



# TBC BANK GROUP PLC

## **Environmental Policy**

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# 01

## Scope and Objectives of the Policy

TBC PLC recognizes that its operations can have direct and indirect impacts on the environment and the community in which it operates. TBC PLC's objective is to responsibly manage the environmental and social risks associated with its operations in order to minimize negative impacts on the environment. This approach enables us to reduce our ecological footprint by using resources efficiently and promoting environmentally friendly measures to mitigate climate change.

In order to communicate this philosophy to its stakeholders and shareholders, the Supervisory of TBC PLC and Board of Directors of TBC Bank has adopted the Environmental Policy which describes Group's commitment to sustainable finance as an integral component of responsible corporate governance. TBC Group is committed to conducting its own business in an environmentally and socially responsible manner. In maintaining international best practice in environmental and social risk management, we are committed to ensuring our customers are also fulfilling their environmental and social responsibilities. We recognize that identifying and quantifying environmental and social risks should be part of the normal process of risk assessment. With regard to our customers, we regard compliance with applicable environmental, health and safety and labor regulations and the use of sound environmental, health and safety, and labor practices as important factors in demonstrating effective corporate governance.

### 1.1 Scope of Environmental Management System

The policy applies to all companies within TBC Group and each and every company should comply with it from the day of its registration or the date when it became part of the group. The TBC PLC's environmental management system applies to all operations and services at its head offices, branches, outlets, service centers, training center, archive and warehouse and all daughter companies. All group members will endeavor to assign responsible staff for implementation of environmental management system within each company. The exception can be made for daughter companies having minimal utility consumption, using the Bank's premises and/or have limited internal capacity of human resources. However, these companies will be managed centrally by TBC Bank's Environmental and Social Risk Management Group including respective data disclosure into the Annual GHG Emissions Reporting.

# 02

## 1.2 Updating the Environmental Policy

The Head of Environmental and Social Risk Management Group (Environmental Coordinator) is responsible for updating this Policy. The document can be revised at any time if there are enquiries from staff or if any developments occur, otherwise it is revised in regular periods according to TBC PLC's requirements. Approval is conferred by the Management. All staff has access to the current version of the Policy at all times.

## Social Aspects of Environmental Policy

TBC, in all areas of its activity, pays significant attention to social issues, such as respect for human rights, employee relations, protection of labor rights, providing employees' access to health services through health insurance and ensuring of safe, equal and non-discriminatory working conditions etc.

TBC treats its employees, customers and other stakeholders with respect and dignity. During the decision-making, TBC excludes all forms of discrimination, inter alia, discrimination on the basis of race, origin, skin color, religion, ethnicity, citizenship, marital status, veteran status, sex and gender identity, sexual orientation, age and disability unless it is beyond reasonable limits.

Each employee has the commitment to ensure working environment free from violence, discrimination and/or inappropriate behavior. TBC respects the employees with different views and ensures equal working conditions for them.

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## Roles and Responsibilities

### Top Management

Top management of the Group is showing leadership and commitment in respect to the EMS and is taking accountability for the effectiveness of the system, by defining the framework of the system through the Environmental Policy (including the Environmental Principles) and ensuring its establishment. It has the overall responsibility to coordinate the implementation of the EMS, making 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 environmental performance.

### Environmental and Social Risk Management Group

The Environmental and Social Risk Management Group is a full-time unit staffed by employees. It is dedicated to overseeing the implementation and operation of EMS and reporting environmental management plans and results to the regular Environmental Committees. The Environmental and Social Risk Management Group is part of SME and Corporate Business Credit Risk Department which reports directly to a member of the Management Board.

With regards to EMS, the Environmental and Social Risk Management Group is responsible for technical support in all areas, including:

- Supporting the introduction, implementation and maintenance of the Environmental Management System in the organisation, including coordination with all relevant units/departments involved/responsible for each area of the system
- Implementing and maintaining EMS in accordance with ISO 14001A:2015
- Developing Annual Environmental Plans, including determination of significant measures and recommendations for rectification measures, and in close co-operation with other relevant units and departments
- Proposing the annual environmental plan (AEP) with the corresponding budget (if needed) to the Management
- Reporting environmental management plans and results to the Environmental Committee

# 04

- Supervising the creation and administration of an environmental database and using the information in the database to formulate environmental goals, supervise compliance, and revise and modify these goals as necessary
- Keeping staff across all departments informed of the Environmental Policy and its practical implications while encouraging staff to provide suggestions for improved implementation
- Coordinating and implementing environmental training for staff
- Monitoring the development in each of the areas/pillars
- Monitoring of effectiveness of proposed measures
- Monitoring of staff compliance with EMS policies and procedures
- Research and updating of laws applicable to TBC's environmental performance
- Co-ordinating bank-level reports related to environmental performance

## Structure of Environmental Management System

### Pillar I - Internal Environmental Activities

TBC Bank has reviewed all of its operational activities, procured items, and outsourced services that it can control (present and planned), and has identified all environmental aspects relevant to the business. These are sub-categorized into indirect and direct environmental aspects and their environmental impact..

**Direct environmental aspects** relate to activities that can be completely controlled by TBC Bank and/or by internal management decisions. These include the usual starting points for corporate environmental protection: Emissions into water or the air, recycling and disposal of waste, resource and energy consumption.

**Indirect environmental aspects**, in contrast, have impacts that are only indirectly caused by the activities, products or services of an organization. They can be the result of interaction with a third party, and can be influenced by the company itself only to a limited extent or to a certain degree, e.g. the selection and composition of services, behavior of clients, etc.

The aspects are listed in the **Register of Environmental Aspects**, which is part of the **Annual Environmental Plan**. Each identified environmental aspect is subject to a qualitative risk analysis based on three dimensions:

- Possibility of TBC Bank to control this aspect (low/medium/high) in context of existing measures;
- Degree of relevance (low/medium/high) of the aspect in terms of environmental damage, magnitude over time in comparison to benchmarks for similar institutions or the country average, its importance for the organization, the severity of its impact, the fragility of the local and global environments and legal requirements that are related to the respective aspect;
- Environmental damage in case of abnormal operating conditions, shutdown and start-up conditions (low/medium/high).

The Environmental Legal Check is conducted on the annual base. Compliance with the law is one of the preconditions for certification of the EMS. Therefore the applicability of environmental legislation and the institution's compliance with it must be monitored. TBC Bank is subject to few legal requirements regarding its environmental aspects. The Environmental Legal Register details the specific legal and other requirements applicable to TBC Bank, and shows how the requirements apply to TBC Bank's environmental aspects.

Additionally, following documents were elaborated and approved:

- Green Procurement Recommendations – the document defines the general procurement recommendations within the company, but also highlights product groups where environmentally friendly or energy efficient goods have to be given priority to normal goods.
- Waste Management Guideline – the document describes the categories of waste which are separated and managed by TBC Bank, the guidelines for waste categorization, and the frequency and method of collection.

## Pillar II - Environmental and Social Risk Management in Lending

With regards to the core activities of TBC Bank (lending) however (indirect effect), significant share of SME&Corporate business clients are environmentally impactful sectors such raw material extraction, mining, energy or construction and infrastructural development industry. 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 expects to mitigate the negative environmental impact of the financed businesses. Doing so, TBC has developed Environmental and Social Risk Management Procedures to ensure that appropriate, risk-based, sector specific, environmental and social risk assessment is applied to its commercial lending activities. These procedures are fully integrated

into the credit risk management process in TBC Bank and are routinely applied to all commercial (i.e., with legal entities) transactions.

Implementation of this ESMS ensures TBC Bank's own operations comply with both PS/PR-1(Social and Environmental Assessment) and PS/PR-2 (Labour and Working Conditions). For all commercial transaction, TBC Bank will endeavor to ensure that customers demonstrate an organized and systematic approach to environmental and social risk management to ensure compliance with local and national environmental, health and safety, and labour regulations and standards.

## Pillar III - Sustainable Finance

As an integral part of its Environmental Policy, TBC Bank has commitment towards Sustainable Lending Development within the company. Standardization of Sustainable Finance including energy efficiency, renewable energy and resource efficiency financing as for private as well as for business clients is vital. To ensure credibility of the eligibility criteria of Sustainable measures TBC Bank in collaboration with international financial institution, conducted local market research and set benchmark for Green Finance. TBC Bank developed Green Lending Procedure to streamline and considerably enhance the existing green lending operations.

## Pillar IV – External Communication

### Outgoing Communication

External communication (both incoming and outgoing) is handled and documented with clear responsibilities within the company. Outgoing external communication includes the Environmental Principles, the Annual Environmental Performance, and other relevant information and marketing materials.

**The Annual GHG emissions report** summarizes the environmental performance of TBC Bank and is directed to stakeholders and all interested parties. It lays down the results achieved in the last year with regard to the EMS.

Other marketing material is discussed with and coordinated through the Marketing Department, which manages all centrally-issued marketing material of TBC Bank.

### Incoming Communication

Incoming communication regarding TBC Bank's environmental management is managed in the same way as formal communication received by the organization on all issues, only that here the Environmental and Social Risk Management Team is also informed.

Received communications are also documented by the Environmental and Social Risk Management Team. It is also responsible for reporting on communication from external interested parties in management reviews, including e.g. complaints. Records of all communication will be kept, 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: <http://www.tbcbank.ge/web/en/web/guest/e-s> to the following e-mail address: [E&Srisk@tbcbank.com.ge](mailto:E&Srisk@tbcbank.com.ge)

### Greenhouse gas emissions

As a premium-listed company trading on the LSE, TBC Bank is required to calculate and report upon the greenhouse gas (GHG) emissions stemming from its direct operations. For this purpose, TBC Bank has established a comprehensive internal environmental system to manage its GHG emissions within the Group and is committed to reducing its GHG emissions by closely monitoring consumption of fuel, gas and electricity.

