth 352,000 GEL and handed them over to the Ministry of Health, in spring 2020, during the first phase of the pandemic.

Special care has been taken for the elderly, as a high risk and vulnerable segment of the population. As part of one of the initiatives of the #TB-Cforyou program, more than 1,000 elderly people living in the capital and regions received food, medicine and personal hygiene items worth 100,000 GEL. TBC helped those beneficiaries in cooperation with 14 large and small charity funds.

In order to prevent the spread of coronavirus, all educational institutions in Georgia have switched to online learning. Digital education is simultaneously a challenge and a new opportunity for students, and so it is important that as many as possible are given the opportunity to continue studies without any hindrance. That is why TBC purchased laptops for 161 socially vulnerable students at six universities. The total cost of the project was 140,714 GEL. In addition, with the involvement of TBC staff, laptops were distributed to 100 socially vulnerable senior-grade students residing



in different regions of Georgia. TBC doubled the amount voluntarily collected by TBC workers and gathered a total of 95,614 GEL. In order for students to be able to study remotely, their monthly internet fee was also covered until the end of the 2019-2020 school year.

Since pandemic outbreak, medical staff have needed special support. Doctors and nurses risking their own health, received financial aid from TBC Insurance in case of contracting COVID-19. The TBC Insurance Special Fund was set up as part of the #TBCforyou program, and 90 medical staff members have benefitted from it. 309,000 GEL has been allocated for this purpose.

#TBCforyou program offered local micro, small and medium-sized businesses a variety of initiatives to simplify their activities:

- › Supporting the digitalization of businesses;
- › Online business education;
- › Benefits for banking products and services; and
- › Benefits for digital products.

Under this program, anyone could donate to support their favorite Georgian company during lockdown. To do this, the platform [tbc4u.vendoo.ge](http://tbc4u.vendoo.ge) was launched. In return for the money transferred, customers received a voucher from their favorite

company. TBC and the online commerce platform Vendoo.ge also started to collaborate in support of local entrepreneurs and businesses. As part of this initiative, fees were automatically reduced for entrepreneurs cooperating with vendoo.ge.

TBC and VISA have launched an initiative for companies called, “Create your own online store”. Businesses can create their own online stores in the shortest time, through which they will be able to sell and deliver products throughout Georgia. The project aimed to help businesses transform digitally and deal with the challenges they face. 200 Georgian companies received this service free of charge. At this stage, 110 companies operate with new online shops. The monthly website service fee has been waived for these businesses until the end of the year.

In the beginning of the pandemic, the cash was related to the rapid spread of the COVID-19 virus. Therefore, we started development of innovative products and services, customized for the current reality. TBC introduced an innovative distribution card to distribution companies. Previously, distributors and retailers had to conduct payment in cash when receiving products; now, they can replace the cash payments with a safe alternative - card payments.



## WELL-BEING, EDUCATION AND ENTERTAINMENT PLATFORMS

### Morning concept

The lockdowns in 2020 showed that people's mental health and well-being without regular social activities are very fragile. In order to support customers in the difficult circumstances caused by the pandemic, TBC gave its customers an opportunity to spend the lockdown period in an interesting and productive way and join the Concept Meetings online. In 2019, the Concept Meetings was created as an educational platform where successful people from various fields can meet with the TBC clients, share their knowledge, experience and ideas on topics that are equally as important in the work environment as in everyday life. In the current situation, meetings have now moved to the online space. All thematic videos are tailored to the audience's interests and needs. People can choose their topic of interest, be it various fields of art, psychology, business, parenting, etc. In parallel with online meetings with various speakers, TBC Concept also shares blogs on a variety of topics. By the end of 2020, TBC Concept has launched new self-development platform Morning Concept, which was based on the growing interest and need for morning content, identified through extensive customer research.







# MORNING CONCEPT

Morning Concept has offered live sessions around mental health, awareness on mental health stigma, positive psychology and eight dimensions of well-being to better assist and address challenges associated with the ongoing societal shifts and inspire the audience to maintain healthy and positive outlook and approach to better their daily life and have a solid foundation for harmony and balance.



**Digital platforms**

Web portal [helloworldblog.ge](http://helloworldblog.ge) is aimed to Georgian public. Hello Blog hosts interesting read about culture, arts, technology, music, travel, education, parenting tips and other interesting topics. This is the biggest advertisement-free online resource in Georgian language, where readers can enjoy high quality analytical and news articles. The content comprises TBC projects as well as interesting development in the world of literature, modern art, music etc. in Georgia. Hello Blog has up to 500,000 visitors per month and its top articles are viewed by more than 40,000 readers.

Tsa-Music (Sky-Music) is a platform for young Georgian musicians, enabling them to promote themselves. It is a storytelling platform for musical projects, collaborations and events, happening in modern Georgian musical landscape. Tsa-Music also provides interesting articles for music lovers regarding trends in world music and some historical content. Its content is hosted on Hello Blog. However, Tsa-Music has its own Facebook page with over 40,000 followers: [www.facebook.com](http://www.facebook.com).

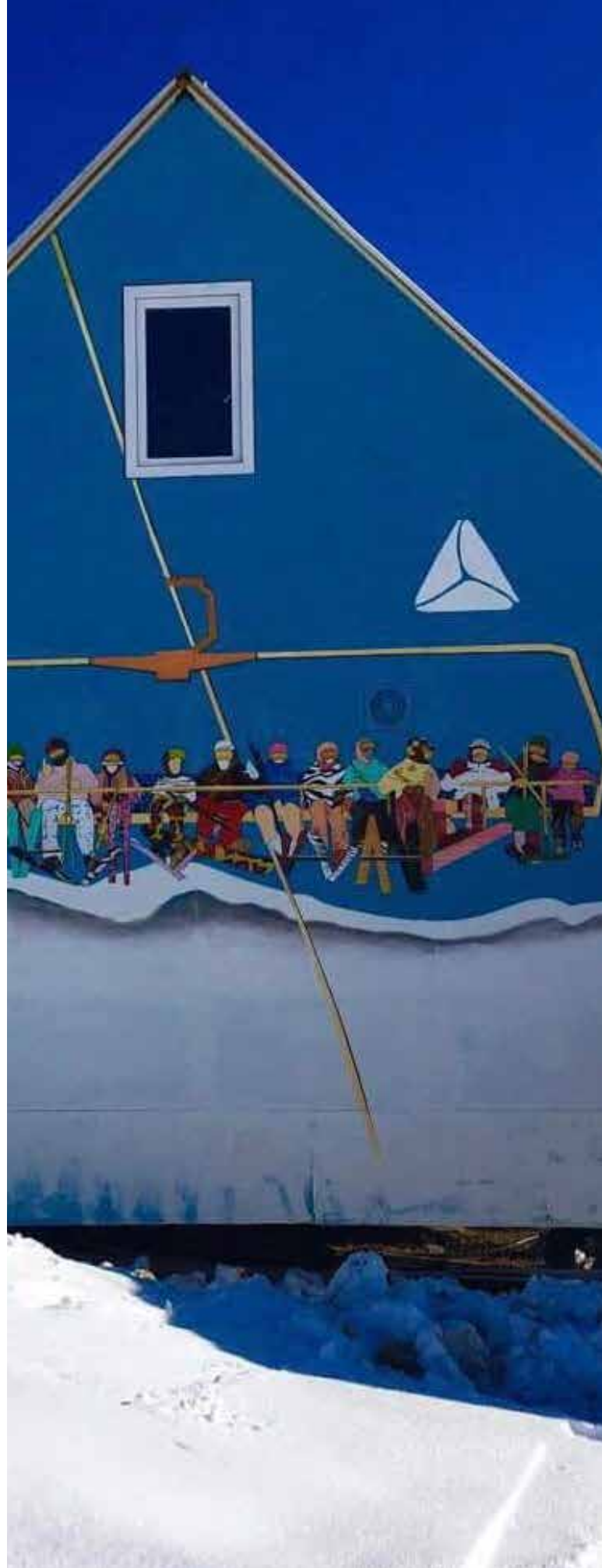
Blue Mountains is a platform supporting Georgian mountain tourism by creating engaging content about alpinism, skiing, hiking and other mountain activities. The platform hosts content regarding Georgian mountain resorts, stories about life in the mountains, activities of professional alpinists, skiers, mountain bikers and mountain life lovers in general. Blue Mountains has over 80,000 followers on Facebook and hosts its content on Hello Blog.

Both, Tsa-Music and Blue Mountains are aimed at young generation, to give them interesting educational content and ideas for life hobbies or may be even for their future professions.

**Financial literacy**

TBC recognizes financial literacy as one of the key factors for the country’s economic development and stability. Responsible lending, customer education to promote savings and the digitalization of banking services for greater transparency and customer comfort are among TBC’s top priorities. TBC has been actively promoting financial literacy for several years. In 2020, our main activities were:

- > Cooperation with the National Bank of Georgia, organizing a contest for over 500 children on financial literacy.
- > Promoting financial literacy topics through the Facebook page Edufin, which is designed to popularize financial literacy through interactive posts, videos and blogs, attracting respectable authors, who are well known in Georgian society, to contribute to the page and thus make financial literacy an attractive topic.



## TBC SCHOLARSHIP

Supporting the new generation is extremely important for TBC. We must contribute to the development and education of youngsters, in order to prepare skilled and educated professionals for the Georgian economy and to show perspective ways for self-development and employment.

Georgia is full of talent that needs support to overcome economic hardships, gain access to knowledge and have the possibility to develop. Many of them could also be an example and source of motivation for others, if their endeavors were known about. The TBC scholarship program for schoolchildren has run from 2019 and each year, 200 children - 104 girls and 94 boys - received 100 GEL per month for twelve months.

## ADAPTING TO NEW REALITY

Apart from the response to the pandemic, TBC continued its multi-year initiatives that aim at sustainably empowering different groups of society. TBC is always working to increase its positive impact on society. We try to define possible areas of impact improvement through dialogue with various stakeholders, research and analysis. TBC, as an institution with a major social and economic impact, contributes to the development of areas defined as crucial by the countries' public sector and cooperates with the National Bank of Georgia and other government institutions in key areas like financial education, job creation, investment attraction, etc. Apart from information gathered from external sources, TBC assesses its own strength and competencies and chooses areas of involvement accordingly. We have several principles that guide the choice of initiatives to be implemented. Each project has to be:

- › Long-term, with the potential to grow, increasing its positive impact on society and country;
- › Part of TBC knowledge and expertise. Before getting involved in a certain area, TBC builds expertise in it by increasing its knowledge internally and collaborating with external stakeholders that can contribute to the process with their experience.
- › Aiming co-participation not just funding. TBC works with partners, supporting them not only by funding specific projects, but also by sharing expertise in communication project management and more.

During 2020, TBC continued its projects, adapting them to new reality. It was crucial for the company not to abandon its initiatives and ensure the continuity of its programs, which had successfully supported various segments of the community

and played a positive role in society as well over a number of years.

The main projects implemented in 2020 are described below.

## SUPPORTING GEORGIAN BUSINESS COMMUNITY

### Tbcbusiness.ge

We remain firmly committed to supporting business development in Georgia. In this regard, we offer our MSME customers a unique full-scale business support programme consisting of educational resources, a business blog, business support tools, an annual business award and a start-up programme. All these services are united on a single platform [www.tbcbusiness.ge](http://www.tbcbusiness.ge).

This year, as a result of spread of COVID-19, digitalization became a top priority for most businesses in Georgia. We actively supported our clients on their digitalization journey by offering them various programmes and partnerships. The projects undertaken in this direction include:

- › Creation of 200 online shops free of charge in partnership with Visa;
- › Reduced commission fees for use of our e-commerce ecosystem platform –Vendoo;
- › Creation of a dedicated online marketplace for startups – MyStartup.ge; and
- › Design of the digital marketing strategy for 100 MSMEs free of charge in partnership with Georgian creative agency Windfor's, and with the support of EFSE.

In order to bring together and develop the Georgian business community, in November 2020, we launched Business Club, a subscription based platform that offers its members a bundle of various financial services and non-financial benefits as well as creates a common space for socializing. Business Club was created based on B-COM, a subscription based service which we introduced in 2019. In addition to the services previously offered by B-COM, Business Club members can now enjoy various perks to help them further develop their businesses. For instance, club members are able to participate in free individual and Q&A meetings with experts in various fields, as well as receive some of the best offers from our partner companies. Moreover, Business Club is a platform for entrepreneurs and business owners to socialize and participate in various discussions and trainings to refine their professional skills and widen their business connections. Our clients can become Business Club members by subscribing to one of the three available membership plans for a small monthly fee. By the end of 2020, we already had around 860 Business Club members.

We are keen on educating business owners on various topics that will help them lead their businesses more effectively. This year, we have offered them a series of online training sessions led by experienced coaches covering a wide range of subjects. These trainings attracted more than 1,500 attendees during the lockdown period. In addition, we have enriched our educational resources with a series of short, recorded online lectures for entrepreneurs about managing their businesses and the general principles of financial accounting and profitability. Interested persons may sign up to attend the trainings or access the resources using our business support platform [www.tbcbusiness.ge](http://www.tbcbusiness.ge) free of charge.

Furthermore, the platform provides information about various business software to its users. It connects technological product suppliers and potential users by means of an unprecedented ecosystem – [www.businesstool.ge](http://www.businesstool.ge). Businesses operating in different areas can find and evaluate different software, applications, or tools made in Georgia all on a single platform. The website offers up to 70 software products to its users.

**Business Awards**

Small and medium business represents the backbone of the global economy. It contributes to the reduction of unemployment and poverty and boosts economic growth. To assist the SME sector in growth, TBC has rolled out several programs in recent years, covering various issues such as easing access to capital, sharing knowledge and expertise, developing products and services specially adapted for small business needs, the inclusion of small enterprises in the TBC supply chain and helping them promote their products.

To encourage entrepreneurship in Georgia, since 2016 we have been organizing an Annual Business Awards ceremony in partnership with EFSE. Since its introduction, the contest has attracted up to 2,400 participants and became the major business of the year, allowing companies to share their success stories with the whole country and win various attractive prizes. This year, we have enhanced our nomination list to reflect the effects of the COVID-19 pandemic, by adding a new category “Adapting to the new reality”.

As a result, the participants could enter the following 5 categories:

- > Product/service of the year;
- > Adapting to the new reality;
- > Exceptional corporate social responsibility;
- > Innovation of the year; and
- > Startup of the year.





A collection of colorful, handmade toys, including giraffes and a deer, displayed on shelves. A blue semi-transparent box with white text is overlaid on the right side of the image. The word 'CHIKATAI' is written in large, colorful letters on a banner in the background.

## CHIKATAI

**Chikatai is the winner of the TBC Business Award in the category of Exceptional Corporate Social Responsibility.**

Chikatai is a Georgian brand created by Tamara Buighlishvili in 2017, which creates handmade toys for children with ecological clean and anti-allergic materials that play melodies written by the famous Georgian composer Gia Kancheli.

Chikatai is a crane that believes that everything starts with genius music and, therefore, the first tunes have a great meaning in our lives. “The first tune is important” - this is the slogan of Chikatai. (#firsttrackmatters). All of us are toys, animals, birds or sea creatures. This is by no means accidental. We make friends, care, protect nature and its inhabitants. This is the driving force behind Chikatai. We decided to participate in the Business Awards in order to highlight and show how important it is to take social responsibility into account in the business development process. Reaching the finals confirms the main message of our waste minimization project, according to which “even a small step is important” - Tamara Buighlishvili.

This year, Chikatai became a member of the world's largest corporate sustainability initiative, the UN Global Compact. A new line has been added to the brand, which is created from subtle pieces from the dresses of a friend brand - Spilow. This project serves to minimize industrial waste and protect the environment.



In 2020, due to the pandemic and associated safety measures, the final ceremony could not be held, and so the award ceremony was held online. Given the importance of keeping the tradition going and not interrupting the history of the award, the finalist and winners were announced online and special videos were created for them that were circulated on social media. Over 350 businesses in various fields took part in the Business Awards 2020. The public was informed of their activities through both TBC's communication channels and traditional media. The event attracted 26 million people through the press and social media and a survey conducted by the independent research agency, ACT, showed that top-of-mind awareness of the project reached 74% in 2020.

### Startaperi.ge

We remain committed to supporting early-stage businesses as well as fostering entrepreneurship in Georgia. In this regard, since 2017 we have run "Startaperi", an innovative programme that offers financial and non-financial support for startups.

We offer entrepreneurs general purpose loans, as well as special loans for restaurants, hotels and agro businesses. In addition, this year we introduced a "Startup enterprise" loan, which offers favourable terms for loans used to set up local production. Other financial offers include leasing, business cards, free internet banking and Digipass registration.

As for non-financial services, the programme offers various educational programmes, events and individual consultations. In 2020, over 700 startups were trained under the auspices of the program. Three startup discussions were organized with more than 200 participants, and various blogs and articles were prepared for as many as 150 startups.

"Startaperi" also provides clients with unmatched opportunities to develop their businesses. One such opportunity was "Startaperi APP challenge", which brought together 40 teams with brand new ideas. The project, which is supported by FMO and was held for the second year in a row, helped three winning teams to bring their ideas to life. Since its launch, the "Startaperi" programme has attracted around 47,000 companies, while the total outstanding portfolio comprised of 600 loans in the total amount of GEL 185 million as of 31 December 2020. Apart from training, products and promotional support, TBC supports startups through its procurement policies, which allow contracts to be assigned in exceptional cases to startup companies, without the usual tender procedures.



## BIOCURE

**BioCure** is an oil pollution remediation process that is based on native oil-eating bacterial cultures isolated from the actual spill sites. Using native bacteria, it provides oil remediation solutions which can be used on any type of site, land, salt water, fresh water, wetlands, and more. The company has over 2 dozen successful projects across Georgia and is expanding internationally in 2021 with a focus on cleaning pollution from abandoned oil wells. Started with Ecologist - Mariam Mchedlishvili's work back in 1999, the company BioCure's patented technology of isolating indigenous oil-oxidizing bacterial cultures from spill sites outperforms any other bioremediation solution on the market. Winner of the TBC Business Award for Best Innovation - BioCure is now moving forward with international partnerships to enter key global markets. It might be a huge milestone for a Georgian company to enter the oil spill management market, which is predicted to hit 140 - 175 billion USD by 2025, as market estimates.







### Supporting rural enterprises

We also aim to support Georgia's rural communities by providing local businesses with affordable finance. In 2020, within the scope of the projects initiated in close partnership with Georgian government schemes – “Produce in Georgia” and “Preferential Agro Credit” – we have helped around 12,000 borrowers to start or develop local businesses. Within these programmes, borrowers can apply for a subsidy from the government to lower their interest expense. In 2020, we have disbursed 1,800 such loans in the amount of GEL 191 million. In total, rural lending amounted to 42% of the total MSME loan book, the largest sectors being hospitality & leisure, agriculture and trade with respective shares of 15%, 15% and 12%.

## PARTNERSHIP FOR POSITIVE IMPACT

### Social Impact Award 2021 – Supporting youth

TBC and UNDP Georgia have signed a memorandum to support local startups, small and medium-sized enterprises, empower young people, improve access to finance in the regions, and support women in business development.

In 2021, the first cooperation within the framework of the Memorandum has already taken place and Impact Hub Tbilisi, with the support of TBC and UNDP Georgia, is launching the international student program Social Impact Award.

The largest student entrepreneurship program in the field of social entrepreneurship is implemented in 15 countries and focuses on the education of students in the field of social entrepreneurship. The program offers young people a ten-month training course to implement their own business ideas. During the program, students go through the whole process from generating an idea to drawing up a business plan, which gives them the opportunity to actually start a social business.

The Social Impact Award 2021 consists of several stages and includes a series of workshops for young people living in Tbilisi, Kvemo Kartli, Racha-Lechkhumi-Kvemo Svaneti, Samegrelo-Zemo Svaneti, Guria, Kakheti and Imereti. In the second phase of the program, finalist teams selected by an independent jury will undergo a two-month incubation period, where they will develop a business model with the help of individual mentors, draw up business plans, and prepare their presentation to the jury. The final phase of the program will identify the winning teams that will receive financial support to implement the business ideas and participate in the International Social Impact Award Summit.



Impact Hub Tbilisi received a license to implement the Social Impact Award program in 2017 and is now giving young people the opportunity to start a social business for the fifth year in a row. During this time, over 1000 students from different regions of Georgia have participated in the program, up to 100 young people (30 teams) underwent the incubation period, and 14 winning teams were selected. All projects respond to current social problems and offer innovative ways to solve them.

Through the Social Impact Award, TBC supports businesses in young people and helps empower them in the regions. TBC is participating in the project with a startup program, which has been supporting the establishment and development of new and diverse business ideas in Georgia since 2016.

The program is supported by TBC, the United Nations Development Program (UNDP), the Ministry of Regional Development and Infrastructure of Georgia, the Swiss Agency for Development and Cooperation (SDC) and the Austrian Development Cooperation (ADC).

**Grace Hopper Awards – Promoting women in ICT**

TBC, as a technology driven company, puts special emphasis on women empowerment in Tech industries. As such, the company committed to partner with USAID, as the main sponsor, over the initiative of establishing the Grace Hopper Award Program, which intends to recognize and inspire more Georgian women in the ICT industry. The mission of the Grace Hopper Awards is aligned with the company’s deeply rooted aspiration to support and encourage more women’s active involvement in Tech industries. Youth development, equality and women empowerment are part of TBC’s strong culture and represent a set of priorities, which the company pursues with the utmost dedication.

The USAID Economic Security Program launched the Grace Hopper Award Program in partnership with TBC Bank, Mashav Center and the Embassy of Israel in Georgia, and UN Women.

The Grace Hopper Award Program recognizes local girls and women in the information and communication technology (ICT) industry and puts a spotlight on those organizations and initiatives that are making strides towards promoting women’s increased participation in the ICT sector.

The Award Program bears the name of Grace Hopper, a prominent 20th-century American computer scientist, United States computer programming pioneer.



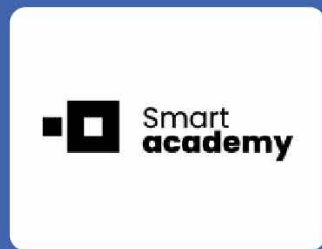
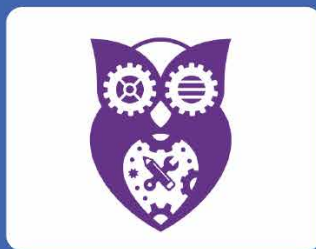
**GRACE HOPPER  
AWARD PROGRAM**





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# FINALISTS



Through public nominations, Grace Hopper Award Program will acknowledge outstanding individuals, programs, and organizations in six categories.

The winners of the Award Program will be announced by June 2021 and will get sponsorship to participate in a two-week study program to Israel during fall 2021. TBC Bank and UN Women will provide the winners of certain categories with the capacity-building programs and will support their professional growth and/or business expansion.

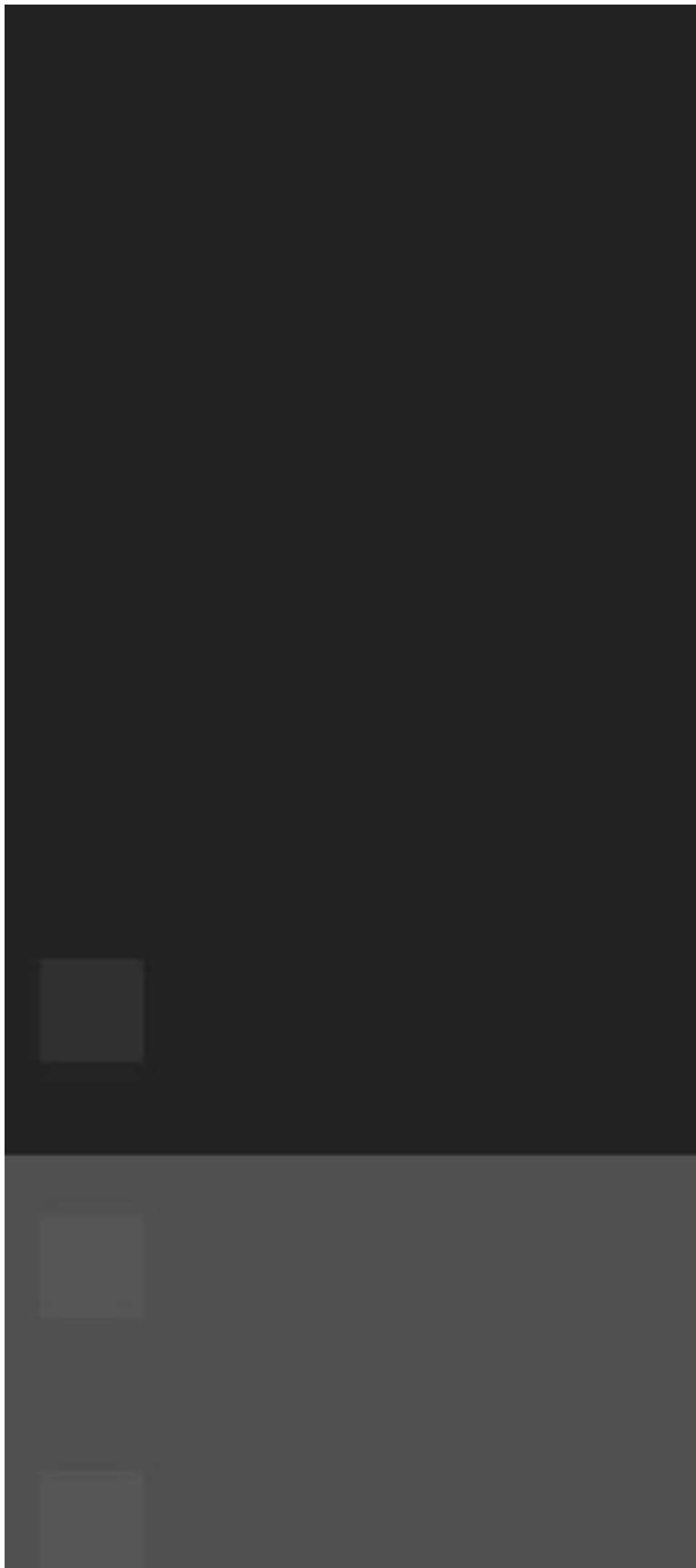
**TiDa Conference – Supporting a data-driven entrepreneurship**

Data analytics is a great opportunity for businesses and their leaders to make better, data based decisions. Data collection is one of the main challenges, followed by data processing, analysis and interpretation. This is particularly important in the early stages of a business, when it is planning its strategy. Today, we have wide variety of solutions that help both data professionals and businesses in this sophisticated process of data analysis.

In June of 2020, with the support of TBC, the first business data and analytics conference was held in Georgia. TIDA (Tbilisi International Data Analytics) was held over eight days, bringing together international professionals from data analytics field.

The aim of the conference was to create a Georgian-based community for data professionals and business owners interested in data analytics. Due to pandemic the conference was shifted to online format.

In 2021, the plan is to continue our sessions with the Brand TIDA in online format. Given the high level of interest, we intend to provide quality content to our community related to business data analytics through monthly sessions with local and international speakers. In the first four months of 2021, two sessions have already taken place, with an average 300 attendees. The next meeting is planned in mid-May.





tida

TBILISI  
INTERNATIONAL  
DATA ANALYTICS

## TIDA

### TIDA Conference in numbers:

- > 23 international speakers – Leaders from successful companies e.g.: MastedCard, Quantum Black, New York Times, Microsoft, Senteo, IBM, TBC etc.
- > 22 hours of speeches and practical workshops
- > 402 attendees from 11 countries and 25+ industries
- > Social network that includes 1000+ contacts



## SUPPORTING SPORTS

TBC supports two sports, supporting physical and mental development of youth.

### Rugby

TBC has partnered with Georgian Rugby Union since 2015, sponsoring the Georgian national team, as well as investing in promoting rugby amongst the Georgian public. We think that rugby exemplifies very important character traits, such as goal orientation, teamwork, fair play etc. It also helps to build a winning mentality and engages youth in sports activities, helping them to avoid the negative influences of alcohol and drugs, and nudging them towards a lifestyle that is mentally and psychologically healthy. TBC not only sponsors the national team, but also supports the popularization of the sport, by using its expertise in marketing communications. We have a common goal together with rugby union: to make rugby part of everyday entertainment for children across Georgia and to have full stadiums for every national team game.

### Chess

Give Georgia's great tradition of chess. TBC supports the country to maintain its high level of chess masters and make the sport even more popular among schoolchildren. For this purpose, TBC cooperates with the Georgian Chess Federation, which nominates talented schoolchildren for the TBC Annual Scholarship program. Currently, TBC has seven young chess talents in the program.

TBC also financed creation of Chess Federation's new webpage ([www.gcf.org.ge](http://www.gcf.org.ge)) and created a special video, "Georgia – Chess Country" for popularizing the sport among young generation ([www.facebook.com](http://www.facebook.com)).

## GEORGIAN LITERATURE AND WRITING

### Saba literary award

The annual SABA literary award was established in 2003. The aim of the award is to support Georgian writers and promote a reading culture in the country. Many currently well-known modern Geor-



gian writers received their first public recognition through the Saba Award. With 18 years of history, Saba is the most prestigious literary prize in Georgia. In 2018, TBC held Saba's award ceremony in Frankfurt, as part of Georgia's participation in the Frankfurt Book festival as the guest country. This was done to enhance Georgia's image internationally, as a country of developed cultural life and exciting modern writers. Saba motivates writers with a prestigious award, as well as monetary prizes: 6,000 GEL for the winners of each category, and 10,000 GEL for the winner of the Special Contribution to Georgian Literature. Prizes are given to nine categories:

- > Best Novel
- > Best Poetry
- > Best Prose
- > Best Essay
- > Best Professional Debut
- > Best Literature Critique
- > Best non-fiction literature
- > Best Translation from Foreign Language into Georgian
- > Special Contribution to Georgian Literature

The award committee consists of five members who change every year. Members of the committee are writers and people from literary fields, whose works are not eligible for entry that year. The final decision is left up to the award committee, the winner of the closed primary selection should receive at least 3 votes from committee members. The committee member list is kept confidential until the award ceremony day, when it is disclosed during the ceremony.

In 2020, the Saba awards were presented for the 18th time in a special online ceremony. However, in order not to deprive the joy of receiving Saba Statuette, we also handed over the awards to each individual winner on the street, taking them by surprise and giving them even more satisfaction and joy than in a typical "red carpet" style ceremony.

Saba is the most prestigious award given for Georgian-language literature. In 18 years, up to 3,920 books have been evaluated, 170 awards were given to 139 authors, 79 different members served in the committee and 900,000 GEL in total was awarded.

#### **E-books House Saba**

In 2012, TBC decided to give readers the opportunity to access Georgian and foreign literature in Georgian language online. With the growing importance of digitalization, it became clear that an online book house in the native language would give people in Georgia as well as emigrants abroad, a perfect way of enjoying literature, having books one click away. For this purpose, the webpage [www.saba.com.ge](http://www.saba.com.ge) was established. It encompasses various Georgian and foreign literary works, modern best-sellers and the works of SABA award nominees and winners. This platform gives people the opportunity to be up-to-date with literary processes and to have their favorite books at hand. Together with the webpage, users can download the SABA Reader app with more than 6,500 built-in books, audio books, podcasts, lectures, and more. The users of the app have unlimited access to literature and receive an outstanding, modern experience. In total, 104,993 persons have read books on the Saba.

E-book house Saba offered users one month of free access to more than 6,000 e-books. Along with the Literary Award Saba, the House of Electronic Books was founded in 2012 by TBC. The Saba Electronic Library combines more than 6,500 books, including audio, podcasts, and lectures. During the free online access of electronic books the number of users increased by 56 000, resulting in additional 9 000 subscribers on later stage.





## GEORGIAN FABRIC ORNAMENTS

### Culture meets entrepreneurship

In cooperation with The Art Palace of Georgia, [www.artpalace.ge](http://www.artpalace.ge), TBC created a project to popularize Georgian textiles and ornaments. Georgia has a rich history of textiles and ornaments used in the celebratory and daily dresses of the Georgian nobility, clergy, and the wider public. The goal of the project was to study this history of Georgian textiles, to bring traditional Georgian fabrics and ornaments into everyday life, and re-establish them in modern culture. Over 300 different styles of textiles and ornaments have been collected in a special book called “Georgian Textile”, which is printed by the Art Palace of Georgia. The material gathered in the book reflects how varied and colorful the secular and festive attire of past centuries was. Inspired by Georgian fabric patterns, designers have started to give them a modern look and have established several startup companies.



## PHYSICAL NETWORK

Being a leader in the financial sector, TBC ensures that its branch, ATM and payment box network covers the whole country, including both economically important centers and remote areas with less commercial activity. In parallel to the physical coverage, TBC improves the accessibility of its facilities for people with disabilities. 77% of all branches were modernized and necessary changes in building constructions has been performed. In the regions, the share of adapted branches is even higher and equals to 88%. In 2021, further locations will be added.

### Network of Branches, ATMs and Payment boxes of TBC in Georgia

<b>Branches</b>	<b>Tbilisi</b>	<b>Other big cities: Kutaisi, Batumi, Rustavi, Gori, Poti, Zugdidi</b>	<b>Rest of the Country: economically less developed rural areas and small towns)</b>	<b>Total Georgia</b>
Total at the beginning of 2020	67	24	45	136
Change in 2020	(1)	0	0	(1)
Total for the beginning of 2021	66	24	45	135
Population of Georgia (according to 2014 census of National Statistics Agency)	1,108,717 (30%)	558,183 (15%)	2,046,905 (55%)	3,713,804

<b>ATMs</b>	<b>Tbilisi</b>	<b>Other big cities: Kutaisi, Batumi, Rustavi, Gori, Poti, Zugdidi</b>	<b>Rest of the Country: economically less developed rural areas and small towns)</b>	<b>Total Georgia</b>
Total at the beginning of 2020	354	114	120	588
Change in 2020	5	2	5	12
Total for the beginning of 2021	359	116	125	600
Population of Georgia (according to 2014 census of National Statistics Agency)	1,108,717 (30%)	558,183 (15%)	2,046,905 (55%)	3,713,804

<b>Payment Boxes</b>	<b>Tbilisi</b>	<b>Other big cities: Kutaisi, Batumi, Rustavi, Gori, Poti, Zugdidi</b>	<b>Rest of the Country: economically less developed rural areas and small towns)</b>	<b>Total Georgia</b>
Total at the beginning of 2020	1600	1036	771	3407
Change in 2020	107	169	(25)	251
Total for the beginning of 2021	1707	1205	746	3658
Population of Georgia (according to 2014 census of National Statistics Agency)	1,108,717 (30%)	558,183 (15%)	2,046,905 (55%)	3,713,804







### **Our Suppliers in 2020**

- > Proportion of Spending on Local Suppliers
- > Supplier Selection and Payment Policies

### **Dialogue with Suppliers**

- > Complaint and Grievance Management
- > Supplier Remedy

### **Managing the Environmental and Social Risks of Our Purchases**

- > Green Procurement Recommendations
- > Responsible Procurement Training
- > Supplier Screening – Environmental and Social Risk Management Questionnaire

### **Strategic Budgeting and Procurement Directions**



# TREATING OUR SUPPLIERS RESPONSIBLY

## OUR SUPPLIERS IN 2020<sup>1</sup>

TBC is one of the largest purchasers in the country. Therefore, our responsible purchasing practices and relationships with suppliers can have a significant impact on the well-being, financial stability and development of suppliers, as well as on the economy as a whole. We understand the scale of our impact, treat our suppliers responsibly, strive to have permanent dialogue with them, and understand and respond to their needs. We also stimulate implementation of environmental and social risk management standards in our purchasing activities. TBC Bank cooperates with a wide range of suppliers, from small startups to large companies, as well as individual providers of services, with resident companies and those from abroad. We pay special attention to small local suppliers and promote their inclusion in our supply chain. The Bank operates a project called Startuperi, through which we support local start-up companies - producers of products and services, as well as importers. We strive to support startups through offering them various tailor-made banking products and involving them in our purchasing activities. We understand that, as a very large buyer, the Bank can significantly contribute to start-up company development through its procurement deals. We are always ready to involve suppliers with little experience in our supply chain and, with more effort, contribute to their development. TBC cooperates with 6,158 different suppliers, out of which 1,208 are new for the Bank.

### Proportion of spending on local suppliers

The share of local suppliers remained constant in 2020, with 90% of the Bank’s suppliers being registered in Georgia, while the amount spent on Georgian suppliers equals 74% of the total in GEL. Under the category “local suppliers”, we consider Georgian resident companies that sell locally produced, as well as imported goods or services. This is a clear indicator of our input to local economic development. At the same time, we also understand that operations with local suppliers helps decrease CO2 emissions related to the transportation of goods.

The culture and principles how TBC collaborates with its suppliers are harmonized and shared Group-wide, including TBC UZ in addition to Georgian companies and subsidiaries. The procurement procedure, which is the main guideline to reflect the approaches mentioned above, are harmonized with those of the Bank and undergo a permanent renewal process. TBC UZ has implemented the Procurement Policy, envisaging bespoke approaches and practices.

### Procurement by type

In 2020, the main procurement categories were the following (with at least 2% share in the total procurement):

#### Bank supply chain expenditures in 2020

Bank supply chain expenditures 2020	Percentage of supply chain spend
IT, Computer technology	9%
Marketing	8%
Software	6%
Furniture and devices	3%
Renovation	2%
Communications	2%
Consulting	2%

<sup>1</sup> The data presented in this chapter applies to TBC bank only

**Supplier selection and payment policies**

TBC Bank supplier selection and payment processes are regulated through the Supplier Relationships and Procurement Policy. When selecting new suppliers, we operate based on the principles of equality, transparency and fair competition. Selection is made in most cases through electronic tenders, for which the Bank uses third party on-line platforms. Bids are received and bargaining is performed online, and companies have the opportunity to track the tender details. If, based on inquiries, the tender requirements are corrected, all participants are informed accordingly.

The Bank intends to establish partnerships with suppliers and not only contracts. The supplier relationship process is optimized in three different ways: decreasing bureaucracy, shortening the decision-making time and updating contracts. We clearly understand that one of the most important aspects of cooperation with suppliers is the company payment policy. We strive to adapt our payment policy to supplier needs and, at the same time, consider the company's financial stability. TBC Bank applies various approaches, including a flexible policy of advance payments (e.g. full advance with guarantee and partial advance without guarantee, based on relationship quality and duration with suppliers). As for the payment period, the Bank takes responsibility of paying in short period for the contracts and, thus, contribute to cash flow of the companies positively. This operation pushes the Bank to be faster, though this one more activity to support our partners.

**DIALOGUE WITH SUPPLIERS**

According to TBC, efficient dialogue with suppliers means assessing their needs and satisfaction levels, creating complaints and grievance mechanisms and responding to them accordingly. To us, it is very important how suppliers evaluate our procurement policy. We use various communication channels to understand their needs, ideas and initiatives and ensure their satisfaction whilst also staying competitive.

The COVID-19 pandemic brought new topics to the agenda of procurement teams. Dialogue and partnership became even more important and intense, requiring new solutions for processing requests and document. Integrating electronic signatures into the procurement process is one of the areas where further development is foreseen in 2021.

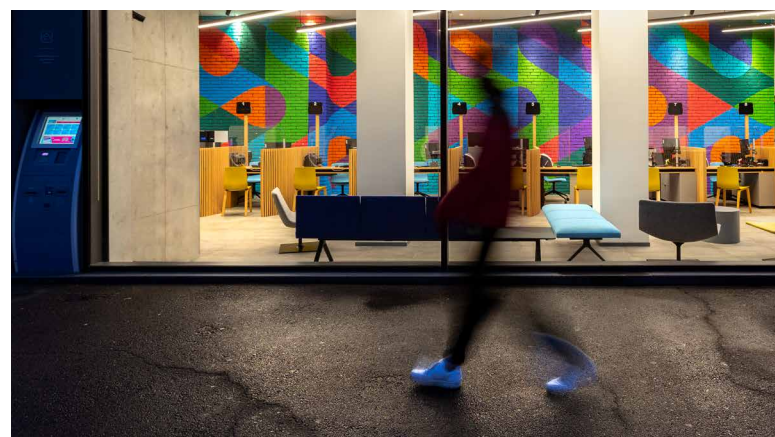
**Complaint and grievance management, supplier remedy**

TBC Bank operates a Supplier Complaint Management Procedure and Supplier Remedy Sys-

tem. We regularly conduct market research to understand their satisfaction levels and needs. The Supplier Complaint Management system and process are described in the Bank's Procurement Procedure. Complaint rules are communicated in the tender documentation, requiring the presentation of complaints to the Procurement Division Curator Director within three days, after the tender outcome has been communicated to suppliers. As soon as a complaint is received, the potential supplier is invited for a meeting and the complaint is discussed. In most cases, the complaint response is sent to the potential supplier in written form, via e-mail or official correspondence. The Bank has a registry of complaints where all relevant documentation is kept. In 2020, no complaints were received.

**MANAGING THE ENVIRONMENTAL AND SOCIAL RISKS OF OUR PURCHASES**

As one of the largest purchasers in the country, we acknowledge and understand the social, economic and environmental impact of our procurement decisions and operations as well as the requirements towards suppliers. Hence, we strive to manage environmental and social risks as well as opportunities in our supply chain with a high sense of responsibility. We prioritize the use of green and energy-efficient products in our everyday activities by incorporating environmental assessments into the procurement process. We strive to promote sustainability by encouraging suppliers to act responsibly and adhere to environmental standards, thereby decreasing our indirect negative impacts. In order to decrease environmental and social risks in the supply chain, we require all suppliers to sign TBC personal data protection, anti-corruption, environmental and tax avoidance clauses, which constitute an indispensable part of the contract and are mandatory for implementation.





**Green procurement recommendations**

The Environmental Policy of the Group includes Green Procurement Recommendations that have to be taken into account during purchases. These recommendations point towards procurement of more environmentally friendly products and services, products that have better environmental procurement criteria, products that are certified according to environmental standards, etc. The recommendations also apply to construction/renovation works, heating-cooling and ventilation systems, office and other technology purchases that gradually help in implementing energy efficiency standards. TBC Bank has also developed the Green Construction Standard, as a part of its Green Procurement Recommendations, which provides green recommendations for building and renovating TBC offices. As Green Procurement Recommendations are not mandatory for implementation, however, respective terms are inserted into contracts, which are maintained in the agreement with the Bank. If the party is challenging the wording of the terms, the legal team and the E&S Risk Management team are alerted. The standards and criteria presented in Green Procurement Recommendations are applied wherever possible, with the active involvement of the Environmental and Social Risk Management team, along with the Logistics and Procurement Departments. The Green Procurement Recommendations document is available to all employees.

**Responsible procurement training**

To enhance our Environmental Management System across the Bank, we have developed a Responsible Procurement Training Module for procurement staff and buyers. This training emphasizes the environmental risks that may exist in supply chains and elaborates on the processes of mitigating and managing these risks.

2020 was a challenging year. The suppliers were focused on business continuity and the provision of uninterrupted services. Thus, the planned environmental and social awareness trainings are scheduled for 2021. The Bank plans to actively engage with suppliers on Environmental and Social Risk Management.

**Supplier screening - Environmental and Social Risk Management Questionnaire**

In 2019, we developed an Environmental and Social Risk Management Questionnaire in order to screen suppliers. The screening process helps the Bank to decide about cooperation with suppliers. During 2020, we assessed our 79 long-term contractor companies' environmental and social risks. As a result of the assessment, we provided Envi-

ronmental and Social Action Plans (ESAPs) for 14 contractor companies. We continually provide assistance to, and ensure monitoring of, implementation of the ESAPs.

The topics included in the questionnaire are based on the IFC& EBRD PS/PR Questionnaire and comprise the following:

- > Company environmental management system;
- > Pollution prevention and waste management systems;
- > Working conditions;
- > Labor rights;
- > Labor safety; and
- > HR management.

The evaluation of suppliers is carried out by the Environmental and Social Risk Management team and the Logistics and Procurement Departments.

In 2021, a KYP (know your partner) questionnaire for suppliers has been developed and will be implemented throughout the year. The questionnaire allows for deeper analysis of a company's profile and gives a comprehensive overview of its management, areas of operations, relations with the Bank, general contract terms etc.

**STRATEGIC BUDGETING AND PROCUREMENT DIRECTIONS**

In 2021, the Bank seeks to develop more tailored approaches towards green procurement initiatives, women-owned companies, startups and local (made in Georgia) business in order to set targets, where feasible.







## **Introduction**

### **Transaction Qualification and Categorization**

- > Screening against the Exclusion List
- > E&S Risk Categorization
- > Low
- > Medium
- > High
- > A Category

### **Mitigation and Control**

#### **Monitoring and Reporting**

- > Monitoring
- > Reporting

### **Awareness and Competence Raising**

#### **External Communications**

- > Grievance Mechanism

### **Products and Services Offering**

### **Social and Environmental Added Value**





# RESPONSIBLE BANKING

## INTRODUCTION

The top management of TBC PLC is showing leadership and commitment in respect of the EMS and is taking accountability for its effectiveness by defining an Environmental Policy framework (including Environmental Principles) and ensuring its implementation. The top management has the overall responsibility to coordinate the implementation of the EMS, making the needed resources available, giving responsibilities and authorities to relevant staff, and communicating and promoting the importance of effective environmental management and continual improvement of the company's environmental performance.

A significant share of our environmental and social impact is linked to our activity as a financial intermediary. In many cases, this exceeds the direct impact generated by our company. The incorporation of sustainable development principles in our lending and investment policies, as well as in our products and services, is of the greatest importance for us. It enables us to effectively manage our indirect impacts and complex social, environmental and reputational risks. In 2012, TBC Bank was one of the first banks in the country to develop an Environmental and Social Management System (ESMS). Our partner International Financial Institutions (IFIs) provided expertise and guidance throughout the process to ensure that the Bank implements an advanced and comprehensive system, based on the highest standards of international best practice. For all commercial transactions, TBC Bank endeavors to ensure that its customers demonstrate an organized and systematic approach to environmental and social risk management and comply with local and international environmental, social, health and safety, and labor regulations and standards. For this purpose, TBC Bank has developed Environmental and Social Risk Management (ESRM) Procedures to ensure that an appropriate, risk-based, sector specific, environmental and social risk assessment is applied to its commercial lending activities. These procedures are fully integrated in the credit risk management process in TBC Bank and are applied to all commercial lending. The procedures incorporate appropriate consideration of IFC's Performance Standards (PSs), EBRD's Performance Requirements (PRs) and ADB's Safeguard Requirements (SRs). These procedures include:

- **TRANSACTION QUALIFICATION AND RISK CATEGORIZATION**
- **IDENTIFICATION AND APPROPRIATE ASSESSMENT**
- **MITIGATION AND CONTROL**
- **MONITORING AND REPORTING**



By assessing and monitoring the environmental and social impacts as part of the credit risk analysis of business clients, incentivizing the use of environmental best practices in their businesses and engaging in sustainability financing, TBC Bank strives to mitigate the negative environmental impact of the financed businesses.

Implementation of the Environmental and Social Risk Management System is the direct responsibility of the Environmental and Social Risk Management team of the Bank. Corporate, small and medium business credit staff and risk managers are also actively involved.

## TRANSACTION QUALIFICATION AND CATEGORIZATION

### Screening against the exclusion list

Each employee from the Corporate and SME Sector is responsible for checking the IFI Exclusion List to determine whether the proposed business activity is excluded from financing.

The list of activities excluded from financing by TBC Bank is in line with the Exclusion Lists of the EBRD, IFC, DEG and ADB. We reject financing activities that violate local legislative requirements, international conventions and declarations of human rights, labor rights and so on. To refer to the full list of excluded business activities, please visit: [www.tbcbankgroup.com](http://www.tbcbankgroup.com)

**E&S risk categorization**

The environmental and social risks of commercial transactions at TBC Bank are categorized according to the following risk categories, using a modified version of IFI’s Environmental and Social Risk Categorization Guide:

**Low** - Transactions with minimal or no adverse social or environmental impacts, which are not generally subject to further assessment (beyond their identification as such), except for the requirement for customers’ [assent/certification/disclosure] of compliance/non-compliance with local and national environmental, health and safety and labor laws and regulations.

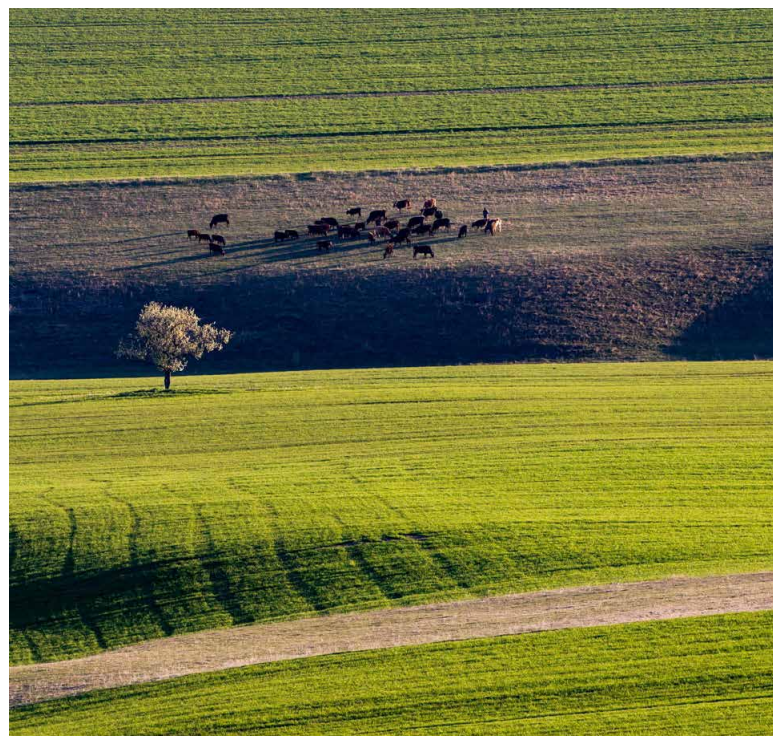
**Medium** - Transactions with limited potential for adverse social or environmental impacts that are few in number, generally site-specific, largely reversible, clearly evident at the time of the assessment, and readily addressed through mitigation measures, which typically require a limited or focused environmental and/or social assessment, or straight-forward application of environmental setting, pollution standards, design criteria, or construction standards.

**High** - Transactions with potentially highly significant, negative and/or long-term environmental and/or social impacts, the magnitude of which may be difficult to determine at the loan application stage, which typically require analysis of the environmental and social risks and impacts in the context of the total area of influence of the customer’s operations. As part of the risk assessment, the client will identify individuals and groups that may be differentially or disproportionately affected by its operations.

**A category** - With potentially significant adverse social or environmental impacts, which may be diverse, irreversible or unprecedented, the assessment of which usually requires the inputs of independent external experts, and may require the involvement of IFI E&S specialists in the due diligence assessment process.

TBC Bank’s E&S risk assessment standard is in line with IFC/EBRD Performance Standards and Performance Requirements (PS/ PR). The PS/PR questionnaire covers the following topics:

- **SOCIAL AND ENVIRONMENTAL ASSESSMENT AND MANAGEMENT SYSTEM**
- **LABOR AND WORKING CONDITIONS**
- **POLLUTION PREVENTION RESOURCE CONSERVATION AND ENERGY EFFICIENCY**
- **COMMUNITY HEALTH, SAFETY AND SECURITY**
- **LAND ACQUISITION AND INVOLUNTARY RESETTLEMENT**
- **BIODIVERSITY CONSERVATION AND SUSTAINABLE NATURAL RESOURCE MANAGEMENT**



Credit Analysts and Environmental and Social Risk Management team members are involved in assessing clients' E&S risks.

In 2019, TBC Bank's Environmental and Social Risk Management team developed sector-specific, risk based Environmental and Social Due Diligence (ESDD) Forms, which unify IFIs' E&S standards and local legislative requirements.

The automation of the E&S Risk Assessment Process provides more flexibility for staff and limits their manual work, which in turn reduces errors and mistakes during the risk classification and selection process.

### MITIGATION AND CONTROL

The credit analyst is responsible for ensuring appropriate risk control measures based upon the assessment of associated environmental and social risks and upon the steps determined by the client to mitigate E&S risks. Depending upon the perceived environmental and social risks, the risk control strategy may involve requiring the client to take specific actions, make specific investments, or develop and implement specific environmental or social action plans to avoid or mitigate environmental and/or social impacts, and/or specific monitoring and reporting requirements. Such requirements may be covenanted in the loan agreement.

As a minimum, the loan agreement requires all clients to certify in writing that, to the best of their knowledge, their operations comply with all local and international environmental, health and safety, and labor regulations and standards; or to disclose to the Bank known areas of material non-compliance.

### MONITORING AND REPORTING

#### Monitoring

Environmental and social risk monitoring is carried out at least once every 12 months. In case of deadlines set by the Corrective Action Plan (CAP), monitoring is conducted after each deadline on a regular basis. To ensure a high quality environmental and social risk assessment and monitoring process, the Environmental and Social Risk Management team conduct additional, spot-check monitoring based on a random selection of ESDD reports. Spot-check monitoring is carried-out at least semi-annually. In addition, the Environmental and Social Risk Management team conducts quarterly monitoring to ensure full implementation of ESRM procedures, to identify any internal procedural difficulties/barriers, and to eliminate them by through appropriate action.

Due to the COVID 19 outbreak, TBC Bank's E&S Risk Management team works remotely and spot-check monitoring visits to the clients have been temporarily stopped. Monitoring of the Corrective Action Plans is conducted distantly. Monitoring of the Corrective Action Plans (CAPs) has been conducted regularly, once in every two weeks.

IN 2020, A TOTAL OF **73** CLIENTS' CORRECTIVE ACTION PLANS WERE MONITORED. **49** OF THOSE CLIENTS COMPLETED THEIR ACTION PLANS SUCCESSFULLY, WHILE THE REMAINING **24** CLIENTS WERE GIVEN NEW DEADLINES.

#### Reporting

TBC Bank prepares an Annual Environmental and Social Performance Report (AESPR) for its partner IFIs. This report summarizes the financial year in terms of ESRM and outlines all the updates and changes that came about during the reporting year. In 2020, the annual reporting form was enhanced, leading to more detailed reporting.

In addition, TBC Bank obliges its customers to provide non-financial reporting, such as information about their companies' E&S management system, issues etc.

Furthermore, 2021 will be a TCFD focus year that will strongly contribute to qualitatively higher disclosure of ESG related topics.

### AWARENESS AND COMPETENCE RAISING

TBC Bank believes that raising environmental awareness among its employees is vital for effective implementation of EMS. For this purpose, an Environmental and Social training program was developed, which includes:

1. Welcome sessions for new employees;
2. Introductory trainings for new employees;
3. Annual mandatory online EMS e-learning course for all staff, followed by a self-evaluation test;
4. Specialized trainings about environmental and social risk management in lending for business credit staff.

In 2020, several E&S training sessions were held and 172 business credit staff were trained, including SME and Corporate Credit Officers, Credit Analysts, Credit Risk Managers and Business SME Lending/Sales Coordinators.

Furthermore, our ESRM team members successfully passed IFC's sustainability training and e-learning program (STEP) online courses and received certificates.

***In 2020, all staff of TBC Bank received digital training and testing in E&S risk management issues.***

To support our clients and partners to embed environmental policy and practices, TBC actively works to introduce environmental and social standards in financial activities at the regional level and to encourage and develop green financing.

On 23 September 2020, RAEX-Europe, together with the National Bank of Georgia, organized a webinar entitled "Sustainable finance in Georgia". The event was dedicated to the presentation of green and sustainable finance developments in Georgia. One of the panelists was TBC Bank.

TBC Bank's ESRM team members endeavor to raise their qualifications and expertise by participating in different workshops, webinars and training sessions. These include:

- **PROMOTING ECO-INNOVATIONS AMONG SMES IN GEORGIA;**
- **RESPONSIBLE INVESTMENTS IN THE CIS AND BLACK SEA REGION BY RAEX EUROPE;**

- **CLIMATE CHANGE AND THE TCFD; AND**
- **RISKS AND OPPORTUNITIES FOR BANKING INDUSTRY BY UNEP FI.**



We strive to help clients and potential clients in compliance with E&S requirements to receive financing and to fulfill the actions agreed upon in the contract. In addition, TBC Bank's E&S Risk Management team participates in business forums organized by TBC, where participants (existing and potential business clients) receive information about the Bank's E&S risk management standards, as well as local legislation requirements.

## EXTERNAL COMMUNICATIONS

### Grievance mechanism

Transparency and open communication are an essential part of our daily activities. The feedback and recommendations received from our stakeholders and other interested parties enable us to continuously improve our performance. In doing so, we have developed a grievance mechanism to enable interested parties to provide their complaints in regards to E&S issues. Records of all communication are stored, including responses according the TBC Bank's Procedure for addressing external E&S queries and concerns. Interested parties may submit their query on the webpage: [www.tbcbank.ge](http://www.tbcbank.ge) or to the following e-mail address: E&Srisk@tbcbank.com.ge.

During 2020, no such complaints were received with regard to environmental and social issues.

The main purpose of this procedure is to inform stakeholders, and ensure and increase their proper involvement.

### PRODUCTS AND SERVICES OFFERING SOCIAL AND ENVIRONMENTAL ADDED VALUE

TBC strives to increase its positive impact on society and the economy through introducing new financial products and services that are designed to deliver a specific social or environmental benefit.



Currently we offer the following, tailor-made products:

- > Women in Business - A business loan product developed by TBC bank in cooperation with EBRD that aims at supporting women in business and the development of new businesses or start-ups. In the scope through this product, women entrepreneurs have preferential conditions on loan collateral.
- > Renewable Energy - TBC is a leading partner in Georgia in local renewable energy financing, with a core segment in hydropower stations.
- > Energy Efficiency - Financing Energy Efficient projects includes the purchase of fuel-efficient vehicles, housing and home efficiency improvement loans, etc.
- > Youth Support - This product offers privileged conditions on loan products to young people who have their own business and also who are applying for a mortgage loan for the first time.

**Breakdown of sustainable loan portfolio in million US\$**

Project name	Value financed by the company (US\$ million) <sup>1</sup>
Renewable Energy (RE)	154.3
Energy Efficiency (EE) <sup>2</sup>	5.2
Women in Business (WiB) <sup>2</sup>	5.9
Youth Support <sup>2</sup>	20

1 Examples are cleaner production, energy efficiency, renewable energy, carbon finance, management system improvement, sustainable supply chain, corporate social responsibility etc.  
 2 Portfolio data is provided according to the utilized fund of IFIs.





## SKIJI

Darejan Berdzenishvili has two family businesses in Khidistavi, Chokhatauri: the production of dried fruits “Skiji” and the family hotel “House of Skiji”. The hotel service includes master classes on making dried fruit, baking Mchadi - Georgian cornbread and Khachapuri - Georgian cheese bread. Production of the dried fruits “Skiji” is known for its diverse and original products, as well as for different types of flower tea. The company collects fruits for production from local farmers.

**TBC Leasing - Financing solar panels**

TBC Leasing has started financing solar panels for a variety of purposes, including: agriculture, service, catering, sports complex, industrial enterprises, hotels and solar farms. It is important for TBC Leasing to support a project that is focused on environmental protection, and the production of renewable energy is one of them.

A 460 k/w solar power plant will be built on Lopota Lake with the support of TBC Leasing. As a result of TBC Leasing financing, Lopota Lake Spa Resort will be able to maintain a high-quality, modern electricity generation system.







## LOPOTA

The solar power plant will be financed for 7 years, after which, Lopota Lake Spa Resort will enjoy virtually free electricity during 20 years. The company has already obtained a permit to build a solar-powered power plant, construction works will begin in the spring.



# GRI CONTENT INDEX

Disclosure Number	Disclosure Title	Location Within Report (Section)	Page(s)	Reporting Status
<b>GRI 101: Foundation 2016 [GRI 101 does not include any disclosures]</b>				
<b>GRI 102: General Disclosures 2016</b>				
<b>1. Organizational profile</b>				
102-1	Name of the Organization	01. Who we are	6	Fully
102-2	Activities, brands, products and services	01. Who we are	6	Fully
102-3	Location of headquarters	TBC corporate headquarters: 7 Marjanishvili St. Tbilisi, Georgia 0102		Fully
102-4	Location of operations	01. Who we are	6	Fully
102-5	Ownership and legal form	01. Who we are	6	Fully
102-6	Markets served	01. Who we are	6	Fully
102-7	Scale of the organization	01. Who we are	10	Fully
102-8	Information on employees and other workers	09. Responsible employer > Our employees	88	Fully
102-9	Supply chain	12. Treating our suppliers responsibly > Our suppliers in 2020; 07. Our economic impacts > TBC impact through suppliers	146 62	Fully
102-10	Significant changes to the organization and its supply chain	01. Who we are; 12. Treating our suppliers responsibly	6 146	Fully
102-11	Precautionary Principle or approach	08. Environmental responsibility > Risk management and legislative compliance.	69	Fully
102-12	External initiatives	TBC is a signatory to the UN Global Compact since 2012		Fully
102-13	Membership of associations	01. Who we are	16	Fully
<b>2. Strategy</b>				
102-14	Statement from senior decision-maker	CEO statement	4	
<b>3. Ethics and Integrity</b>				
102-16	Values, principles, standards, and norms of behavior	06. Ethics and integrity > Business ethics and ethical conduct	50	Fully
102-17	Mechanisms for advice and concerns about ethics	06. Ethics and integrity > Incident Management / Whistleblowing policy; 09. Responsible Employer > Grievance procedure. In addition, external concerns can be raised via our call centers, Anonymous Hotline and Environmental and Social Queries and Concerns online channel at our website: <a href="http://www.tbcbank.ge">www.tbcbank.ge</a>	55 87	Fully

Disclosure Number	Disclosure Title	Location Within Report (Section)	Page(s)	Reporting Status
<b>4. Governance</b>				
102-18	Governance structure	05. Governance and sustainability management > Corporate governance framework	38	Fully
102-20	Executive-level responsibility for economic, environmental, and social topics	05. Governance and sustainability management > Sustainability governance	44	Fully
102-22	Composition of the highest governance body and its committees	05. Governance and sustainability management > Board composition	40	Fully
102-23	Chair of the highest governance body	05. Governance and sustainability management > Board composition	40	Fully
102-24	Nominating and selecting the highest governance body	05. Governance and sustainability management > Board composition	40	Fully
102-25	Conflicts of interest	05. Governance and sustainability management > Managing conflicts of interests	46	Fully
102-28	Evaluating the highest governance body's performance	05. Governance and sustainability management > Annual Board effectiveness evaluation	41	Fully
102-30	Effectiveness of risk management processes	05. Governance and sustainability management > Risk management model	41	Fully
102-32	Highest governance body's role in sustainability reporting	The sustainability report is reviewed and approved by the Board and CEO		Fully
102-35	Remuneration policies	05. Governance and sustainability management > Corporate governance framework, > Risk management model	38 41	Fully
102-36	Process for determining remuneration	05. Governance and sustainability management > Corporate governance framework	38	Fully
<b>5. Stakeholder engagement</b>				
102-40	List of stakeholder groups	03. Stakeholder engagement	22	Fully
102-41	Collective bargaining agreements	0% of employees are covered by collective bargaining agreements		Fully
102-42	Identifying and selecting stakeholders	03. Stakeholder engagement	22	
102-43	Approach to stakeholder engagement	03. Stakeholder engagement	22	Fully
102-44	Key topics and concerns raised	03. Stakeholder engagement	22	Fully
<b>6. Reporting practice</b>				
102-45	Entities included in the consolidated financial statements	01. Who we are	16	Fully
102-46	Defining report content and topic boundaries	04. Our material topics	28	Fully
102-47	List of material topics	04. Our material topics > Materiality matrix	32	Fully
102-49	Changes in reporting	N/A - This is the first sustainability report for TBC		Fully

Disclosure Number	Disclosure Title	Location Within Report (Section)	Page(s)	Reporting Status
102-50	Reporting period	02. About this report	18	Fully
102-51	Date of most recent report	02. About this report	21	Fully
102-52	Reporting cycle	02. About this report	21	Fully
102-53	Contact point for questions regarding the report	02. About this report	21	Fully
102-54	Claims of reporting in accordance with the GRI Standards	02. About this report	21	Fully
102-55	GRI Content Index	Indexes	162	Fully
102-56	External assurance	The report does not have external assurance		Fully
<b>Topic specific standard disclosures</b>				
<b>Economic standards (GRI 200)</b>				
<b>201. Economic performance (2016)</b>				
<b>Management approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our Material topics > Materiality matrix	32	Fully
103-2	The management approach and its components	07. Our Economic Impacts; 05. Governance and sustainability management > Risk management model	56; 41	Fully
103-3	Evaluation of the management approach	07. Our Economic Impacts; 05. Governance and sustainability management > Corporate governance	56; 38	Fully
201-1	Direct economic value generated and distributed	07. Our Economic Impacts > Direct contribution to economy	60	Fully
201-3	Defined benefit plan obligations and other retirement plans	According to Georgian legislation, starting from January 1, 2019 the accumulated pension system is mandatory for legally employed people under 40, for those above the age of 40 enrolment in the program is voluntary. This system applies to employees of both the public as well as private sectors. The system works on a 2+2+2 scheme. Each employee, employer and the government make a contribution of 2% of the gross volume of the employee's income to an individual retirement account. TBC does not have any other retirement plan of its own beyond mentioned one.		Fully
201-4	Financial assistance received from government	No financial assistance has been received from government		Fully
103-3	Evaluation of the management approach	07. Our economic impacts; 05. Governance and sustainability management > Corporate governance	56; 38	Fully

Disclosure Number	Disclosure Title	Location Within Report (Section)	Page(s)	Reporting Status
<b>203. Indirect Economic Impacts (2016)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material topics > Materiality matrix	32	Fully
103-2	The management approach and its components	07. Our economic impacts; 05. Governance and sustainability management > Risk management model	56; 41	Fully
103-3	Evaluation of the management approach	07. Our economic impacts; 05. Governance and sustainability management > Corporate governance Framework	56; 38	Fully
203-1	Infrastructure investments and services supported	No significant investments to infrastructure and services have been made in 2020		
203-2	Significant indirect economic impacts	07. Our economic impacts > Indirect impact on the economy	63	
<b>204. Procurement practices (2016)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material topics > Materiality matrix	28	Fully
103-2	The management approach and its components	13. Treating our suppliers responsibly	148	Fully
103-3	Evaluation of the management approach	13. Treating our suppliers responsibly	148	Fully
204-1	Proportion of spending on local suppliers	13. Treating our suppliers responsibly > Proportion of spending on local suppliers; 08. Our economic impacts > TBC impact through suppliers	148; 62	Fully
<b>205. Anti-corruption (2016)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material topics > Materiality matrix	32	Fully
103-2	The management approach and its components	08. Environmental responsibility > Environmental policy and management approach; Material usage	68; 72	Fully
103-3	Evaluation of the management approach	08. Environmental responsibility > Environmental policy and management approach;	68	Fully
301-1	Materials used by weight or volume	09. Environmental responsibility > Material usage - paper	72	Partially
<b>302. Energy (2016)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material topics > Materiality matrix	32	Fully



Disclosure Number	Disclosure Title	Location Within Report (Section)	Page(s)	Reporting Status
103-2	The management approach and its components	08. Environmental responsibility > Environmental policy and management approach; Energy usage	68; 72	Fully
103-3	Evaluation of the management approach	08. Environmental responsibility > Environmental policy and management approach	68	Fully
302-1	Energy consumption within the organization	08. Environmental responsibility > Energy usage	72	Fully
302-4	Reduction of energy consumption	08. Environmental responsibility > Energy usage	72	Fully
<b>303. Water and Affluents (2018)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material topics > Materiality matrix	32	Fully
103-2	The management approach and its components	08. Environmental responsibility > Environmental policy and management approach; Water	68; 76	Fully
103-3	Evaluation of the management approach	08. Environmental responsibility > Environmental policy and management approach;	68	Fully
303-5	Water consumption	08. Environmental responsibility > Water	76	Fully
<b>305. Emissions (2016)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material topics > Materiality matrix	32	Fully
103-2	The management approach and its components	08. Environmental responsibility > Environmental policy and management approach; GHG emissions	68; 77	Fully
103-3	Evaluation of the management approach	08. Environmental responsibility > Environmental policy and management approach; GHG emissions	68; 77	Fully
305-1	Direct (Scope 1) GHG emissions	08. Environmental responsibility > GHG emissions	77	Fully
305-2	Energy indirect (Scope 2) GHG emissions	08. Environmental responsibility > GHG emissions	77	Fully
305-3	Other indirect (Scope 3) GHG emissions	08. Environmental responsibility > GHG emissions	77	Fully
305-5	Reduction of GHG emissions	08. Environmental responsibility > GHG emissions	77	Fully
<b>307. Environmental compliance (2016)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material topics > Materiality matrix	32	Fully
103-2	The management approach and its components	08. Environmental responsibility > Risk management and legislative compliance	69	Fully

Disclosure Number	Disclosure Title	Location Within Report (Section)	Page(s)	Reporting Status
103-3	Evaluation of the management approach	08. Environmental responsibility > Risk management and legislative compliance	69	Fully
307-1	Non-compliance with environmental laws and regulations	08. Environmental responsibility > Risk management and legislative compliance	69	Fully
<b>Social Standards (GRI 400)</b>				
<b>401. Employment (2016)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material topics > Materiality matrix	32	Fully
103-2	The management approach and its components	09. Responsible employer > Policy and management approach	86	Fully
103-3	Evaluation of the management approach	09. Responsible employer > Policy and management approach	86	Fully
401-1	New employee hires and employee turnover	09. Responsible employer > Diversity and equal opportunities	90	Fully
401-3	Parental leave	09. Responsible employer > Parental leave	92	Fully
<b>403. Occupational Health and Safety (2018)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material topics > Materiality matrix	32	Fully
103-2	The management approach and its components	09. Responsible employer > Policy and management approach; Employee safety and health, professional and occupational sickness prevention	86; 94	Fully
103-3	Evaluation of the management approach	09. Responsible employer > Policy and management approach;	86	Fully
403-1	Occupational health and safety management system	09. Responsible employer > Employee safety and health, professional and occupational sickness prevention	94	Fully
<b>404. Training and Education (2016)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material topics > Materiality matrix	32	Fully
103-2	The management approach and its components	09. Responsible employer > Policy and management approach; > Talent management (recruitment, trainings, professional development and leadership)	86; 98	Fully
103-3	Evaluation of the management approach	09. Responsible employer > Policy and management approach	86	Fully
404-1	Average hours of training per year per employee	09. Responsible employer > Talent management (recruitment, trainings, professional development and leadership)	98	Partially

Disclosure Number	Disclosure Title	Location Within Report (Section)	Page(s)	Reporting Status
404-2	Programs for upgrading employee skills and transition assistance programs	09. Responsible employer > Talent management (recruitment, trainings, professional development and leadership)	98	Fully
404-3	Evaluation of the Percentage of employees receiving regular performance and career development reviews	09. Responsible Employer > Performance review	104	Fully
<b>405. Diversity and Equal Opportunities (2016)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material topics > Materiality matrix	32	Fully
103-2	The management approach and its components	09. Responsible Employer > Policy and management approach; > Diversity and equal opportunities; 05. Governance and sustainability management > Board composition	86; 90; 40	Fully
103-3	Evaluation of the management approach	09. Responsible Employer > Policy and management approach; > Diversity and equal opportunities; 05. Governance and sustainability management > Corporate governance framework	86; 90; 38	Fully
405-1	Diversity of governance bodies and employees	09. Responsible employer > Diversity and equal opportunities	90	Fully
405-2	Ratio of basic salary and remuneration of women to men	09. Responsible employer > Diversity and equal opportunities	90	Fully
<b>413. Local Communities (2016)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material topics > Materiality matrix	32	Fully
103-2	The management approach and its components	11. Supporting communities	124	Fully
103-3	Evaluation of the management approach	11. Supporting communities	124	Fully
413-1	Operations with local community engagement, impact assessments, and development programs	03. Stakeholder engagement; 11. Supporting communities	22; 124	Fully
<b>415. Public Policy (2016)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	This topic is non-material. See also: 06. Ethics and integrity > Public policy and government relations.	53	Fully
103-2	The management approach and its components	06. Ethics and integrity > Public policy and government relations	53	Fully

Disclosure Number	Disclosure Title	Location Within Report (Section)	Page(s)	Reporting Status
103-3	Evaluation of the management approach	06. Ethics and integrity > Public policy and government relations	53	Fully
415-1	Political contributions	TBC has a clearly apolitical and neutral position. According to to company policy, financing or lobbying political parties is prohibited. No political contributions have been made by TBC in 2020 directly or indirectly to any political party.		Fully
<b>417. Marketing and Labeling (2016)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material topics > Materiality Matrix	32	Fully
103-2	The management approach and its components	10. Treating our customers responsibly > Business integrity in client relationships; Clients' complaints management	115; 116	Fully
103-3	Evaluation of the management approach	10. Treating our customers responsibly > Business integrity in client relationships; Clients' complaints management	115; 116	Fully
417-1	Requirements for product and service information and labeling	10. Treating our customers responsibly > Responsible and fair marketing and sales activities	115	Fully
417-2	Incidents of non-compliance concerning product and service information and labeling	10. Treating our customers responsibly > Responsible and fair marketing and sales activities	115	Fully
417-3	Incidents of non-compliance concerning marketing communications	10. Treating our customers responsibly > Responsible and fair marketing and sales activities	115	Fully
<b>418. Customer privacy</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material topics > Materiality matrix	32	Fully
103-2	The management approach and its components	10. Treating our customers responsibly > Customer privacy and data protection	112	Fully
103-3	Evaluation of the management approach	10. Treating our customers responsibly > Customer privacy and data protection	112	Fully
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	10. Treating our customers responsibly > Protecting customers' personal information	112	Fully



Disclosure Number	Disclosure Title	Location Within Report (Section)	Page(s)	Reporting Status
<b>419. Socioeconomic Compliance (2016)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material topics > Materiality matrix	32	Fully
103-2	The management approach and its components	05. Governance and sustainability management > Risk management model; Compliance with laws and regulations in the social and economic area	41; 45	Fully
103-3	Evaluation of the management approach	05. Governance and sustainability management > Risk management model; Compliance with laws and regulations in the social and economic area	41; 47	Fully
419-1	Non-compliance with laws and regulations in the social and economic area	05. Governance and sustainability management > Compliance with laws and regulations in the social and economic area	47	Fully

# UN GLOBAL COMPACT COP INDEX

UNGC Principle	Report Section	Page
<b>Human Rights</b>		
<b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights	06. Ethics and Integrity > Business ethics and ethical conduct	50
	09. Responsible employer > Employee safety and health, professional and occupational sickness prevention	94
	09. Responsible employer > Diversity and equal opportunities	90
	10. Treating our customers responsibly > Customer privacy and data protection	112
<b>Principle 2:</b> Make sure that they are not complicit in human rights abuses	05. Governance and sustainability management	36
	08. Environmental responsibility > Environmental policy and management approach	68
	09. Responsible employer > Employee safety and health, professional and occupational sickness prevention	94
	10. Treating our customers responsibly > Business integrity in client relationships.	115
<b>Labor</b>		
<b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	09. Responsible employer > Policy and management approach	86
	06. Ethics and integrity > Business ethics and ethical conduct	50
<b>Principle 4:</b> The elimination of all forms of forced and compulsory labour	09. Responsible employer > Policy and management approach	86
	13. Responsible banking > Transaction qualification and categorization	154
<b>Principle 5:</b> The effective abolition of child labour	09. Responsible employer > Policy and management approach	86
	13. Responsible banking > Transaction qualification and categorization	154
	09. Responsible employer > Diversity and equal opportunities	90
<b>Principle 6:</b> The elimination of discrimination in respect of employment and occupation	09 Responsible employer > Salary and benefits, employee social protection	91

UNGC Principle	Report Section	Page
<b>Environment</b>		
<b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges	08. Environmental responsibility > Risk management and legislative compliance.	69
	13. Responsible banking > Transaction qualification and categorization	154
<b>Principle 8:</b> Undertake initiatives to promote greater environmental responsibility	08. Environmental responsibility	66
	13. Responsible banking > Supporting our clients and partners to embed environmental policies and practices	156
	13. Responsible banking > Products and services offering social and environmental added value	157
<b>Principle 9:</b> Encourage the development and diffusion of environmentally friendly technologies	13. Responsible banking	152
<b>Anti-Corruption</b>		
<b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery	06. Ethics and integrity > Anticorruption, countering bribery and money laundering	52

# GLOSSARY

<b>Bank</b>	Joint Stock Company TBC Bank
<b>Board</b>	Board of Directors of TBC Bank Group PLC
<b>Chairman</b>	Chairman of Board of Directors of the Company
<b>Chief Executive Officer (or CEO)</b>	Chief Executive Officer of TBC Bank Group PLC
<b>Chief Financial Officer (or CFO)</b>	Chief Financial Officer of TBC Bank Group PLC
<b>Code</b>	The UK Corporate Governance Code
<b>Corporate segment</b>	A legal entity/group of affiliated entities with an annual revenue exceeding GEL 12.0 million, or which have been granted facilities of more than GEL 5 million. Some other business customers may also be assigned to the corporate segment or transferred to MSME on a discretionary basis
<b>Deputy Chairman</b>	Deputy chairman of Board of Directors of the Company
<b>Director(s)</b>	Members of the Board of TBC Bank Group PLC
<b>Engagement index</b>	Employees feel involved and committed to TBC Bank
<b>Fully digital on-boarding</b>	Share of legal entities registered online out of total number of newly-registered legal entities
<b>Group</b>	The UK-incorporated parent company of Joint Stock Company TBC Bank (the Bank) and a group of companies that principally operate in Georgia in the financial sector and other closely related fields. The Group also recently expanded its operations in Uzbekistan
<b>Management Board</b>	Management Board of Joint Stock Company TBC Bank
<b>Mobile banking penetration ratio</b>	Number of active mobile banking users divided by total number of active retail clients
<b>Mobile and Internet banking penetration ratio</b>	Number of active mobile and Internet banking users divided by total number of active retail clients
<b>MSME (Micro, Small and Medium) segment</b>	Business customers who are not included in either the corporate or the retail segments; or legal entities who have been granted a pawn shop loan; or individual customers of the newly launched, fully digital bank - Space
<b>Offloading ratio</b>	Number of transactions conducted in remote channels divided by total number of transactions, based on JSC TBC Bank standalone data
<b>Retail segment</b>	Non-business individual customers or individual business customers who have been granted mortgage loans; all individual customers are included in retail deposits;
<b>Supervisory Board</b>	Supervisory Board of Joint Stock Company TBC Bank
<b>TBC Bank</b>	The UK-incorporated parent company of Joint Stock Company TBC Bank (the Bank) and a group of companies that principally operate in Georgia in the financial sector and other closely related fields. The Group also recently expanded its operations in Uzbekistan
<b>TBC Bank Group PLC</b>	The UK-incorporated parent company of Joint Stock Company TBC Bank (the Bank)
<b>TBC Insurance</b>	Joint Stock Company TBC Insurance, formerly Joint Stock Company Insurance Company Kopenbur
<b>TBC JSC</b>	Joint Stock Company TBC Bank
<b>TBC PLC</b>	TBC Bank Group PLC
<b>TBC UZ</b>	JSCB TBC Bank in Uzbekistan, subsidiary of the TBC Bank Group PLC



