

**TBC GROUP  
SUSTAINABILITY  
REPORT  
2023**

**TBC Group  
Sustainability  
Report**

**2023**





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# CEO STATEMENT



**Our aspiration to contribute to sustainable development comes from our role as a leading financial institution in Georgia's development. We are aware of our impact on the country's economy, business development, employment, and the progress of society as a whole. With the international expansion of our operations, sustainable development approaches have also been incorporated into our subsidiaries. Our role is connected to our responsibility to contribute to a better future through innovation and technology to increase the accessibility of financial services and to enable our customers to be part of the globalized economic society.**

The geopolitical backdrop across the region remained very challenging in 2023 as the devastating war in Ukraine continued into a second year. I would like to reiterate my words of last year's annual report that I firmly believe that Ukraine will prevail in its fight for freedom. We continue to stand by Ukraine by offering our support to those who have suffered from the hardships of the war, through various programmes, charity activities and fundraisers.

Our strategy directs us to be a commendable company by raising awareness and establishing environmental, social and governance (ESG) values in the country and the broader region. We provide green financing to support sustainable business models and business strategies and monitor their supply chains, making sure to avoid companies that have adverse environmental and social practices in place. At TBC, we advocate for a vision of sustainability both within our company and outside of it. In 2023, we continued active implementation of our ESG initiatives. We successfully met and exceeded our target of GEL 1 billion in sustainable financing, increasing our sustainable portfolio by 57% year-on-year. We have also strived to further increase employee diversity and can report that 41% of our middle managers and agile leaders are women. In 2023, we established the ESG Academy to raise awareness and knowledge of ESG topics, including green and social financing, regulatory requirements, diversity and affirmative approaches, sustainable business models and practices. The first training course on green mindset and green financing will include extensive training for 900 employees, as well as up to 300 retail, MSME and corporate customers.

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. The Group's objective is to act responsibly and manage the environmental and social risks associated with its operations, increase the resilience of customers, employees, businesses and society towards climate change risks, and support them in pursuing climate-related opportunities. In 2024, we strive to increase our sustainable portfolio further and reach a target of GEL 1.4 billion.

Our mission is to make people's lives easier. In the digital era, dependence on information systems is growing rapidly, creating a need for technological improvement and proliferation in everyday life. In 2023, TBC continued its efforts to further refine our customer journey in digital channels by introducing new products and services, increasing the accessibility of payments options, and upgrading

our branches to create a more friendly environment for customers. With our digital and physical infrastructure and contactless payment services, TBC ensures that we reach the whole of Georgia, including remote areas with less commercial activity. Our internet and mobile banking remained the preferred channel of communication for our customers. Furthermore, we launched a retail brokerage service for our mass retail customers, which has already had strong take-up, a set of new online subscription packages for our retail customers, and the rollout of a platform for digital signatures within our corporate business, greatly improving the speed and convenience of the credit process.

The Bank has also expanded its offerings to the younger generations. We launched Hi!, a new banking app, designed specifically for under 18s. Hi! offers a range of products and services tailored to assist young people in navigating the early stages of their financial journey in a secure, fun, and informative way.

TBC also launched a Tech-School for schoolchildren, one of the biggest educational projects of the company. TBC aims to deliver opportunities for quality education, enabling young people to attain professional skills that are in worldwide demand, while also giving them the opportunity to work remotely on any project in the world without leaving Georgia. To date, the Tech-School has provided range of programmes including front end, back end, mobile apps, graphic design and social media to more than 1800 school children.

As technology is key to TBC, we have strengthened our IT Academy activities, launching TBC x USAID for Technological Education, an ICT programme consisting of eight new training courses in programming, information security, and other technologies. The project aims to increase the accessibility of quality education in the field of technology throughout Georgia and strengthen the ICT ecosystem on a country level. Our diversity targets focus on the empowerment of women, girls, talented young people from the regions and rural areas as well as on age-diverse recruitment. TBC x USAID for Technological Education aims to train up to 700 tech talents and employ up to 400 successful graduates in total. For its outstanding efforts to foster the UN's Sustainable Development Goals (SDGs) in the country, TBC IT Academy was awarded a prize in the "Quality Education" category at the prestigious Corporate Responsibility Award Ceremony 2023 "Business for SDGs", organized by the Global Compact Network Georgia with support from the Swedish Government, the USAID Civil Society Engagement Program and the Council of Europe Office.

We would, of course, not have been able to achieve any of these excellent results without the continued efforts and dedication of our multinational team of 10,000 dedicated colleagues. One of the ways in which we thanked many of our key staff in 2023 was with a team trip to Paris to watch Georgia play Australia in the Rugby World Cup. TBC has long been the proud sponsor of the national rugby team, and while the result did not go our way, this was an invaluable exercise in team building and a way of saying thank you to many of our key employees. We also continue to offer our employees the tools to develop their skills across a wide range of areas. In 2023, more than 2,000 employees participated in various courses and programmes run by TBC Academy, including in business development, agile transformation, brand experience, law, financial analytics, and refining essential soft skills. Meanwhile, our operations in Uzbekistan highlight the diverse international pool of talent that makes up TBC's DNA, with a team of many different nationalities working together across a range of geographies.

Thankfully, the past year did provide some very positive news for Georgia and its 3.7 million people, with the EU's decision in mid-December to grant Georgia candidate status. While much work remains to be done, this represents a massive step for Georgia in its long-term aim for closer integration with the EU, and I, and all my fellow Georgians can be rightly proud to have achieved this recognition.

The outstanding results that we have achieved in the last three decades provide a strong foundation for our future aspirations and commitments in order to allow young generations to pursue their goals in a safe and prosperous environment, to increase the resilience of households, businesses and economy towards future challenges, and to create opportunities for transition towards a sustainable, technology- and innovation-driven economy.

Vakhtang Butskhrikidze  
CEO

31 May 2024



# WHO WE ARE – TBC AT A GLANCE

**Who We Are**

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**Our Mission**

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**Highlights 2023**

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**External ESG Benchmarks**

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**Awards**

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**Subsidiaries**







# TBC at a glance

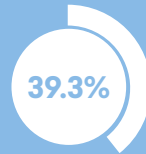
## Who we are

TBC Bank Group PLC is a public limited company registered in England and Wales. It is listed on the premium segment of the London Stock Exchange and is a FTSE 250 constituent.

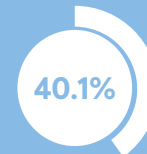
### The leading financial services group in Georgia

Powered by **Georgian financial services**

- TBC banking business: Retail, MSME, CIB & WM
- TBC Insurance
- TBC Pay
- TBC Leasing



Market share<sup>1</sup> in total loans 39.5% as of 31 Dec 2022



Market share<sup>1</sup> in total deposits 40.3% as of 31 Dec 2022

### Fully digital consumer banking and payments provider in Uzbekistan

Powered by

**TBC UZ** - A fully digital retail bank in Uzbekistan  
**Payme** - A leading digital payments provider in Uzbekistan



Number of registered users 10.6 mln as of 31 Dec 2022



Number of monthly active users 2.9 mln as of 31 Dec 2022

### The dominant digital lifestyle ecosystem in Georgia

Powered by **TNET**

The largest digital ecosystem in Georgia, operating in four verticals: e-commerce, lifestyle, housing and auto



Number of Transactions 11.8 mln in 2022



Gross merchandise value (GMV) GEL 103 mln in 2022

## OUR MISSION

*To make people's lives easier*

This approach is deeply embedded in TBC's culture and defines everything we do and the way we do it: all our products and offerings are created with this idea in mind and we strive to combine excellence with simplicity.





# HIGHLIGHTS 2023

## LEADING UNIVERSAL BANK IN GEORGIA

### A LEADER IN THE RETAIL BANKING SEGMENT IN GEORGIA



### THE LEADING PARTNER BANK FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSME) IN THE COUNTRY<sup>1</sup>



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



### BEST-IN-CLASS DIGITAL CHANNELS



### MULTI-CHANNEL DISTRIBUTION NETWORK IN GEORGIA



1 Based on internal estimates as of 31 December 2023 68% (77% in 2022) of newly registered businesses choose TBC Bank.  
 2 Includes data from Uzbekistan  
 3 Includes data from Uzbekistan  
 4 Not including partner banks  
 5 Active merchant terminals include POS terminals and ecommerce with at least one transaction conducted during the month.



## OUR RESPONSIBLE BANKING

#1 BANK AMONG PARTICIPANTS IN THE GOVERNMENT CREDIT GUARANTEE SCHEMES<sup>1</sup> IN GEORGIA

**GEL 334 mln**

PORTFOLIO COVERED BY TBC

**46%**

TOTAL LOANS APPROVED<sup>2</sup>

“PRODUCEN IN GEORGIA” “HOST IN GEORGIA” AND “PREFERENTIAL ARGO CREDIT”<sup>3</sup>

**2,600**

NUMBER OF LOANS

**GEL 469 mln**

VOLUME OF LOANS

PROGRAM FOR STARTUP ENTERPRISES<sup>4</sup>

**537**

NUMBER OF LOANS

**GEL 120 mln**

VOLUME OF LOANS

A LEADING PARTNER IN LOCAL RENEWABLE ENERGY FINANCING<sup>4</sup>

**65%**

IN OUR ENERGY SECTOR FINANCING<sup>5</sup>

**GEL 648 mln**

VOLUME OF OUR LOCAL RENEWABLE ENERGY FINANCING

## OUR CUSTOMERS

**67%**

CUSTOMER NET PROMOTER SCORE<sup>6</sup>

BANK BRANCHES EQUIPPED WITH RAMPS TO SUPPORT ACCESSIBILITY

**88%**

BRANCHES IN TBILISI

**95%**

BRANCHES IN REGION

## OUR EMPLOYEES

**11,295**

NUMBER OF EMPLOYEES

**63%**

SHARE OF WOMEN EMPLOYEES

**43% (37% in 2022)**

WOMEN IN THE INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) AREA<sup>7</sup>

**88%**

EMPLOYEE ENGAGEMENT INDEX<sup>8</sup>

**58%**

NET PROMOTER SCORE (ENPS)<sup>9</sup>

## OUR ENVIRONMENT AND COMMUNITY

**ISO 14001:2015**

RE-CERTIFICATION FOR THE FOURTH TIME

**GEL 2.0 mln**

ALLOCATED FOR SOCIAL EVENTS AND CHARITY<sup>10</sup>

1 A security provided by the government for up to 90% of the principal amount for each loan disbursed by the bank within the framework of the program for the following economic activities: Production and processing, Hotel industry, Electricity generation, Educational activities, Training centers, Export of services, High-tech medical laboratories. The program is implemented by “Enterprise Georgia” – an agency, established by the Ministry of Economy and Sustainable Development of Georgia, together with the Ministry of Agriculture.

2 Source: “Enterprise Georgia” – the government agency

3 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.

4 According to the internal estimations

5 According to the internal data

6 The Net Promoter Score (NPS) was measured based on survey conducted by the independent research company Sonar in December 2023.

7 Out of the employees who are working in the ICT fields in TBC Bank

8 Engagement Index was measured in December 2023 by an independent consultant for the Bank’s employee’s and measures how much employees feel involved and committed to TBC Bank.

9 The Employee Net Promoter Score (ENPS) was measured in December 2023 by an independent consultant for the Bank’s employees.

10 Including SABA, supporting Museums and other CSR projects.





# EXTERNAL ESG BENCHMARKS

## SUSTAINALYTICS

In January 2024, TBC Bank Group PLC received an ESG Risk Rating of 14.7 and was assessed by Morningstar Sustainalytics to be at low risk of experiencing material financial impacts from ESG factors. In no event the information shall be construed as investment advice or expert opinion as defined by the applicable legislation.



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## MSCI ESG RATING

In April 2023, 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 below mentioned QualityScore ratings from ISS as of 1 May 2023

- 1 Governance
- 3 Environment
- 2 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 constituent company in the FTSE4Good Index Series



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.

## MOODY’S ESG SOLUTIONS

In November 2022, TBC Bank Group PLC received a Robust ESG score of 52 out of 100 from Moody’s ESG solutions.



Robust

For more information please refer to Moody’s ESG solutions website: [www.moody.com/esg-solutions](http://www.moody.com/esg-solutions)



## 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)
- UN Global Compact Network Georgia
- UN Women Empowerment Principles (WEPIs)

## AWARDS

TBC Bank is one of the most award-winning banks in Georgia.

In 2023, the list of awards was enriched with sustainability-related awards:

- TBC Bank received the EBRD Annual Sustainability Silver Award for environmental and social best practice.
- TBC Bank has been awarded the UN Global Compact Network Award for its contribution to SDG 4 “Quality Education” by TBC IT Academy.
- TBC Bank has been awarded the UN Global Compact Network Award for its contribution to SDG 17 “Partnership for Sustainable Development” by Fostering Green Business Opportunities.
- TBC Bank received the CSR DG award “Georgia’s Responsible Business Awards – Meliora 2022” in the category “Transparency and Report on CSR and Corporate Sustainability” for “Sustainability Report 2021”.

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

## Subsidiaries

Subsidiary	Ownership / voting % as of 31 December 2023	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>31,133,948</b>	<b>94.45%</b>
United Financial Corporation JSC	99.50%	Georgia	1997	Card processing	33,845	0.10%
TBC Capital LLC	100.00%	Georgia	1999	Brokerage	5,960	0.02%
TBC Leasing JSC	100.00%	Georgia	2003	Leasing	482,271	1.46%
TBC Kredit LLC	100.00%	Azerbaijan	1999	Non-banking credit institution	25,743	0.08%
TBC Pay LLC	100.00%	Georgia	2009	Processing	50,781	0.15%
Index LLC	100.00%	Georgia	2011	Real estate management	151	0.00%
TBC Invest LLC	100.00%	Israel	2011	PR and marketing	486	0.00%
TBC Asset management LLC	100.00%	Georgia	2021	Asset Management	467	0.00%
<b>JSC TBC Insurance</b>	<b>100.00%</b>	<b>Georgia</b>	<b>2014</b>	<b>Insurance</b>	<b>81,742</b>	<b>0.25%</b>
Redmed LLC	100.00%	Georgia	2019	E-commerce	n/a	0.00%
<b>TBC NET LLC*</b>	<b>100.00%</b>	<b>Georgia</b>	<b>2019</b>	<b>Asset Management</b>	<b>59,274</b>	<b>0.18%</b>
LLC Online Tickets	100.00%	Georgia	2015	Software Services	0	0.00%
TKT UZ	100.00%	Uzbekistan	2019	Retail Trade	35	0.00%
Artarea.ge LLC	100.00%	Georgia	2021	PR and marketing	57	0.00%
<b>Marjanishvili 7 LLC</b>	<b>100.00%</b>	<b>Georgia</b>	<b>2020</b>	<b>Food and Beverage</b>	<b>659</b>	<b>0.00%</b>
<b>Space JSC</b>	<b>100.00%</b>	<b>Georgia</b>	<b>2021</b>	<b>Software Services</b>	<b>0</b>	<b>0.00%</b>
Space International JSC	100.00%	Georgia	2021	Software Services	79,182	0.24%
<b>TBC Group Support LLC</b>	<b>100.00%</b>	<b>Georgia</b>	<b>2020</b>	<b>Risk Monitoring</b>	<b>46</b>	<b>0.00%</b>
<b>Inspired LLC</b>	<b>51.00%</b>	<b>Uzbekistan</b>	<b>2011</b>	<b>Processing</b>	<b>37,821</b>	<b>0.11%</b>
<b>TBC Bank JSC UZ</b>	<b>60.20%</b>	<b>Uzbekistan</b>	<b>2020</b>	<b>Banking</b>	<b>939,975</b>	<b>2.85%</b>
TBC Fin Service LLC	100.00%	Uzbekistan	2019	Retail Leasing	32,367	0.10%
TPAY	100.00%	Georgia	2023	Financial Services	17	0.00%



# ABOUT THIS REPORT

**Reporting Period**

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**Scope of the Report**

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**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 2023. 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, 2023. Where reasonable, the narrative part of the report includes projects from 2024.

## 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 Global Reporting Initiative (GRI) standards, which are an internationally recognized format for sustainable reporting.

This report is in accordance with GRI standards, addressing the majority of the core option requirements and reporting management approach for all material topics applying GRI 3-3: Management of material topics standard. Please see the list of referenced GRI standards attached at the end of the report: GRI Content Index, pg. 213. 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 and on the UN Women Empowerment Principles.

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@tbcbank.com.ge](mailto:sustainability@tbcbank.com.ge).

*The annual Corporate Social Responsibility Excellence Contest - Georgia's Responsible Business Awards "Meliora" is organized within the frames of the Civil Society STAR Initiative, with the support of the European Union and Konrad Adenauer Foundation.*



**"MELIORA 2022" - AWARD FOR TBC'S  
"SUSTAINABILITY REPORT 2021"**

The award is dedicated to a company which measures and communicates its sustainability impacts, activities and progress in sustainable business activities in a comprehensive, transparent, and effective way. The award ceremony was held in 2023.



# STAKEHOLDER ENGAGEMENT

[Section 172 Statement by the Board](#)

[Our Engagement](#)

[Feedback in 2023](#)

[Response and impact on Board Decisions](#)

[Priorities for 2024 and Beyond](#)







# SECTION 172 STATEMENT BY THE BOARD

## The Board's Role

As set out in Section 172 ("s172") of the Companies Act, the role of the Board is to promote the long-term sustainable success of the Company, generating long-term value for shareholders and making a positive contribution to wider society. The Board recognizes the importance of ensuring that the interests of all parties that have a stake in the Company are factored into our decision-making process, both as a general principle and as part of each Director's s172 duty under the Companies Act 2006. The Board's decisions can have a significant impact on one or a number of its stakeholder groups, and it is therefore important to engage with those groups in a way that helps and supports an understanding of the potential wider, long-term impact of those decisions.

## Stakeholders

As it has done in previous years, the Board continues to identify the Group's customers, employees, and investors, as well as the community and the environment it operates in, as its primary stakeholders.

## Stakeholder Engagement

In 2023, the Board considered the provisions of the UK Corporate Governance Code 2018 in respect of stakeholder engagement, and the duties of each Director to consider the Company's stakeholders and the long-term interest of the Company in accordance with s172 of the Companies Act 2006.

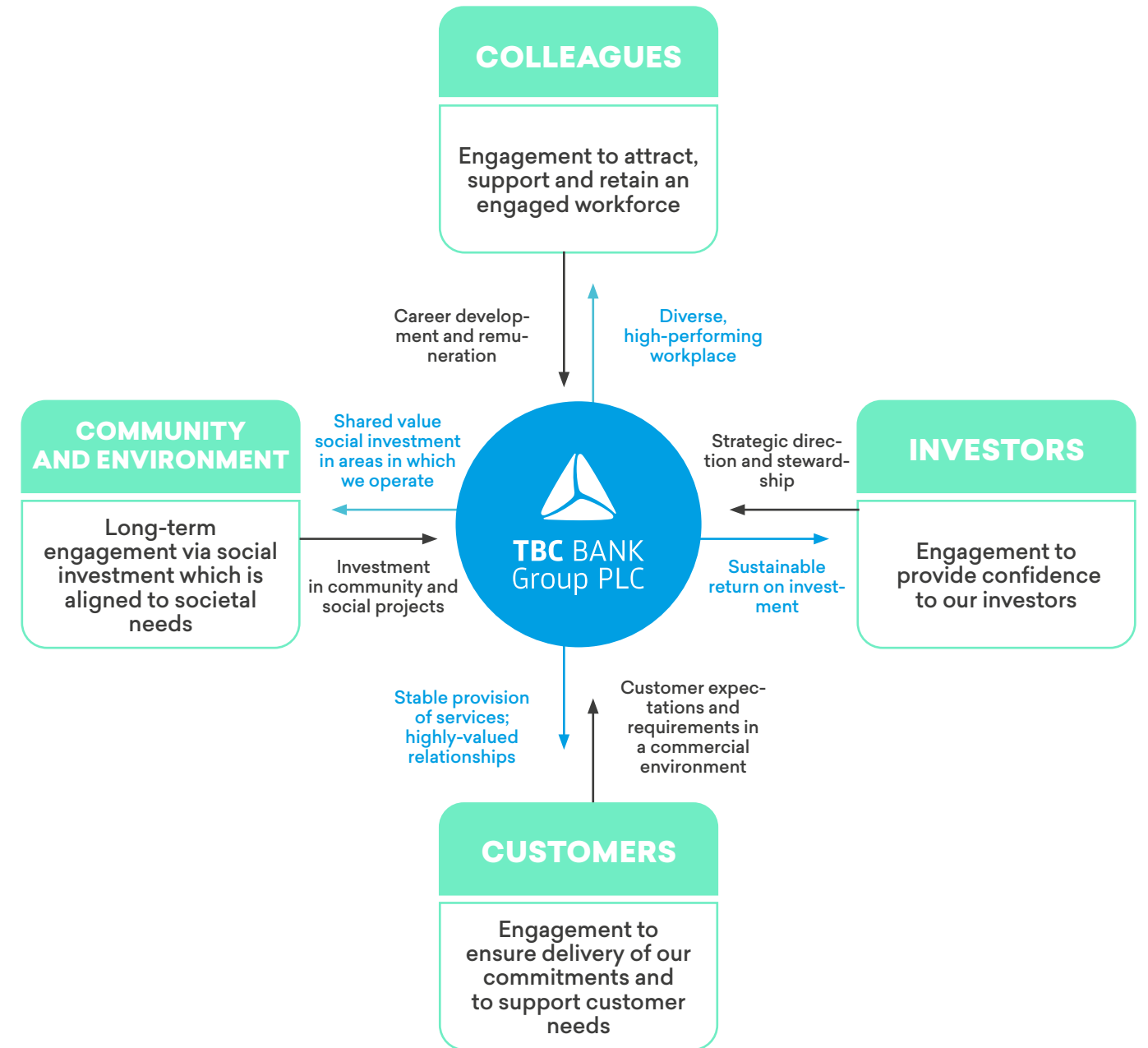
The Company communicates with its stakeholders through a range of channels. The Board is informed of these engagement activities and the key themes arising from such engagement via a number of ways. This is set out in more detail on the following pages.

During the year, the Chairperson ensured that the Board received the necessary information on issues affecting its key stakeholders and had adequate time to discuss these issues at its meetings. The Chairperson sets up the Board's annual schedule of work and detailed agendas for each meeting specifically to incorporate stakeholder considerations when making decisions. The Chairperson also ensured that all Board members received relevant training on stakeholder-related matters.

It is important for all members of the Board to gain sufficient understanding of the issues relating to each of the key stakeholder groups. Board members are invited to provide updates during Board meetings on any engagement that they have had with stakeholders. The Persons of the Committees are also given a standing agenda item to update the Board on the views and recommendations made by the relevant Committee.

In addition to ensuring that stakeholder interests are clearly presented in Board materials and considered during the decision-making process, the Board organised and attended meetings in Georgia to engage directly with the Company's employees on-site. During the Board's visits to Georgia and Uzbekistan, and when using online platforms, the Directors also engaged with and considered the interests of the Company's other stakeholders, including engaging with the National Bank of Georgia, the regulating entity of the Company's biggest subsidiary, JSC TBC Bank.

The Company continues to develop its stakeholder engagement programme to ensure that the Board has had regard to its duties under s172. As explained in the Annual Report on pages 187, 193 and 194, the Board considers that it has complied with its duties under s172 of the Companies Act 2006 through its active engagement with stakeholders. Additional detail on the principal decisions and significant issues taken by the Board can be found in the Annual Report on page 190. The following Report sets out further information about our stakeholder engagement activities, and the Board's consideration towards all stakeholder groups throughout the year.





### The Board's consideration of the Payme Acquisition

In May 2023 the Board announced its acquisition of the remaining 49% stake in Payme, the Groups payments subsidiary operating under the Payme brand in Uzbekistan. Following the acquisition of the minority share of Payme, TBC PLC became the 100% shareholder of Payme.

Throughout the process, the Board received regular updates from management concerning the transaction parameters and impact to the risk appetite of the Group. The transaction was conducted within the scope of the shareholder agreement entered by both TBC and Payme, during the Group's initial acquisition of 51% in Payme in April 2019. The exercise price of the option was based on a set of pre-determined parameters defined at the time of the original agreement, including Payme's revenue, EBIT and the number of active customers.

In reaching its decision to approve the transaction, the Board considered and debated the minority buyout, discussing the risks, challenges and opportunities of the acquisition. The synergies between the payments business and the Group's digital bank, TBC UZ, were deliberated, and the benefits of the transaction to the Company's previously outlined expansion strategy in Uzbekistan. The Board was satisfied that the transaction would accelerate the achievement of the Company's mid-term targets for its Uzbek operations, with an expected return of equity of at least 30%, monthly active users of 5 million, and 10-15% share of the Group's net income.







## OUR CUSTOMERS

TBC Bank's mission is to make people's lives easier. Its customers are key stakeholders in everything it does. The Company makes its decisions on strategy, products and services with this mission in mind.




### OUR ENGAGEMENT

The Company engages with its customers every day through the multiple touch points it has developed in order to deliver its banking and ecosystem products.

The Board met with a range of customers during the year to ensure it remained aligned to their interests and business needs. In 2023, this included meetings with business clients operating in the construction, hospitality, beverage, and residential real estate industries. For more details please refer to the chapter Treating Our Customers Responsibly on pages 137 to 153.

## OUR COLLEAGUES

People are at the core of the business, and the Company engages closely with its employees to ensure there is communication and clarity around their careers and aspirations, health and safety, diversity, learning and development, remuneration and rewards and other key issues.



The Company engages closely with all its employees to ensure there is clarity around their careers and aspirations, diversity, learning and development, remuneration and rewards and other key issues.

The Bank engages with its employees in a number of ways, including in person focus groups, targeted online surveys. In addition, the CEO and management board hold regular meetings with the full workforce on topics related to delivering strategy and achieving objectives, as well as workforce health and safety and mental health.

The HR team provide regular updates to employees on matters related to mental health and wellbeing, and workshops on mental health issues are provided for in conjunction with an external company to provide support where needed.

The Board regularly receives and discusses reports from the designated Non-Executive Director for workforce engagement. More details on the issues raised and outcomes from these engagements can be found in the Annual Report on page 194.

Through these engagements, the Company measures the workforce's happiness index and net promoter score, both of which remain high despite the global-economic challenges. For more details, please refer to the chapter Responsible Employer on pages 101 to 135.

In 2023 we have formulated the ESG awareness survey to gauge the level of awareness and understanding among our employees regarding Environmental, Social and Governance (ESG) matters, as well as to measure the engagement level of employees with ESG matters and their importance for them. The insights gathered will help us assess the current knowledge base, identify areas for improvement, and tailor our communication strategies to enhance awareness about the significance of ESG factors in our organization. The questionnaire will be available in both - Georgian and English. The ESG awareness survey will be conducted in 2024.

### FEEDBACK IN 2023

The Banks Customers have broadly continued to benefit from the supportive macro-economic environment. Digital Bank customers had raised pain points regarding availability of service around midnight. For more details please refer to the chapter Treating Our Customers Responsibly on pages 137 to 153.

Colleagues have provided positive feedback during the year, and have expressed interest in initiatives to promote self-learning and development. For more details please refer to the chapter Responsible Employer on pages 101 to 135

Feedback provided to the designated Non-Executive Director for workforce engagement can be found on page 194 of the Annual Report.

### RESPONSE AND IMPACT ON BOARD DECISIONS

We continue our branch offloading activities as we transform our branches from transactional service centers into an advisory network. This enables us to increase focus on personalized sales and advisory services for our customers. The objective of our program is to reduce costs, increase productivity, and enhance the customer experience. The teams responsible for the digital bank accounts worked together to enhance the architecture and had resolved the issue to ensure services were available 24 hours a day. We have worked hard on digitalizing the customer experience where appropriate to make it as efficient as possible. However, we are mindful to ensure we maintain the human element of our customer experience, which we believe is essential.

The Board's decision-making maintains a special focus on our employees as key drivers and stakeholders in the Company's overall success. The Board ensures that strategic decisions are supported by the appropriate talent availability, compensation, and work arrangements. The Board made sure that a robust human resources strategy was in place at all levels of management to recruit, identify, train and promote talent throughout the Group. Additionally, the Board, with support from the Remuneration Committee, ensured that clear and competitive compensation policies and principles were in place for the Group, including in its subsidiary in Uzbekistan.

The Company continued to train its workforce internally through the free digital and in-person TBC Academy programmes, and in 2022 introduced five new programmes available to employees.

The Responsible Employer Chapter in this report provides detailed information on our diversity policy, and all the opportunities, benefits and protections available to our workforce.

Furthermore, the Corporate Governance Statement in the Annual Report on pages 184-195 and the update from the designated Non-Executive Director for workforce engagement on page 194 provides additional information on how the Board responded to employee feedback.

### PRIORITIES FOR 2024 AND BEYOND

TBC Bank aspires to provide a leading customer experience across all channels, and to develop customer-tailored financial services and products, coupled with lifestyle products, which meet customer's needs. The Bank's intention is to build lasting customer relationships for sustained success. The Company will continue investing in digital capabilities, and adding new features to products and services which will enhance customer journeys, and allow for end-to-end process automation.

The Company will maintain its emphasis on fostering a supportive culture, global values, and employee development. This commitment is led by our CEO through regular communication with employees. Internal promotions will be actively encouraged, facilitated by our succession planning policy aimed at talent development. The Company will continue to closely monitor employee satisfaction, focusing on well-being initiatives and recognition programs to sustain high engagement levels.



## OUR INVESTORS

The Company continues to create value and generate sustainable returns for its diverse shareholder base through a strong and diverse business model. It also works to maintain effective, long-term relationships with its debt investors and partners, as well as with its shareholders.

### OUR ENGAGEMENT

During the course of 2023 the Company undertook its regular extensive investor relations programme, which offers investors various opportunities to engage with senior management through quarterly financial results calls, post-results roadshow meetings and regular participation in investor conferences.

During 2023 an update Investor Relations strategy was presented to the Board to enhance awareness and engagement with shareholders and analysts. Regular updates were provided on engagement with shareholders to the Board.

In addition, the corporate website provides a dedicated investor section which contains all London Stock Exchange regulatory announcements and a copy of all of the Company's Annual Reports. Webcasts of the results and other investor presentations are also available to shareholders.

As part of our ongoing commitment to stakeholder engagement, we are planning to conduct an Investor ESG Awareness Survey. This initiative aims to comprehensively understand and address the perspectives of our investors regarding Environmental, Social, and Governance (ESG) factors. By undertaking this survey, we seek to strengthen our communication channels, gain insights into investors' expectations, and further align our sustainability efforts with the interests of our key stakeholders. We have organized all the necessary logistics for the fieldwork to commence the survey in 2024.

The Company is an integral part of the communities in which it operates. The Company depends on these communities and understands the positive role it can play in developing them. Strong corporate social responsibility has been in its DNA since its founding over 30 years ago. The Company is committed to making a positive long-term improvement and engages closely with communities.

Ways in which the Board engaged with its community and the environment during the year included:

- The CEO provides regular updates to the Board on engagement with the community. The various initiatives are set out in the chapter Supporting Communities on pages 179 to 195.
- Regular updates on the process of developing its ESG Strategy and setting ESG targets through the active work of the ESG and Ethics Committee.

## OUR COMMUNITY AND ENVIRONMENT

The Company's continued success is placed in the context of the society and environment where its customers and employees live and work. The Company is committed to creating a promising future for the communities in which it operates. The Company's initiatives are centred around promoting business growth, empowering youth and women and fostering culture and sports.

### FEEDBACK IN 2023

Geopolitics and macroeconomics remained the most popular topics raised by shareholders during the year, with investors remaining concerned about the impact of Russia-Ukraine war on Georgia. However, the strong performance of the Georgian economy, the stability of the GEL and the potential EU candidacy of Georgia provided reassurance to investors.

Investors were broadly appreciative of the consistently strong financial performance of the Group, underpinned by strong balance sheet growth and income generation, low cost of risk and efficient cost management.

The Company's Uzbekistan operations have been an increasing topic of interest among investors as the businesses there become more material to the Group as a whole. Investor interest mainly focused on our business strategy in Uzbekistan, product roll-out and the competitive and macroeconomic landscapes.

Communities in Georgia are primarily concerned with access to finance and education, development opportunities for the young people and support for small businesses and entrepreneurship. Furthermore, women empowerment and support are important focus areas which constitute key directions in the ESG Strategy of TBC.

### RESPONSE AND IMPACT ON BOARD DECISIONS

The Board, represented by the Company's Chief Executive Officer (CEO) and the Group Chief Financial Officer (CFO), and supported by the Investor Relations function of the Group, has remained actively engaged with shareholders. Disclosure to the market remain detailed and consistent, providing timely assurance of the strength of the business to its investors.

The Board has also been focused on educating shareholders on the Uzbek operations including the long-term growth potential in this market. The Company has a specific focus on earning, funding and engagement of customers, unpinned by key mid-term targets.

The Board is supported in ESG matters by the ESG and Ethics Committee, and more information on this committee's work can be found in the chapter Governance and Sustainability Management on pages 53 to 63. The ESG and Ethics Committee reviewed and made recommendations to the Board regarding the Diversity, Equality and Inclusion policy, the Human Rights and the Environmental and Climate Change policies and set a training agenda regarding Ethics, ESG and climate-related matters. In addition, following the Russian invasion of Ukraine, TBC established a charity fund and invited organizations and individuals to donate funds in support of the Ukrainian people. These funds were transferred to the National Bank of Ukraine to support such causes as to alleviate hardships of the Ukrainian people caused by the war, rebuild Ukraine, support education and health sectors. At the local level, TBC's Ukraine charity fund financed local reputable organizations and various projects assisting Ukrainian nationals who had to move to Georgia as war refugees.

The Company continues to work actively with small businesses and entrepreneurs in Georgia. It continued to support young children with monthly financial assistance for their education, also continued to sponsor various projects in arts and culture, including its flagship literary award, Saba.

### PRIORITIES FOR 2024 AND BEYOND

The investor relations team will remain actively engaged with shareholders, through a combination of quarterly results presentations, as well as management roadshows and investor conferences.

The focus will be on meeting the ESG strategic pillars and working towards the action plan for net zero and the continued enhancement of ESG reporting. There will also be a focus on green financing training courses for employees and customers. The Company will focus on promoting access to finance, education, development of opportunities for the youth, and the support of small businesses and entrepreneurship. This will also include the promotion of equal opportunities for women across the technology and finance sector.



# OUR MATERIAL TOPICS

**Our Material Topics**

**How We Define Our Material Topics and Report Content**

**Materiality Matrix**

**Our Contribution to the 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 organisation, through its activities and decisions, impacts the lives of people - whether the organisation's employees, customers, suppliers, or other members of society. They also impact partner or competitor organisations, the environment, and social and economic systems. The impact can be positive as well as negative. Depending upon the specific organisation, the impact can be insignificant in some fields of activity, but substantial in others. In terms of the GRI report, material issues are those that have the most significant social, economic, and environmental impact, both positive and negative. Issues that are important to stakeholders and can have a substantial impact on their opinion or decisions, are also considered to be material. According to the GRI standards, our GRI report structure is based on material topics.

To identify the impacts on the environment, society, and human rights, we use a combination of internal and external sources. Internally, we conduct comprehensive assessments of our operations and policies, considering factors like resource consumption, employee welfare, and community relations. Externally, engagement with stakeholders, including experts and international organisations, and audits ensure compliance with industry standards. Customer and community feedback contributes further insights into our potential impacts. More information is given in the following chapters of this report.

We prioritise our impacts based on regulatory compliance, alignment with our strategic goals, and stakeholder feedback, including customers, employees, communities, and investors.

## HOW WE DEFINE OUR MATERIAL TOPICS AND REPORT CONTENT

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

- We considered: the GRI Universal and Topic-specific Standards; 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 2023 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. In 2023, we developed two surveys focusing on ESG matters: the Employee ESG Awareness Survey and the Investor ESG Survey, which will provide valuable inputs for our 2024 reporting. These initiatives aim to assess existing gaps and enhance our efforts in line with the identified areas for improvement.
- 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.
- While developing our environmental, social and governance (ESG) Strategy, we considered a range of international standards and concept papers (European Central Bank, European Banking Authority, TCFD, National Bank of Georgia and the Big Four accounting firms), reports about climate change in Georgia, the criteria of ESG rating agencies, and recommendations in relevant papers.

Based on the identified and prioritised material topics, we defined the content of this report and information to be included in it. We structured the report contents based on the following GRI principles: Sustainable Development Context; Materiality; Completeness; and Stakeholder Inclusiveness. Those topics that were considered to be important based on these four principles were included in the report. Our specific focus in this report on specific 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 and our responses, is available in the table below, on pages 36 to 37. The last column of the table presents the specific report sections and chapters where further information can be found.

## OUR CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

On September 25th, 2015, UN member states agreed on a new sustainable development agenda entitled, "Transformation of our world: 2030 agenda on sustainable development", which includes 17 global goals. These goals aim at reaching long-term, sustainable results in economic, social and environmental areas, such as the reduction of poverty, inequality and injustice, protection of the environment, and the minimisation 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 programmes, through which we are contributing to the implementation of the 2030 agenda.

In 2021, we developed a sustainability-focused ESG strategy and related action plans. The strategy enables us to make a more tangible contribution towards reaching the sustainable development goals. In recognition of our actions to contribute to the SDGs, TBC received a special prize for our outstanding efforts to champion the SDGs in the country at the prestigious Corporate Responsibility Award Ceremony 2021, organised by UN Global Compact Network Georgia. Through our sustainable portfolio, we have focused on energy efficiency, youth support, and women in business loans financed by special purpose funds received from IFIs, as well as on financing renewable energy, which include hydropower plants financed by the Bank. The year 2023 was particularly important, as the volume of the sustainable portfolio reached GEL 1.23 billion. The table on pages 38 to 39 presents the Sustainable Development Goals to which the results of our current activities and programs are linked.



## MATERIALITY MATRIX

Material issue	Importance (high/medium/low)	Scope 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 issues	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, plastic & 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
Financed GHG emissions	High	External
Climate change	High	Within/external

## RELEVANT GRI STANDARD IN THE REPORT

Relevant GRI Standard in the report	How we are addressing the topic (report section)
<b>CORPORATE GOVERNANCE, ETHICS AND FAIR OPERATIONS</b>	
205. Anti-corruption; 206. Anti-competitive behaviour; GRI 2: General disclosures (2-23; 2-26) GRI 2: General disclosures (3. Governance) GRI 2-27 Compliance with laws and regulations GRI 2-12 Role of the highest governance body in overseeing the management of impacts	Ch.6 Governance and Sustainability Management Pg. 53
<b>ECONOMIC IMPACTS</b>	
201. Economic performance 202. Market presence 203. Indirect economic impacts 204. Procurement practices	Ch.8 Our Economic Impacts Pg. 73
<b>EMPLOYEE RELATIONS</b>	
401. Employment 405. Diversity and equal opportunity; 406. Non-discrimination 404. Training and education 403. Occupational health and safety	Ch.10 Responsible Employer Pg. 101
<b>CLIENTS AND SERVICES</b>	
417. Marketing and labeling 413. Local Communities 418. Customer privacy Financial services sector disclosures: FS 16: Initiatives to enhance financial literacy	Ch.11 Treating our Customers Responsibly Pg. 137
<b>PROMOTING SOCIETY WELL-BEING</b>	
413. Local communities Financial services sector disclosures: FS13: Access points in low-populated or economically disadvantaged areas; FS16: Initiatives to enhance financial literacy 203. Indirect economic impacts	Ch.14 Supporting Communities Pg. 179
<b>DIRECT ENVIRONMENTAL FOOTPRINT</b>	
301. Materials; 306. Effluents and Waste 302. Energy 305. Emmissions	Ch.09 Environmental Responsibility Pg. 83
<b>INDIRECT SOCIAL AND ENVIRONMENTAL IMPACTS OF OUR OPERATIONS</b>	
203. Indirect economic impacts; FS7- FS8: Financial services sector disclosures (aspect: product portfolio) 102-9 Supply chain; 204: Procurement practices	Ch.13 Treating our Suppliers Responsibly Pg. 167



## MAPPING OUR ACTIVITIES TO THE SDG GOALS

UNSDG	How we contribute	SDG indicators	Report Section
<b>1 NO POVERTY</b>	<ul style="list-style-type: none"> <li>through our community programmes and social investments;</li> <li>through our MSME development program.</li> </ul>	<ul style="list-style-type: none"> <li>TBC Bank allocated GEL 2 mln for social events and charity in 2023;</li> <li>TBC raised up to GEL 800,000 to support Shovi landslide affected population;</li> <li>TBC Bank contributed GEL 250,000 to the fund for supporting Ukraine. Over the past two years GEL 2 million has been raised in this fund through joint efforts.</li> </ul>	Chapter 14 Supporting Communities Pg. 179
<b>3 GOOD HEALTH AND WELL-BEING</b>	<ul style="list-style-type: none"> <li>through ensuring social protection and occupational health and safety to our employees.</li> </ul>	<ul style="list-style-type: none"> <li>In 2023, TBC launched a revitalised mental health programme and around 600 employees were engaged in various activities.</li> </ul>	Ch.10 Responsible Employer Pg. 101
<b>4 QUALITY EDUCATION</b>	<ul style="list-style-type: none"> <li>through our community programs oriented at education;</li> <li>through providing educational opportunities to our employees;</li> <li>through educational programs in ICT areas.</li> </ul>	<ul style="list-style-type: none"> <li>20 Customers trained through ESG Academy.</li> <li>95 Individuals trained in ICT through the programme TBC X USAID for technological education.</li> </ul>	Ch.14 Supporting Communities Pg. 179
<b>5 GENDER EQUALITY</b>	<ul style="list-style-type: none"> <li>through our employee diversity programs;</li> <li>through our guarantee facilities designed for women;</li> <li>through educating and providing job opportunities for women and girls in ICT, thus promoting equality in male dominated areas;</li> <li>through awareness-raising and increasing the representation of women at different managerial roles.</li> </ul>	<ul style="list-style-type: none"> <li>Female representation in middle managers and agile leaders - 40%;</li> <li>Female representation in ICT, risk and finance - 46%;</li> <li>Female proportion of TBC Leadership Academy trainees - 45%.</li> </ul>	Ch.10 Responsible Employer Pg. 101
<b>7 AFFORDABLE AND CLEAN ENERGY</b>	<ul style="list-style-type: none"> <li>through financing energy-efficient projects and renewable energy.</li> </ul>	<ul style="list-style-type: none"> <li>The new headquarter of TBC Bank is an energy-efficient building;</li> <li>In 2023, TBC started using solar energy for its branches.</li> </ul>	Ch.09 Environmental Responsibility Pg. 83 Ch.13 Treating our Suppliers Responsibly Pg. 167
<b>8 DECENT WORK AND ECONOMIC GROWTH</b>	<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>	<ul style="list-style-type: none"> <li>TBC has Leadership academy and 192 employees trained in 2023.</li> <li>TBC launched Tech - School for schoolchildren. During 2023 1,200 10th and 11th grade students enrolled in various programs.</li> </ul>	Ch.10 Responsible Employer Pg. 101 Ch.14 Supporting Communities Pg. 179 Ch.11 Treating our Customers Responsibly Pg. 137 Ch.13 Treating our Suppliers Responsibly Pg. 167

UNSDG	How we contribute	SDG indicators	Report Section
<b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b>	<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>	<ul style="list-style-type: none"> <li>TBC supported Women's Entrepreneurship Expo 2023 and B2B Exhibition of social enterprises;</li> <li>TBC has a programme "Startuperi". The program is comprised of 567 active loans, in the total amount of GEL 131.0 million as of 31 December 2023.</li> </ul>	Ch.14 Supporting Communities Pg. 179
<b>10 REDUCED INEQUALITIES</b>	<ul style="list-style-type: none"> <li>through ensuring inclusion of all employees, clients and other stakeholders, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status;</li> <li>through ensuring equal opportunities and reducing inequalities in the workplace.</li> </ul>	<ul style="list-style-type: none"> <li>TBC has Diversity, Equality and Inclusion and the Human Rights Policies;</li> <li>91% of TBC's branches are equipped with a ramp;</li> <li>10 branches are fully adapted for persons with physical disabilities.</li> </ul>	Ch.10 Responsible Employer Pg. 101
<b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b>	<ul style="list-style-type: none"> <li>through our initiatives for recycling paper and plastic;</li> <li>through reduction measures in energy, paper and water usage.</li> </ul>	<ul style="list-style-type: none"> <li>TBC started recycling plastic in 2023 and more than 1,5 kg have already been processed;</li> <li>In 2023, TBC recycled 125 tons of paper.</li> </ul>	Ch.09 Environmental Responsibility Pg. 83
<b>13 CLIMATE ACTION</b>	<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> <li>through promoting climate-friendly practices and approaches within and outside the bank;</li> <li>through setting targets within the ESG Strategy.</li> </ul>	<ul style="list-style-type: none"> <li>TBC has the Environmental and Climate Change Policy;</li> <li>We received ISO 14001:2015 certification for the fourth time;</li> <li>TBC Bank has established a comprehensive internal environmental system to manage and report its greenhouse (GHG)emissions;</li> <li>We provide ESG training sessions for new employees about climate change.</li> </ul>	Ch. 05 ESG Strategy Pg. 41 Ch.09 Environmental Responsibility Pg. 83 Ch.13 Treating our Suppliers Responsibly Pg. 167
<b>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</b>	<ul style="list-style-type: none"> <li>through our anti-corruption 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> <li>through supporting Ukraine over the past two years.</li> </ul>	<ul style="list-style-type: none"> <li>TBC's Anti-Corruption Policies and Procedures;</li> <li>TBC has Policy and Practices to Prevent Anti-Competitive Behavior and Anti-trust Practices;</li> <li>TBC created a fund to help the Ukrainian people during the war.</li> </ul>	Ch. 06 Governance and Sustainability Management Pg. 53
<b>17 PARTNERSHIPS FOR THE GOALS</b>	<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>	<ul style="list-style-type: none"> <li>TBC Bank is WEPs signatory;</li> <li>We cooperate with local and international organizations.</li> </ul>	Ch.01 Who We Are Pg. 7 Ch.14 Supporting Communities Pg. 179



# ESG STRATEGY

**Our Environmental, Social and Governance (ESG) Strategy**

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**Direct and Indirect Environmental Impact**

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**Social Impact**

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**Governance**

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**2024 Priorities**





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) STRATEGY

Our aspiration to contribute to sustainable development comes from our role as a leading financial institution in Georgia's development. We are aware that we have an impact on the country's economy, business development, employment and the progress of the society, as a whole. With the international expansion of our operations, the sustainable development approaches are incorporated in our subsidiaries, as well. Our role is connected to our responsibility to contribute to a better future through innovation and technology in order to increase the accessibility of financial services and to enable our customers to be a part of the globalized economic society. While pursuing our aspirations, we guide our activities in line with international sustainability standards and principles, making them a part of the strategy, culture and day-to-day operations of our company.

Our ESG Strategy reaffirms our commitment to make a long-term, sustainable contribution to the country and the region.

**TBC Group's ambition is to be the leading supporter of ESG principles in Georgia and region. We aspire to make our direct environmental impact net zero by 2025, and develop a plan to drive our indirect impact through financing to Net Zero.**

The ESG Strategy defines several key areas and targets for different time horizons:

Enhanced governance of ESG and climate-related risks and opportunities

Sustainable portfolio growth

Access to green and sustainable financing sources

Customer awareness, investor confidence and employee diversity

Impact measurement and reporting

The ESG Strategy follows the strategic road map which reflects the milestones of our sustainability journey for the following years. In 2023, we actively continued implementation of our initiatives and targets, which are distributed in four pillars.

## Pillars 1 and 2: Direct and Indirect Environmental Impact

ESG Strategy target / initiative	2022 status	2023 status
Increase sustainable loan portfolio up to GEL 750 mln	Target volume for 2022 was GEL 750 mln; Volume of GEL 782 mln was achieved	Target volume for 2023 was GEL 1.0 bln; Volume of GEL 1.23 bln was achieved
Set up a system for measuring impacts on sustainability across the Group, customers, employees and society	Regular reports on key parameters to the ESG-related Committees at Board and executive management level established	Increased granularity and automation of reporting, regular reporting on climate-related risks, scenario analysis, stress testing
Implementation of the green lending framework	Green lending procedure implemented	Harmonisation of the green lending procedure and the Green Taxonomy of the National Bank of Georgia
Green Taxonomy of the National Bank of Georgia (NBG)	The NBG introduced the Green Taxonomy, developed in line with the best international taxonomies	The Green Taxonomy has been implemented
Group's Policy on Climate Change	Climate Change Policy developed and approved <sup>1</sup>	Development of sectoral guidelines - Climate Risk Radar of the NBG
ESG profiles for corporate customers	The framework on ESG profiles for corporate customers developed	Implemented for the existing Top 20 corporate customers
Incorporation of ESG matters in risk appetite	Development of ESG risk appetite	Regular reporting, monitoring and review established
Increase customer loyalty, investor confidence and employee motivation	Establishment of ESG training framework for all TBC employees	Development of ESG awareness measurement approach
ESG strategies in material subsidiaries	Separate ESG strategies developed	ESG Strategies implemented and supporting ESG function at the Group level established
Develop a plan to enable our indirect environmental impact to also reach net zero	Develop a plan to enable our indirect environmental impact to reach net zero	A methodology to calculate financed emissions based on the PCAF approaches developed and financed emissions calculated for seven asset classes



## BURJ AND COMPANY LTD

“Burj and Company LTD” installed wind power plants for its company. The electrical energy generated from wind power plants is used in the production process.

The use of wind energy is one of the outstanding examples of the use of renewable energy and the introduction of innovations in business activities, which contributes to the development of sustainable business models in the country.

*The company has installed wind power plants with financing received from TBC Bank.*





In 2023 our main focus was on sustainable portfolio growth, the enhancement of the TCFD framework, measurement of our direct performance towards the Paris Agreement targets and development of the ESG Academy training courses.

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. The Green Lending Procedure and implementation of the Green Taxonomy of the National Bank of Georgia sets the necessary framework for desired growth of the sustainable portfolio. Furthermore, the total volume of the sustainable portfolio in 2023 reached GEL 1.23 billion, which constitutes a growth of 57% in comparison with the end of 2022 (GEL 782 million).

In 2021, we published our first disclosure to demonstrate our commitment towards taking active measures to mitigate climate change, to assess and mitigate climate risks and to identify climate opportunities. Since 2021, we have advanced our TCFD framework further, especially in strategic planning and risk management. We have taken significant steps to develop our scenario analysis capabilities to better understand and act on the implications of climate-related risks and opportunities for our business and customers. We have continued working with an external consultant and developed a stress testing model covering various economic sectors in Georgia in order to capture the stress testing impact on the whole credit portfolio of TBC Bank. We understand that the transition to a lower-carbon and sustainable economy requires internal knowledge building, as well as awareness raising among customers, businesses, and the public. We focus on internal capacity building, involving in-house and external experts on a variety of topics: green lending, the NBG green taxonomy, the impact of climate change, climate-related risks, and scenario analysis.

These developments are described in the Climate-related Financial Disclosures on pages 140-164 of the Annual Report 2023.

Please see more details in the chapters Environmental Responsibility and Responsible Banking, pp. 83 and 155 respectively.

**Pillar 3: Social Impact**

ESG Strategy target / initiative	2022 status	2023 status
Enhance the diversity of our employees	Diversity, Equality and Inclusion (DEI) Policy, targets and action plan defined	Share of women in middle managers and agile leaders at 40%
Increase customer loyalty and employee motivation	Comprehensive ESG training framework covering all TBC employees and different responsibility levels established	Classroom ESG training established; ESG awareness measurement approach developed

In order to expand our focus on diversity, gender and inclusion issues, we have developed a Diversity, Equality and Inclusion Policy (available at our [www.tbcbankgroup.com](http://www.tbcbankgroup.com)), which sets targets and establishes a methodology to advance diversity, equality and inclusion, integrating its approach into the company's operations and management processes and focusing on diverse areas including gender, multicultural, multigenerational and disability backgrounds. We remain committed to having a gender-balanced workforce and culture that supports and empowers women. Starting from 2023, the agile managerial positions - Product Owners and Chapter Leads are included in the calculations of the Middle Management in order to reflect the organisational transformation and structure in the Bank. In 2019, TBC was the first company in Georgia to introduce agile structure which creates more dynamic working environment, instills an open culture and empowers women and

men in different roles and functions. The agile structure differs from the traditional organisational set-up and is founded on cross-functional teams. As of 31 December 2023, representation of women in newly classified middle managerial positions stood at 40%. We set targets at 43% in 2024 and 45% in 2025, respectively. Furthermore, since 2022, we expanded our approach to certain subsidiaries of the Group and incorporated individual diversity targets within their ESG strategies.

Please see more details in the chapter Responsible Employer on pages 101 to 135.

**Pillar 4: Governance**

ESG Strategy target / initiative	2022 status	2023 status
Enhance the ESG governance framework	ESG governance framework established at both Board and executive management levels	Enhanced ESG governance group-wide and a higher maturity level
Set up a system for measuring impacts on sustainability across the Group, customers, employees and society	Regular reports on key parameters to the ESG-related Committees at Board and executive management level established	Increased granularity and automation of reporting, regular reporting on climate-related risks, scenario analysis, stress testing, ESG risk appetite established
ESG strategies in material subsidiaries	Separate ESG Strategies developed	Implementation of ESG Strategies in subsidiaries

The ESG Strategy is reviewed and approved by the Board of Directors annually, while implementation is overseen by two ESG-related committees at the Board and executive management level. The committees were actively involved.

The ESG and Ethics Committee was established during 2022. In 2023, the committee met four times. During the year, the Committee has supported and provided steer on the implementation of strategy, policies and programmes in relation to ESG matters for the Group and its subsidiaries, ensuring that the Group's ESG Strategy is implemented effectively, meeting the set-out objectives, across all business areas. Please see more details in the chapter Governance and Sustainable Management on pages 53 to 63.

In 2022, we started to develop individual ESG strategies in significant subsidiaries of TBC Bank and the Group. In 2023, we focused on implementation of the ESG strategies in subsidiaries. Several workshops were conducted with the involved staff from the subsidiaries, as well as working groups established, including subsidiaries' responsible employees and the Investment Risk Management Department of TBC Bank. For more details on ESG strategies in subsidiaries, please see the chapter Subsidiaries on pages 197 to 211.

## EBRD ANNUAL SUSTAINABILITY SILVER AWARD 2022

TBC received the silver award of the EBRD Annual Sustainability Awards for outstanding activities that the bank carries out in the field of sustainable development.

EBRD notes that TBC is the leading example in the country in environmental, social and governance topics.

*Annual Sustainability Silver Award for Environmental and Social Best Practice.*



# SILVER AWARD ENVIRONMENTAL AND SOCIAL BEST PRACTICE

2022





**2024 Priorities**

In 2024, we continue to follow our strategic plan and will focus on the following topics:

<p><b>GEL 1.4 billion target for the sustainable portfolio</b></p> <p>Capacity building in energy-efficiency and green technologies at Bank level</p>	<p><b>ESG Academy</b> - Launching the green financing training courses for employees and customers</p>	<p><b>IFRS S1 and IFRS S2</b> Implementation of the ESG Guidelines of the National Bank of Georgia</p>	<p><b>Measure ESG awareness among employees and customers</b></p> <p>Implementation of mentorship programmes</p>	<p><b>Measure the Group's indirect performance in relation to the Paris Agreement targets for GHG emissions reduction</b></p> <p>Action plan for net-zero target</p>
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**VARIOUS INITIATIVES AND PROGRAMMES TO SUPPORT THE TARGETS SET BY THE ESG STRATEGY**

**SUSTAINABLE PORTFOLIO**

In 2024, we will continue to focus on the growth of the sustainable portfolio. The ESG strategy sets an ambitious target of GEL 1.4 billion for our sustainable portfolio. The ESG strategy sets aspirational targets, such as Net-Zero greenhouse gas (GHG) emissions related to our direct environmental impact by 2025 and an increase in the sustainable portfolio, which consists of renewable energy loans, energy efficiency loans, and financing with social components such as women and youth financing, supporting start-ups and rural enterprises.

**STAKEHOLDER ENGAGEMENT ON ESG MATTERS**

As part of our ongoing commitment to stakeholder engagement, we plan to introduce an ESG engagement framework. This initiative aims to comprehensively understand and address the perspectives of our investors regarding ESG factors. By undertaking this survey, we seek to strengthen our communication channels, gain insights into investors' expectations, and further align our sustainability efforts with the interests of our key stakeholders. In 2023, we have formulated the ESG awareness survey to conduct to gauge the level of awareness and understanding among our employees regarding ESG matters, as well as to measure the engagement level of employees on ESG matters and their importance for them. Furthermore, the ESG engagement framework will include customer surveys on ESG matters.

**ACTION PLAN FOR THE DIRECT NET-ZERO TARGET**

In 2023, we built internal capacity on relevant GHG emissions calculation methodologies and approaches. We calculated financed emissions according to the PCAF standard. This was achieved via training and the use of external consultancies. As the next step, we aim to measure our indirect performance in line with internationally established standards and align it with science-based targets.

**MEASURE THE GROUP'S INDIRECT PERFORMANCE AGAINST THE PARIS AGREEMENT TARGETS**

In 2023, we built internal capacity on relevant GHG emissions calculation methodologies and approaches. We calculated financed emissions according to the PCAF standard. This was achieved via training and the use of external consultancies. As the next step, we aim to measure our indirect performance in line with internationally established standards and align it with science-based targets.

**TALENT PROGRAMMES FOR INFORMATION AND COMMUNICATION TECHNOLOGIES (ICT)**

As technology is key to TBC, ICT is a priority area. In 2024, we will continue our ICT programme, consisting of eight new training courses in programming, information security and other technologies. Our diversity targets focus on the empowerment of women, girls, talented young people from the regions and rural areas as well as on age-diverse recruitment. TBC x USAID for Technological Education aims to train up to 700 tech talents and employ up to 400 successful graduates. As of Q1 2024, the program has 10 000 registered applicants on the courses, 350 active students and 80 graduates from the ToT (train the trainer) course and first intake of the iOS Development.

**ESG ACADEMY**

In 2023, we established the ESG Academy in order to raise awareness and knowledge of ESG topics including green and social financing, regulatory requirements, diversity and affirmative approaches, sustainable business models and practices among the Bank's customers as well as TBC staff. The first training programme 'Green mind-set and green financing' is supported by the partner international financial institutions (IFIs) – the Green for Growth Fund (GGF) and the European Fund for Southeast Europe (EFSE). The development of the training program started in November 2023; it will last for 22 months and will include extensive training over two days for 900 employees and one-day's training for up to 300 retail, MSME and corporate customers.



# GOVERNANCE AND SUSTAINABILITY MANAGEMENT

## Corporate Governance Framework

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

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## Risk Management Overview

- Risk Management Framework
- Risk Governance

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## Sustainability Governance

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## Managing Conflicts of Interest

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## 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 fit for purpose and in line with best practice. The primary responsibility of TBC Bank Group PLC’s Board of Directors (the “Board”) 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.

As a London Stock Exchange premium segment listed company, we are subject to and fully comply with the requirements of UK Corporate Governance Code (the “UK Code”). In addition, since our subsidiary JSC TBC Bank (the “Bank”) is a regulated entity in Georgia, our governance structure also complies with the National Bank of Georgia Corporate Governance Code for Commercial Banks (the “NBG Code”).

TBC Bank Group PLC (the “Company”) and the Bank have a “Mirror Boards” governance structure. Under this structure, key aspects of the Board of Directors and the Supervisory Board of the Bank (the “Supervisory Board”) are aligned with and mirror each other in terms of non-executive membership:

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

This Mirror Boards governance structure maximizes 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 Company and its business. The Board is led by the Chairperson and provides challenge, oversight and advice to ensure the Company’s success. The Chairperson ensures that there is constructive debate in the boardroom to create and maintain an environment in which the Board remains open to different viewpoints and ideas.

The Board is responsible for the long-term sustainable success of the Company by setting its strategy and purpose, promoting the desired culture and ensuring that an appropriate risk management framework is in place. The Board has the following principal roles:

The Board maintains a formal schedule of matters which are reserved solely for its approval and which sets out the Board’s responsibilities in full. This is regularly reviewed and is available on our website at [www.tbcbankgroup.com](http://www.tbcbankgroup.com).

Role	Description
Purpose, values and culture	To help management to shape the core values and culture that will best enable the Group to deliver its mission to make people’s lives easier. More details on the Company’s purpose, values and culture are provided later in this report.
Corporate strategy setting and monitoring	To agree and approve the strategic plan and objectives. The Board sets and reviews performance indicators to assess progress on the agreed upon strategy.
Organisation and leadership effectiveness	To ensure that the organisation’s leadership, design, capabilities and supporting systems match the requirements of the Group and the diverse strategies of our current and future businesses.
Operational and financial performance	We review the performance of the Group in light of strategic aims, business plans and budgets. With the support of the Audit Committee, we approve the Group’s annual and interim financial statements.
Shareholder and Stakeholder engagement	TBC puts the balance of stakeholder interests and the long-term interests of the Group at the heart of all its decision-making.

## Board Operations

The Board and all Board-level Committees have a detailed schedule of work, which structures the Board’s workload throughout the year in line with the schedule of matters reserved for the Board and the Terms of Reference for each principal Committee. The Board and its Committees rely on management to raise items for approval. The processes of agenda-setting and reporting to the Board are reviewed as part of the Board performance evaluation. Directors are expected to attend all meetings of the Board and all meetings of the Committees to which they belong. Please see the respective chart below:

Board Member	Board	Audit Committee	Risk Committee	Corporate Governance & Nomination Committee	ESG & Ethics Committee	Technology & Data Committee	Remuneration Committee
Arne Berggren	20/20	-	-	5/5	-	-	7/7
Tsira Kemularia <sup>1</sup>	20/20	8/8	-	-	4/4	-	5/5
Per Anders Fasth	20/20	8/8	12/12	-	-	-	7/7
Janet Heckman <sup>2</sup>	18/18	-	9/10	-	2/2	-	5/5
Eran Klein	20/20	-	12/12	-	4/4	4/4	-
Thymio Kyriakopoulos	20/20	8/8	12/12	-	-	4/4	-
Rajeev Sawhney	20/20	8/8	-	5/5	4/4	4/4	-
Nino Suknidze <sup>3</sup>	20/20	-	-	5/5	-	-	2/2

1 Tsira Kemularia joined the Remuneration Committee on 23 February 2023  
 2 Janet Heckman joined the Board on 23 February 2023 and became a member of the Remuneration and Risk Committees. She was unable to attend one ad hoc Risk Committee meeting, called at short notice due to a prior commitment, however provided full comments on the materials discussed. Janet joined the ESG and Ethics Committee in June 2023 and attended all meetings.  
 3 Nino Suknidze stepped down from the Remuneration Committee on 23 February 2023.



### Board Composition

In accordance with the 2018 Code, the majority of the Board are independent Non-Executive Directors. At the time of this Report's publication, the Board comprises [eight] independent Non-Executive Directors: Arne Berggren (Chairperson), Tsira Kemularia (SID), Per Anders Fasth, Thymios P. Kyriakopoulos, Eran Klein, Nino Suknidze, Rajeev Sawhney and Janet Heckman and one executive Director, CEO Vakhtang Butskhrikidze.

All Directors of the Board will be standing for either election or re-election at this year's Annual General Meeting. Biographical details of the Directors are included on pages 178-184 of the Annual Report.

### Board Diversity

The Board recognises the importance of ensuring diversity and sees significant benefits to our business in having a Board and management team drawn from diverse backgrounds, as this brings a range of expertise, cultural knowledge and different perspectives in discussions and improves the quality of decision making.

The Board adopted a Board Diversity Policy in September 2020, which was most recently reviewed in December 2023. The Policy allows the PLC Board to ensure that PLC Board appointments contribute to the Group-wide ambitions of diversity and inclusion.

The Board meets the recommendation of the Parker Review that at least one of its members should be black, Asian or an ethnic minority (BAME), and the Group intends to continue to meet that recommendation. The Board is mindful of the updated ambitions of the Parker Review, to set targets relating to executive and their direct reports. Although the Board has not yet agreed set targets, discussions have been held by both the Corporate Governance and Nomination Committee and the Board as to what these targets might look like for the Company given the region that it operates in. TBC Bank Group plc has the majority of its workforce in Georgia and Uzbekistan, and as such will look to set targets that are meaningful to the countries in which its workforce is based, as well as being suitable for a UK listed company.

The Board is also committed to ensuring that the targets of the FTSE Women Leaders Review on gender diversity are met. As at the date of this Annual Report, three (33%) of the nine directors are female, one of the senior board positions is held by a woman, and our Company Secretary is a woman. In addition, the female representation of the Executive Committee and its direct reports is 44%. The Company was one of 68 companies within the FTSE 350 that met the Alexander Hampton Review target ahead of the deadline in 2025.

The Corporate Governance and Nomination Committee is mindful of the need to ensure the search for any additional Non-Executive Director considers the strengths that diversity, including gender, ethnicity, as well as other diversity characteristics, can bring to boards. The Board will continue to ensure that consideration of all future appointments supports the Board and Company's diversity aims.

We have also made good progress in our ambitions to build a strong pipeline of women across the whole organisation, as we believe that driving progress for women at all levels of the Company will help build sustainable progress in advancing women into key decision-making roles. During the year the Company elected the Head of HR, a position held by a woman, to the executive committee, which will help progress with the gender balance of this group.

### Board Committees

The Board delegates some of its responsibilities to, and is supported by, its committees, which provide oversight and make recommendations on matters delegated to them by the Board.

The Board has established four principal Board Committees:

- The Risk Committee focuses on the possible risks and capital issues of the Company.
- The Audit Committee deals with external auditors, internal controls, and financial reporting, as well as communication with the market and regulators.





- The Remuneration Committee leads on remuneration-related issues, such as determining the right level of compensation to attract and retain employees, bearing in mind the level of compensation that is acceptable to our stakeholders.
- The Corporate Governance and Nomination Committee is responsible for talent management, including nomination and succession planning for the Board and the executive team.

Two committees were established during 2021 and 2022 to provide further support to the Board in three key strategic areas: technology, ESG Strategy and climate change.

- The Technology and Data Committee supports the Board in its oversight of key enablers of strategy, data, and cyber issues, and Company IT resources.
- The ESG and Ethics Committee ensures that the Company stays focused on the ESG issues that are key for all our stakeholders.

Terms of References for each principal Board Committee is available on our website ([www.tbcbankgroup.com](http://www.tbcbankgroup.com)).

### Division of Responsibilities

The Company and the Bank have adopted a “Mirror Boards” policy, which means that the Board composition and committee composition in terms of non-executive membership mirrors the Supervisory Board and its committee composition.

Therefore, there are in practice two equivalent supervisory bodies, the Board and the Supervisory Board, within the Group, which are separate but share the “Mirror Boards” policy for structure and non-executive membership. However, the work of the Board, the Supervisory Board and their respective committees is carefully balanced, dividing functions according to whether they are supervisory matters that affect the Group or solely those concerning the Bank. As a result, the Group’s governance structure ensures adequate oversight and accountability, as well as the clear segregation of duties.

There is a clear division of responsibilities between the Chairperson, the Chief Executive Officer, and the senior independent non-executive Director. The Chairperson’s principal responsibility is leadership and the effective running of the Board. The CEO’s principal responsibility is running the Group’s businesses. The CEO is responsible for all executive management matters affecting the Group. SID Provides a sounding board to the Chairperson, and serves as an intermediary for other directors, as well as being available to shareholders where necessary.

If there is a need for independent advice in exercising any part of its remit, the Board or any of its members can seek this directly at the Company’s expense. There is an established procedure for Directors, in relevant circumstances, to obtain independent professional advice at the Company’s expense. Directors’ and Officers’ Liability Insurance is maintained for all Directors.

The full document detailing the division of responsibilities between the Chairperson, the Chief Executive Officer and the senior independent non-executive Director is available on our website at [www.tbcbankgroup.com](http://www.tbcbankgroup.com).

### Annual Board Effectiveness Evaluation

In 2021, the Board appointed an independent consultant, Lintstock Ltd, to run an external Board performance assessment over a three-year period. The survey and interview-based approach that the Board undertook in 2023 was started in December 2023 and the Board agreed an action plan at its meeting in February 2024. More information on the results of the 2023 assessment is provided on pages 192 to 193 of the Annual Report 2023.

### Training Agenda

The Board of Directors 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 each year, which covers all relevant areas of Risk, Audit, Remuneration and Governance. The catalogue includes an effective mix of publicly available and client-tailored webinars, analytical materials, and opportunities for live discussion with industry participants. The providers of these training opportunities include the Big Four accounting firms, external legal advisors, chartered

institutes (such as the Institute of Directors and the Governance Institute), and, where relevant, senior professionals with specific subject matter expertise. 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.

In February 2023, as part of a larger, one-year climate-related project, further topic-specific training sessions on climate-related issues were delivered by the Frankfurt School of Finance and Management to equip members of the Board of Directors as well as the executive management of TBC Bank with detailed knowledge about TCFD and climate change-related risks and opportunities and the operative tools available to implement the climate action strategy. In December 2023, the Board of Directors of TBC Bank Group PLC reviewed and approved a Board Succession Policy to ensure a comprehensive and self-improving programme was in place to support the medium and long-term needs of the Board. The Board also has used this year to focus upon the desired skills and diversity mix that the Company needs, both on the Board and for executive management, to develop its long-term strategic goals. During the year, the Board undertook a review of the Board’s skills matrix to ensure that the right skills, experience and knowledge were captured.

## RISK MANAGEMENT OVERVIEW

The Group operates a strong, 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. The Group has adopted four primary risk management principles to better accomplish its major objectives:

- Govern risks transparently to ensure cross-functional, harmonised understanding and trust. Consistency and transparency in risk-related processes and policies are essential to gain the trust of multiple stakeholders. Communicating risk goals and strategic priorities to governing bodies and providing a comprehensive follow-up in an accountable manner are key priorities for staff members responsible for risk management.
- Manage risks prudently to promote sustainable growth and resilience. Risk management acts as a backstop against excessive risk-taking. Capital adequacy management and strong forward-looking tools and decision-making ensure the Group’s sustainability and resilience.
- Ensure that risk management underpins the implementation of strategy. Staff responsible for risk management provide assurance on the feasibility of achieving objectives through risk identification and management. The risk management function provides a framework under which stakeholders are empowered to make risk-based decisions by identifying, quantifying, and adequately pricing risks. It also creates the conditions for formulating risk mitigation actions, thus supporting the long-term generation of desired returns and the achievement of planned targets.
- Use risk management to gain a competitive advantage. Providing tools for faster decision-making and supporting business operations, ensuring the sustainability and resilience of the business model, establishes risk management as a core component of the Group’s competitive strategy.

### Risk Management Framework

The Group employs a comprehensive enterprise-wide Risk Management Framework, placing a strong emphasis on cultivating a robust risk culture throughout the organisation. This framework is strategically designed to ensure that effective governance capabilities and methodologies are in place, facilitating sound risk management and informed decision-making.

### Risk Governance

The Group’s risk governance structure is crafted to ensure robust oversight and strategic decision-making within risk management. At its core, risk-focused committees and risk functions assume pivotal roles in orchestrating effective risk management practices within the Group as a whole and its individual subsidiaries.

At the Supervisory Board level, while the boards are responsible for overseeing risk management, in some instances, activities within risk management and control are delegated to risk committees for effective handling. Responsibilities encompass aligning risk practices with strategic goals, setting risk appetite, discussing and approving risk policies, fostering a culture of responsible risk-taking, and monitoring risk identification and assessment processes. The committees are tasked with over-



seeing regular assessments of emerging and principal risks that could impact the business model, performance, solvency, and liquidity. Their leadership is critical for effective risk management and the long-term viability of the Group.

At the management board level, committees assume a crucial role in steering effective risk management within subsidiaries. Whether through a single risk committee or multiple committees with more granular scopes (e.g. financial risks, reputational risk, or information security), their responsibilities include closely overseeing risk exposures and making key decisions on risk mitigation and control. While specific duties may differ, the overall mission remains consistent: aligning risk management practices with regulatory requirements and risk tolerance. In cases where Group companies are of a smaller scale, risk committees may not be present, and the management board itself assumes these responsibilities.

### Risk Culture and Three Lines of Defence

At the core of the Group's Risk Management Framework and practices is a robust risk culture that underscores the institution's commitment to prudent and strategic risk-taking. The Group expects its leaders to demonstrate strong risk management behaviour, providing clarity on the desired level of risk taking, developing their respective capabilities and frameworks, and motivating employees to ensure risk-minded decision making.

The key principles governing risk culture across all the Group's subsidiaries include: Board leadership (the Board sets the tone and establishes a foundation for a risk-aware culture throughout the organisation); employee understanding and accountability (the Group ensures that employees at every level understand the institution's approach to risk and there is a clear understanding that individuals are accountable for their actions concerning risk-taking behaviors aligned with the Group's standards); communication (open, transparent, and effective communication is fundamental to the Group's risk culture); and remuneration incentives (the Group reinforces its risk culture by aligning remuneration incentives with sound risk management practices).

This holistic approach to risk culture ensures that the Group and its subsidiaries are equipped with a resilient and proactive mindset, where risk management is ingrained in the organisational DNA.

To comprehensively manage risks, the Group ensures adherence to the three lines of defence model:

- First Line of Defence: Business lines, as frontline defenders, engage in risk-taking activities with awareness of their impact on risks that may contribute to or hinder the achievement of the Group's objectives. A well-established risk culture is a foundation for risk-taking decisions.
- Second Line of Defence: Risk management functions ensure effective risk management and controls by consolidating expertise, identifying, measuring, and monitoring risks, and assisting the first line. They act independently from the business lines and provide frameworks and tools for effective risk management.
- Third Line of Defence: The internal audit function provides assurance to the Board of Directors that the risk management and control efforts of both the first and second lines of defence meet the expectations set by the Board of Directors.

## SUSTAINABILITY GOVERNANCE

TBC's activities for managing sustainability risk are aligned with its generally low tolerance of risk. Sustainability risk management is carried out 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 environ-

ment, 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 Conduct and Ethics, the Incident Management Policy, the Anti-Financial Crime Policy, the Personal Data Protection Policy, the Conflict of Interests Management Policy, the Green Purchase Recommendations etc. These documents are described in detail in their respective chapters.

This year we continue systematizing 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 coordinates 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 report to the Chief Risk Officer.

Since 2020, the Environmental Policy (Environmental and Climate Change Policy since 2023) is implemented in the subsidiaries. To effectively implement the environmental policy in 2020, all TBC subsidiaries 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. Furthermore, individual ESG strategies have been developed in 2023. For more details, please refer to the chapter Subsidiaries on pages 197 to 211.

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 ensure 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 three full-time employees, is part of the SME and Corporate Business Credit Risk Department, which reports directly to the Chief Risk Officer.

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

In 2021, TBC developed the ESG Strategy. Please see more details in the chapter ESG Strategy on pages 41 to 51.

## MANAGING CONFLICTS OF INTEREST

We qualify conflicts of interest as situations in which the personal (or related) interests of an employee may 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 the 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 and Ethics 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.





3. Conflict of Interest Management Policy that sets general principles how to identify, document, escalate and manage conflict of interests and defines requirements regarding related party transactions according to UK Chapter 11 Listing Rules and DTR.7.3.

4. Ecosystem Governance Policy designed to identify and regulate intra-group transactions, ensuring they are conducted transparently and in accordance with competition regulations. The policy provides the following principles of ecosystem governance: (a) adherence to the arm's length principle and open accessibility to other commercial banks; (b) allocation of appropriate independent resources, and (c) maintenance of independent decision-making processes.

5. Each member of senior management is obliged to disclose information about their related parties immediately after changes and on a quarterly basis.

6. Each member of senior management is obliged 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 to the matter in question. Directors have a continuing duty to notify the Chairperson 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 2023. 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. All employees are responsible to comply with the Bank's Policy and internal instructions requirements. The second level of responsibility lies with the Compliance Department, which ensures implementation of policies, procedures and control mechanisms, and raises employee awareness on 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 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 related party transactions above a certain threshold.

#### Communication of Critical Concerns

Critical concerns are communicated to the highest governance body on a quarterly basis. The information is provided to the Supervisory Board and includes data on the number and statuses of incidents. In 2023, a total of 110 incidents were reported through various channels, including client complaints, internal control processes and anonymous hotline calls. 18 out of these incidents were anonymous. For more details, please refer to the chapter Ethics and Integrity on pages 65 to 71.

### COMPLIANCE WITH LAWS AND REGULATIONS IN THE SOCIAL AND ECONOMIC AREA

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 2023, 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

## **Business Ethics and Ethical Conduct**

- TBC's Code of Conduct and Ethics
- Informing Employees about the Code of Conduct and Ethics
- Informing External Stakeholders about the Code of Conduct and Ethics
- The Code of Conduct and Ethics
- Informing Employees about the Code of Conduct and Ethics

## **Anti-corruption, Countering Bribery and Money Laundering**

- TBC's 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

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

## **Public Policy and Government Relations**

## **Incident Management Policy / Whistleblowing and Non-retaliation Policy**

## **Training Concept of Healthy and Ethical Working Environment**







# BUSINESS ETHICS AND ETHICAL CONDUCT

TBC is deeply committed to being straightforward, accountable, and honest in all of our business dealings at all times. TBC's success is measured not only through financial metrics, but also through its contribution towards the common good, and our business decisions adhere to the highest ethical standards.

In 2023, the Code of Ethics and Code of Conduct were combined into one policy at the Group Level, called the Code of Conduct and Ethics.

This Code of Conduct and Ethics ("the Code") represents the shared obligation of TBC to operate with the highest level of integrity and ethical conduct. The Code guides us in terms of how we can best support our customers and clients, as well as how we can continue to build a respectful and diverse colleague culture, in which speaking up is valued.

The behavioural standard set by TBC applies to every TBC employee in every country. Our Group Companies are encouraged proactively to adopt an equivalent approach. A summary of our mission, fundamental principles and values is provided below:

#### Fundamental Principles:

- Integrity
- Respect
- Social Responsibility

#### Values:

- Acting as a team
- Professionalism
- Customer satisfaction

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

The TBC's Code of Conduct and Ethics is publicly available at the following address in English:

[www.tbcbankgroup.com](http://www.tbcbankgroup.com)

#### Informing Employees about the Code of Conduct and Ethics

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

#### Training Employees on the Code of Conduct and Ethics

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

In order to deliver this training efficiently, the Compliance Department developed online training modules. The topics related to the Code of Conduct and 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 Conduct and Ethics;
- A range of specialised training modules, such as Sales and Customer Service.

In 2023, a total of 7,121 employees underwent distance learning training on the Code of Conduct and Ethics topics. Additionally, 6,246 employees were trained on TBC's Whistleblowing Policy. This represents 98% participation rate. Furthermore, in 2023, we conducted training on the loan collection code of ethics and its influence on the collection process. This training was tailored for individuals directly involved with the issue, and a total of 193 employees participated.

## ANTICORRUPTION, COUNTERING BRIBERY AND MONEY LAUNDERING

### TBC's Anti-Financial Crime Policy and Procedures

Any form of financial crime is unacceptable for TBC. We strive to implement all possible measures in order to prevent financial crime risks. The Group has implemented internal policies, procedures, and detailed instructions to prevent itself from being used for or involved in money laundering, financing of terrorism, sanctions evasion or other unlawful activities such as bribery, corruption, or tax evasion.

TBC's Anti-Financial Crime Policy sets out the general principles and approach of financial crime risk management and compliance standards in TBC, covering anti-money laundering, combating the financing of terrorism, anti-bribery, anti-corruption, preventing the facilitation of tax evasion, and the principles of sanctions regimes application. The policy is publicly available at: [anti-financial-crime-policy.pdf](http://anti-financial-crime-policy.pdf) ([tbcbankgroup.com](http://tbcbankgroup.com)).

TBC prohibits, and will not facilitate activity with certain governments, countries and regions, entities and sectors of activities that are subject to relevant sanctions programs. TBC's activities are formed on the basis of laws, regulations, regulatory guidance and trends in sanctions and enforcement under the regulatory regimes imposed by or under:

- Domestic legislation and/or by local authorities;
- The United Nations (UN) through the United Nations Security Council in relation to economic, financial and trade sanctions;
- The European Union (EU) through the Council of the European Union;
- The United States Treasury Department, through the Office of Foreign Assets Control (OFAC);
- The United Kingdom (UK), through the Office of Financial Sanctions Implementation HM Treasury.

TBC's Code of Conduct and Ethics Manual and the Sponsorship Procedure also include important clauses about anti-corruption.

TBC 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 TBC by adhering to any and all applicable legislation and standards.

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

### Anti-Financial Crime Policy implementation, Monitoring and Response

The Compliance Department is responsible for implementing and renewing the Anti-financial Crime Policy. The policy is approved by the Board. The coordination of Anti-Financial Crime Policy implementation is carried out on a Group level.

Monitoring of the Anti-Financial Crime Policy is included in various internal control processes, internal audits and clients' complaints management. The quarterly report to the Supervisory Board Audit Committee covers compliance risk areas, including anti-financial crime topics. The response to violations of the Anti-Financial Crime Policy depends upon the severity of the breach. The sanctions are described in detail in the Code of Conduct and Ethics Manual.



### Training Employees about the Anti-Financial Crime Policy and Procedures

The Anti-Financial Crime Policy and procedures have been communicated to all employees, including all members of the governance bodies. New employees receive the Anti-Financial Crime Policy as a part of their welcome package, which includes all policies and procedures, and are trained in anti-financial crime matters. The Anti-Financial Crime Policy is also a part of the Compliance Department trainings that are delivered to those employees who, due to their specific responsibilities, are more exposed to risk. Employees periodically have online trainings and testing on the subject. In 2023, around 6500 employees received training on the Anti-Financial Crime Policy.

### Operations Assessed for Risks Related to Financial Crime

TBC has zero tolerance for financial crime, regulatory breaches, or any attempt to circumvent TBC's Anti-Financial Crime policy and controls. TBC adheres to the principles defined in the Policy. As a result, TBC is dedicated to engaging in business with reputable customers and counterparties. Henceforth, illicit activities involving customers or contractors are deemed unacceptable for TBC.

To strengthen efforts towards customer relationships and to detect questionable or unusual behavior, TBC employs appropriate technological resources as well as a range of strategies executed by our employees.

TBC is committed to conducting business with reputable customers and counterparties. Therefore, TBC has no risk appetite for customers and contractors who are engaged in any illegal activity. TBC does not serve and/or have business with any persons or entities, if it has information that they:

- Are involved in or associated with illegal manufacturing and trading of weapons, arms and munitions;
- Are involved in financing of proliferation of weapons of mass destruction;
- Are involved in or associated with human trafficking, illegal production and distribution of drugs, creation and distribution of pornographic products, smuggling or other criminal activity;
- Are engaged in any field of regulated activity without having appropriate permission/license;
- Are perpetrators of tax crimes.

TBC makes sure all appropriate counterparty and transaction due diligence is conducted, before entering into any international operation or before processing any payments, in order to mitigate the risk of violating any applicable international sanctions programmes and/or restricted goods and merchandise regulations, including dual-use goods.

TBC defines and implements adequate controls to prevent attempts to circumvent sanctions by customers, employees, or any third party.

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

In line with its unwavering commitment to sustainable and ethical business practices, TBC has comprehensive policies, procedures and initiatives in place to prevent anti-competitive behaviour and anti-trust practices. These measures underscore TBC's dedication to fostering a business environment characterised by fairness, transparency, and robust competition.

Anti-competitive behaviour aims to distort market competition. Examples of such conduct include:

- Fixing the prices of services between competitors in either the local or global market;
- Colluding in bids to ensure a particular competitor secures the contract;
- Dividing up the market geographically among competitors to restrict where they operate;
- Illegal deals between organisations that promote monopoly;
- Prohibited mergers and acquisitions between companies.

In order to combat Anti-Competitive Behaviour and Anti-Trust Practices, TBC employs the following strategies:

- Evaluation of anti-competition risks during the exploration of new business opportunities;
- Establishment of sufficient policies and procedures;
- Examination of accusations related to anti-competitive conduct and implementing suitable measures in response.





In line with its unwavering dedication to substantial progress, TBC is committed to continuously improving and adjusting its policies and methodologies in line with the latest industry standards. This proactive approach not only ensures TBC's flexibility in the constantly evolving financial landscape but also reinforces its sincere commitment to upholding the highest ethical standards to prevent anti-competitive behaviour. Through continual refinement, TBC consistently leads in industry best practices, establishing itself as an exemplar of integrity in the financial sector.

### 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 in Georgia, 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 a range of economic and social issues that are directly linked to the company's activity.

### INCIDENT MANAGEMENT POLICY / WHISTLEBLOWING POLICY

One of the instruments for implementing ethical principles and the Anti-Financial Crime 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 Conduct and Ethics or the Anti-Financial Crime 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, or the Bank's business. The policy ensures whistle-blower protection from an immediate supervisor, 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, an employee is obliged to raise the alarm by speaking up or blowing 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 2023. The is publicly available on our website: [www.tbcbankgroup.com](http://www.tbcbankgroup.com).

#### Ensuring Policy Implementation

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

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

Every quarter, the department provides information on incidents to the Audit 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's Compliance Department.

#### Complaints and Response Mechanisms

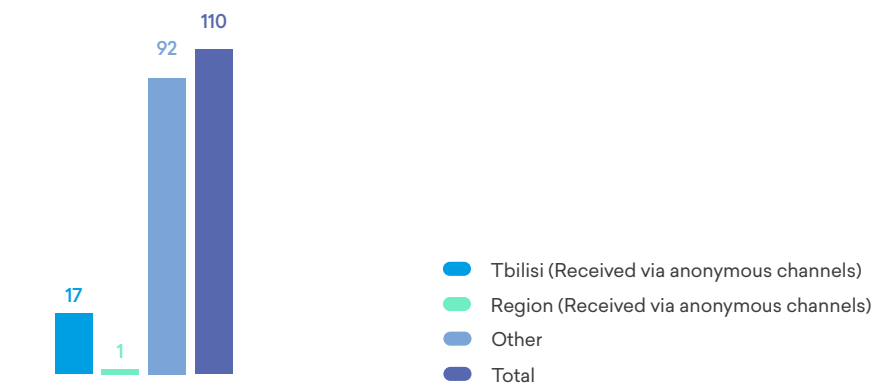
Employees can deliver complaints and concerns through the following open and anonymous communication channels:

- Anonymous communication web-site: [www.tbcbank.ge](http://www.tbcbank.ge).
- E-mail: [incident\\_compliance@tbcbank.com.ge](mailto:incident_compliance@tbcbank.com.ge).
- Safecall- hotline: 0800 100 268
- Anonymous communication web portal [www.safecall.co.uk/report](http://www.safecall.co.uk/report)

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 operations by employees, the Operational Risk Department is involved in the inquiry process. 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 2023, a total of 110 incidents were reported through various channels, such as client complaints, internal control processes and anonymous hotline calls. Out of these, 18 were anonymous.

### NUMBER OF DIFFERENT CATEGORIES OF INCIDENTS



#### Training Concept of a Healthy and Ethical Working Environment

In 2022, we introduced a new training concept that integrates various topics, including the Code of Conduct and Ethics, operational and fraud risks, employee protection and safety, and environmental, social and governance matters, under a unified theme of a "healthy working environment." This concept embodies an environment that is equal, development-oriented, and safe, free from discrimination and harassment, where everyone is respected and valued.

These complex topics are presented to employees during training through real-world cases, ensuring relevance to their work experiences and addressing multiple factors simultaneously. The training sessions are developed jointly by the relevant departments, with the aim of raising the awareness of our employees and strengthening their sense of responsibility and culture of ethics. This initiative also includes videos, blogs, regular newsletters, and additional meetings with the senior management and responsible departments. Furthermore, our employees participate in weekly face-to-face training sessions aimed at fostering a healthy work environment. These intensive 4-hour sessions cover various topics such as gender stereotypes, discrimination, identifying forms of violence, and promoting gender equality and equity in the workplace and society. This training incorporates a significant emphasis on critical thinking to cultivate a mindset shift. Specifically, it seeks to encourage reflection on our historical and cultural context, fostering a critical approach to analyzing the past for insights that contribute to shaping an inclusive and discrimination-free corporate culture. Please see more details on ESG-related training courses in the chapter Responsible Employer on pages 101 to 135.



# OUR ECONOMIC IMPACT

## Introduction

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- Mitigation Actions Taken to Avoid Macro-Economic Risks

## Direct Contribution to the Economy

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- International Fundraising
- TBC Impact Through Suppliers
- TBC Impact Through Taxes

## Indirect Impact on the Economy

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- Advanced Resource Allocation Practices

## Financial Technologies

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## MSME Financing, Trainings, Projects, Start-up Programmes

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## Promoting Georgia Internationally

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## TBC Capital

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- Brokerage Service
- Research





# OUR ECONOMIC IMPACT

## INTRODUCTION

Georgia's financial sector is dominated by the banking sector, as other sources of financing are relatively limited in size. After two successive years of double-digit growth in Georgia, economic activity moderated somewhat but remained strong in 2023, with real GDP increasing by 7.5%, according to preliminary estimates from Geostat. While the first half of the year was still very strong in terms of foreign currency inflows, the second half was characterised by normalisation towards the long-term trend.

Accordingly, while the GEL exchange rate experienced some volatility throughout the year, currency inflows aided by central bank interventions in the second half of the year were sufficient to keep the rate broadly stable. USD/GEL stood at 2.69 at the end of December, almost unchanged from 2.7 at the end of December 2022. Strong dynamics in the first half enabled the NBG to accumulate all-time-high foreign currency reserves topping US\$ 5 billion. Throughout the year, the Central Bank purchased 1,449 million USD and sold 169 million USD. As a result of a broadly stable GEL and sustained disinflationary pass-through from international markets, CPI inflation declined significantly from 9.8% in December 2022 and stabilised well below the NBG target of 3%, standing at 0.4% YoY in December 2023. Domestic and service inflation measures also normalised around the target. Due to low inflation, the NBG delivered four rate cuts of 150 basis points in total, reducing the Monetary Policy Rate (MPR) to 9.5%.

Bank credit increased by 17.0% year on-year as of December 2023, at constant exchange rates, compared to 12.4% growth at the end of 2022, mainly on the back of business loans, while retail growth slightly moderated. Despite the still strong economic growth and broadly stable GEL, the credit penetration level in Georgia increased in 2023 due to accelerated lending: domestic credit provided by the banking sector relative to GDP stands at 65.6% (61.5% in 2022, 71.5% in 2021). In contrast, asset quality improved as non-performing loans declined further to 1.6%, according to the IMF definition.

TBC Bank, as the largest financial institution in Georgia, represents the most important credit provider in the country and assumes leading positions across numerous sectors. TBC's share in total credit extended by the banking sector stood at 39.4% in 2023 (compared to 39.5% in 2022, 38.8% in 2021), equivalent to 25.9% of GDP, according to initial estimates (compared to 24.9% in 2022, 27.8% in 2021). In terms of segments, TBC accounts for 40.8% (compared to 39.8% in 2022, 39.4% in 2021) of loans to legal entities and 38.1% of retail lending, compared to 38.3% in 2022 and 39.9% in 2021, significantly contributing to investment and consumption activities in each of these segments. TBC is especially active in housing finance, with a 45.4% share in the retail mortgage portfolio, 46.8% in 2022 and 2021: the Bank is 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 the 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 the infrastructural and legal aspects of capital markets in Georgia.

### Mitigation Actions Taken to Avoid Macro-Economic Risks

To decrease its vulnerability to economic cycles, the Group identifies cyclical industries and proactively manages its underwriting approach and clients within its risk appetite framework. The Group has in place a macroeconomic monitoring process that relies on close, recurrent observation of the economic developments in Georgia and neighboring countries to identify early warning signals indicating imminent economic risks. This system allows the Group to promptly assess significant economic and political events and analyse their implications for the Group's performance. These implications are duly translated into specific action plans with regards to reviewing underwriting standards, risk appetite metrics and limits, including the limits for each of the most vulnerable industries. Additionally, the stress testing and scenario analysis conducted during the credit review and portfolio-monitoring processes enables the Group to evaluate the impact of macroeconomic shocks on its business in advance. Resilience towards a changing macroeconomic environment is incorporated into the Group's credit underwriting standards. As such, borrowers are expected to withstand certain adverse economic developments through prudent financials, debt-servicing capabilities and conservative collateral coverage.

In response to the regional crisis, the Group adjusted its risk management framework, leveraging its pre-existing stress testing practices. This included more thorough and frequent monitoring of the portfolio as well as stress testing, to ensure close control of changes in capital, liquidity, and portfolio quality in times of increased uncertainty.

### Economic Impact: Value Generation and Distribution

GEL'000	2023	2022	2021
<b>Direct Economic Value Generated</b>			
Net interest income	1,635,798	1,290,052	1,002,732
non-interest income	737,702	780,712	449,288
<b>Non-operating income</b>	<b>2,373,500</b>	<b>2,070,764</b>	<b>1,452,020</b>
administrative and other operating costs	268,714	212,253	156,250
depreciation and impairment charges	296,869	236,297	62,964
<b>Direct economic value generated</b>	<b>565,583</b>	<b>448,550</b>	<b>219,214</b>
Shareholder (dividends and comprehensive income attributable to non-controlling interest)	329,146	276,022	103,469
Governments (corporate income tax)	193,858	243,205	112,361
Employees (salaries and bonuses)	472,972	374,816	309,302
<b>Community (community investments)</b>	<b>1,110</b>	<b>854</b>	<b>418</b>
<b>Direct economic value distributed</b>	<b>997,087</b>	<b>894,897</b>	<b>525,550</b>

### International Fundraising

As a systemically important bank in Georgia, building an inclusive and sustainable economy remains the top priority for TBC. In 2023, the Bank continued to pursue its strategic goal of focusing its business activities on the country's inclusive economic growth and sustainable development. In line with its ESG goals, TBC's funding strategy was built on four key priority areas: climate financing, supporting women entrepreneurs, startups and youth, and regional MSMEs.

Over the course of 2023, the Bank mobilized a wide range of long-term, high-impact financial resources in the amount of up to GEL 941.2 million, compared to GEL 1.3 billion in 2022. Eligible projects aim to improve access to finance for female and young entrepreneurs, MSMEs and start-ups, as well as to promote green investments in Georgia.

TBC has always been avid supporter of the MSME segment, assisting through the provision of both financial and non-financial support, including facilitating access to capital, sharing knowledge and expertise, and developing loan products customised to the needs of individual businesses. The Bank acknowledges that sustainable development of MSME segment is critical, as they are the backbone of the Georgian economy, serving as its biggest employers, job creators and contributors to GDP. To ensure uninterrupted financing of MSMEs, in 2023 the Bank mobilised financial resources of more than GEL 242 mln from its long-standing partner financial institutions, supporting local MSMEs to expand their business activities and hire more employees.





For instance, in cooperation with EIB, the Bank mobilised a loan portfolio guarantee programme in the amount of GEL 89.3 mln, with a special focus on regional entities, start-ups, and young and female entrepreneurs. The portfolio guarantee, with an 80% first loss risk sharing component, enhances TBC's financing and risk-taking capacity and enables the Bank to finance underserved target groups. The guarantee program will be implemented in 2024 and will strengthen the competitiveness of local businesses, further contributing to the economic growth and job creation in Georgia.

Green Lending Development remains one of the key pillars of the Bank's ESG strategy. To intensify efforts towards green financing, TBC has successfully collaborated with partner organisations in 2023 and attracted green facilities of up to GEL 663 million (GEL 108 million in 2022). Mobilised green funds enable TBC to continue financing energy efficient, renewable energy and resource efficient projects and support customers in their sustainable transformation; Moreover, those green facilities are coupled with the technical assistance programmes, which provided support from energy-efficiency experts and consultants, who assisted TBC Bank in identifying green investment opportunities, assessing the technical potential of eligible investments, and cooperating directly with customers to help them with the green investment implementation process. In 2023, TBC also became the first EBRD partner bank in the region to commit to develop a Paris alignment transition plan and commit to progressively align TBC's business practices with the Paris Agreement goal.

TBC has always promoted female entrepreneurship and female participation in the economy through the provision of dedicated financial programmes. TBC believes that creating equal opportunities for women in business is not only a question of gender equality, but also an economic priority, as women entrepreneurs play a significant role in job creation and economic growth. TBC has renewed its commitment to supporting gender finance by attracting up to GEL 215.2 million (increased from GEL 54 million in 2022) in funds specifically for female borrowers, including loans from its long-term partners, EIB, PROPARCO and EBRD; EBRD program "Women in Business" (WIB) represents package of financing and portfolio guarantee, which enables TBC to further enhance financing to those borrowers, whose borrowing capacity might be hindered by shortage of collateral. Moreover, the program also contains a complementary advisory service framework that provides women-owned entities with mentoring, training, and networking opportunities that can help them transform and grow their businesses.

An additional amount of gender-focused financial resources of up to GEL 161.36 million, which were provided by EIB and PROPARCO, are based on the 2X Challenge investment criteria, which are a global baseline standard for gender finance. These funds enable TBC Bank to finance not only women-owned and women-led businesses but also a wider spectrum of investments that support gender equality. Examples include businesses that provide products and services designed for women's specific needs, companies that have a majority of women beneficiaries, and businesses that advance women in the workforce, with up to 50% share of women in staff composition and one "quality" indicator in place, such as policies and programmes that promote gender equality.

The Bank's funding strategy and successful collaboration with partner financial institutions have further reaffirmed TBC's leadership position in the Georgian banking sector for green and sustainable lending and positively contributed to inclusive economic growth in the country.

### TBC's Impact through its Suppliers

TBC Bank recognises that it has a considerable impact on the economy through its procurement activities. TBC Bank is one of the largest purchasers in Georgia. Moreover, through our procurement procedures we ensure the inclusion of a wide range of suppliers in our supply chain, resulting in our cooperation with small startups, large companies, and individual providers. More than 90% of the total volume was purchased from local suppliers who are registered in Georgia (84% in 2022). All this underscores TBC Bank's contribution to stimulating the economy by boosting local procurement and encouraging local business development.

### TBC's 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 2023 (GEL)

Georgia	Other tax	Profit tax	Total
TBC Bank JSC	97,390,704	178,300,000	<b>275,690,704</b>
TBC Leasing JSC	22,258,401	-	<b>22,258,401</b>
TBC Pay LLC	2,251,825	2,337,126	<b>4,588,950</b>
TBC Capital LLC	18,095,250	-	<b>18,095,250</b>
UFC	3,160,520	-	<b>3,160,520</b>
TBC Insurance JSC	4,876,079	3,945,600	<b>8,821,679</b>
Space International JSC	7,058,431	4,072	<b>7,062,503</b>
TBC Group Support LLC	1,118,423	-	<b>1,118,423</b>
TBC Net LLC	7,358,052	163,282	<b>7,521,334</b>
Marjanishvili 7	491,118	11,232	<b>502,350</b>
Saba	113,429	181	<b>113,610</b>
Index	603,533	-	<b>603,533</b>
<b>Uzbekistan</b>			
TBC Bank JSC (UZ)	9,110,125	-	<b>9,110,125</b>
Inspired LLC (UZ)	3,329,340	-	<b>3,329,340</b>
TBC FIN SERVICE (UZ)	970,203	536,753	<b>1,506,956</b>
<b>Azerbaijan</b>			
TBC Kredit LLC (AZ)	195,221	154,683	<b>349,904</b>
<b>Great Britain</b>			
TBC Bank Group PLC (UK)	1,232,229	-	<b>1,232,229</b>

### INDIRECT IMPACT ON THE ECONOMY

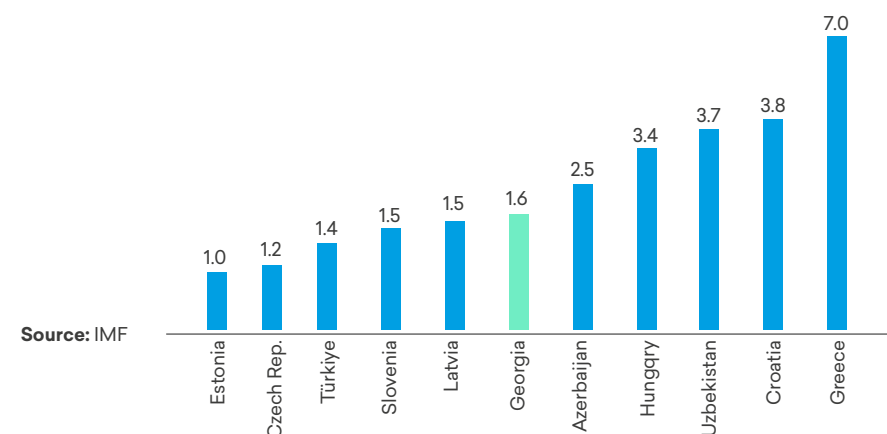
#### Advanced Resource Allocation Practices

A core function of the Bank lies in the identification of productive investment opportunities and the allocation of depositor resources to sectors which can make the most out of them. TBC has been actively increasing its loan portfolio over the last couple of years, with annual growth rates of 7.1% in 2020, 19.1% in 2021, 13.4% in 2022 and 18.0% in 2023, all excluding the FX effect, per NBG reporting standards. At the same time, given the systemic importance of TBC 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 TBC 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. In 2023, Georgia again demonstrated low NPL levels compared to its Central and Eastern European peers when calculated using the IMF's methodology, indicating not only a healthy banking sector, but also its significance in terms of overall macroeconomic stability. Despite a surge in 2020 due to the impact of the pandemic, NPLs continuously declined between 2021 and 2023, stabilising at noticeably healthier levels.



### Non-Performing Loans to Gross Loans

#### Non-Performing Loans to Gross Loans (in %, as of Q3 2023)



Source: IMF

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

% of Gross Loans	2023 Q3	2022	2021	2020
Market	1.6	1.5	5.2	8.2
TBC	1.9	2.1	3.9	7.7

Note: ratios before 2022 are calculated per NBG methodology, while from 2022 the framework is complied with IFRS.

Source: NBG

### Financial Technologies

TBC is constantly striving to improve its payment technologies and offer advanced online banking services to its customers. With 99% of transactions currently conducted by retail customers (98% in 2022 and 97% in 2021) 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 its customers, creating strong coverage of economically advanced as well as less prominent regions. Our digital solutions are very simple and easy to use, allowing our customers to conduct most of their banking operations comfortably online. TBC offers contactless payment services and serves clients through a call-centre and chat-bots. The Bank operates 4,500 self-service terminals (4,300 in 2022 and 4,200 in 2021), 1,043 ATMs (920 in 2022, 1,600 in 2021) and 33,000 active merchant terminals (29,000 in 2022 and 26,000 in 2021). In addition, digital offerings increase the financial inclusion of people, such as the self-employed customers who otherwise would have an issue in obtaining products and services, and customers from remote areas, who do not have access to physical branches. In 2023, TBC continued its efforts to further refine our customer journey in our digital channels by introducing new products and services, increasing the accessibility of payments options, and upgrading branches to create a more friendly environment for customers.

### 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 2023, SME accounted for 57.2% of employment and 55% of production value created by all enterprises in Georgia, compared to 57.8% and 53.6% in 2022, respectively. At the same time, access to finance is a key constraint on the growth of the SME sector, which emphasises the responsibility of financial institutions in its development. With a deep understanding of the unique challenges faced by MSMEs, TBC Bank continues to empower these businesses, enabling them to thrive and contribute to the prosperity of the nation. As of 2023, TBC Bank serves 62,000 monthly active MSME customers, compared to 58 000 in 2022 and 81 000 in 2021, 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 MSME sector

and to help our business clients succeed by offering a comprehensive support programme comprised of educational resources and tech tools available on [www.tbcbusiness.ge](http://www.tbcbusiness.ge), making everything accessible on one platform. This included the addition of new business courses and training sessions, which benefitted more than 54,000 customers in 2023. These sessions covered a range of subjects including marketing, finance, management, and taxation, empowering participants with essential knowledge and skills.

In 2017, we launched “Startuperi”, a new program aimed to help SMEs. The Startuperi platform supports early-stage companies, providing both financial and non-financial resources. The programme aims to increase the number of successful startups in Georgia by providing them with easily accessible capital, a digital platform for advertising campaigns, as well as various educational programmes, conferences and partnerships with large companies. The outstanding portfolio of the programme is comprised of 537 active loans compared to 567 in 2022 and 493 in 2021, in the total amount of GEL 120 million (GEL 131 million in 2022 and GEL 196.9 million in 2021), as of 31 December 2023.

### PROMOTING GEORGIA INTERNATIONALLY

As a publicly listed company, TBC Bank Group PLC directly contributes to the economy through its active engagement with existing and potential investors and serves as the first touchpoint for many investors interested in opportunities in Georgia and Uzbekistan.

Since October 2020, the Group has expanded its banking operations to Uzbekistan to exploit the exciting growth opportunities offered by the Uzbek market. The Uzbek economy is characterised by strong growth and resilience. It has one of the lowest public debts as a percentage of GDP in the region and high international reserves, implying macroeconomic stability as well as room for future high growth. The government of Uzbekistan is reforming the economy and further opening it up to foreign investments. Despite the negative impact of the COVID-19 pandemic, Uzbekistan’s economy grew by 1.9% in 2020. According to the statistics office of Uzbekistan, the economy further expanded by 7.4% in 2021, 5.7% in 2022 and 6.0% in 2023.

TBC Bank’s management regularly performs roadshows, during which a significant part of the discussion and analysis focuses on the operating environments in both Georgia and Uzbekistan. Spreading the word about the domestic economy and its potential amongst investors from various parts of the world significantly enhances the opportunities for these countries to attract additional investment and accelerate economic growth domestically.

### TBC CAPITAL

In 2023, TBC Capital strengthened its leading position on the market by placing a record-high number of bonds on local and international markets, issuing 212 research reports (230 in 2022) and having the largest growth rate in its brokerage assets under management (AUM). As a 100% subsidiary of TBC Bank, TBC Capital has been developing array of services and coverage of market segments. TBC Capital is uniquely positioned to provide customised solutions in the areas of sector and macroeconomic research, corporate finance advisory, brokerage, and debt and equity capital markets advisory. TBC Capital’s client-centric approach and the quality of services are improving every year, as measured by the NPS survey (2023 – 71%; 2022 – 67%; 2021 – 60%).

In 2023, TBC Capital retained its position as the leading investment bank in Georgia. Reinforcing its longstanding reputation, the firm remained committed to refining and expanding its range of services with a dedicated focus on customer-centricity. The corporate bonds arranged by TBC Capital in 2023 (both private and public placements) amounted to USD 266.3 Million (USD 561 Million in 2022 and USD 1.15 billion in 2021), constituting 55.7% (78% in 2022 and 52% in 2021) of the market share of total corporate issued from Georgia (both public and private placements). Additionally, if we discuss only public placements, TBC Capital occupies a predominant position, having issued public corporate bonds in the amount of USD 238.1 Million, thereby securing a 54.5% market share within this segment as well. TBC Capital actively works with the clients of TBC Bank in order to promote capital markets as alternative source of financing for local companies. In 2023, TBC Capital attracted 5 new issuers to the capital market. In addition, in 2023 TBC Capital continued promoting issuances with ESG component, which could enable the companies to reach a wider base of investors and have a development impact on sustainable economy of Georgia. In 2023, TBC Capital served as the placement agent for three ESG bonds that embraced both green and sustainability-linked initiatives. Moreover, TBC Capital placed first ever GEL denominated green bonds on local markets. In 2023, TBC Capital introduced other innovations to the local market such as offering first GEL de-





nominated bonds for retail market.

TBC Capital's corporate advisory and M&A arm is actively working on activating market of mergers and acquisitions. In 2023, successfully closed several impactful transactions:

- In May 2023, TBC Capital successfully closed its largest transaction to date – minority buyout of a leading payments provider in Uzbekistan, Payme, for the consideration of US\$ 55.7 mln (GEL 144 mln). By closing this transaction, we reached an important milestone of concluding the first out-of-Georgia M&A deal. For this transaction, TBC Capital acted as a buy-side advisor for TBC Bank Group PLC. Minority buyout in Payme will allow TBC Bank Group PLC to strengthen its foothold in Uzbekistan and foster future growth in the country.
- In December 2023, TBC Capital successfully closed its second border-crossing M&A transaction in the e-commerce industry. For this transaction, TBC Capital acted as a buy-side advisor.

One more deal was successfully closed in December 2023 – a cross-sector synergy facilitating transaction between the healthcare and education industries. This transaction, where TBC Capital acted as a sell-side advisor, consisted of a university acquiring a minority share in a clinic. As a result of this transaction, the clinic will gain status of a university clinic in the coming years, which will be beneficial for both entities.

**Brokerage Service**

Our company has implemented strategic initiatives to expand our retail brokerage business and enhance customer services, demonstrating our commitment to delivering value and driving positive change in the financial industry landscape. By incorporating short-term US Treasury bills into clients' portfolios, we capitalized on favorable returns while diversifying risk. This move contributed to approximately USD 250 million in asset under management growth. Anticipating potential interest rate cuts in late 2023, we pivoted customers' focus to high-duration bonds, resulting in significant capital appreciation. Additionally, our introduction of commission-free investing revolutionized the Georgian investment landscape, democratizing investing and acquiring 20 thousand retail clients in just three months. This initiative underscores our dedication to empowering customers fostering financial inclusivity, and setting new standards for excellence and innovation in the financial sector.

**Research**

TBC Capital's research unit focuses on market-oriented, up-to-date publications, covering the overall macroeconomic environment, capital markets and business sectors. TBC Capital's dedicated research professionals provide clients and a wider audience with comprehensive analysis and expert views, enabling them to better understand what hides behind the numbers.

Regular weekly, monthly and quarterly reports and updates allow readers to keep track of the main macro, financial and sectoral developments, and to understand the pulse of the market and where it might lead. TBC Capital promptly reacts to major events in the economy or specific sectors and provide relevant content. In 2023, TBC Capital's research unit expanded its scope and coverage of the Georgian economy and added the following sectors to its portfolio: the electricity market, the retail trade of apparel and electronics, e-commerce, healthcare, and infrastructure. 2023 marked a year of increased focus on tailored reports. Our clientele for customized research reports that year included the largest business associations in Georgia, prominent private sector players, leading retailers in the apparel and footwear industries, as well as FMCG (Fast-moving consumer goods) retailers in the country. Additionally, we offered our service to the public sector, both locally and internationally.

Due to the coverage of a wide variety of topics and in-depth analysis, timely reports are of paramount importance to local and international investors. TBC Capital's researchers are regular guest speakers in all major media outlets. In 2023, TBC Capital held up to 20 individual and large-scale presentations and conferences with clients and broader audiences. The topics covered included real estate, transportation and logistics, the automotive sector, education, healthcare, the FMCG sector, and the retail trade. Notably, TBC Capital was the first independent organisation in Georgia to assess the economic prospects of EU Candidacy for the country, presenting its findings to a wider audience. In addition, TBC Capital continues to publish research reports on Bloomberg and Refinitiv, offering our expertise to an international audience. Social media pages regularly feature infographics that give a timely snapshot of new reports. The full list of reports is available at [www.tbccapital.ge](http://www.tbccapital.ge).

*TBC Capital presented the publication "Macroeconomic Overview and the Economic Prospects of EU Candidacy" to the business partners of TBC in the National Library.*



**PUBLICATION "MACROECONOMIC OVERVIEW AND THE ECONOMIC PROSPECTS OF EU CANDIDACY"**

At the TBC Capital event, the speakers and participants of the panel discussion talked about the potential impact of the EU membership candidate status on the business sector of Georgia.



# ENVIRONMENTAL RESPONSIBILITY

## Environmental Policy and Management Approach

- Policy
- Management Approach
- Risk Management and Legislative Compliance
- Employee Involvement in Implementing Environmental Policy

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## How do We Manage our Environmental Impact

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







# ENVIRONMENTAL RESPONSIBILITY

## ENVIRONMENTAL AND CLIMATE CHANGE POLICY AND MANAGEMENT APPROACH

### Policy

Since environmental and climate change issues have accelerated worldwide, we understand our role in and contribution to the process of adaption and mitigation. We are committed to managing the direct and indirect environmental and social impacts stemming from our operations through developing the continuous enhancement of TBC's Environmental Management System (hereafter EMS). Based upon this understanding, in 2020 we took active measures to manage the environmental and social risks associated with our activities, further strengthening our EMS across the Group and obtaining an ISO 14001:2015 certificate. TBC was the first company in the country to have successfully completed this process. After two successful surveillance audits in 2021 and 2022, the re-certification audit for ISO 14001:2015 was successfully completed in December 2023. This certificate serves as testament to the full compliance of our EMS with international standards. In addition to being a great achievement, it also confers on TBC the responsibility to maintain and further develop our EMS.

TBC has a comprehensive Environmental and Climate Change Policy in place, which governs our Environmental Management System (EMS) and climate-related framework within the Group.

The Environmental and Climate Change 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 that we establish methodologies to advance climate action and integrate the respective approaches into the operations and management processes of the Group;
- Ensures our compliance with applicable environmental, health, safety and labour 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 customers.

### OUR EMS IS BASED ON FOUR PILLARS:

- Internal environmental activities (Direct Environmental Impact);
- Environmental and social risk management in lending (Indirect Environmental Impact);
- Sustainable finance (Indirect Environmental Impact); and
- External communications.

The Environmental and Climate Change Policy was adopted in 2023 as a new, combined version of the previous separate policies – Environmental Policy and Climate Change Policy. The full policy is available at [www.tbcbankgroup.com](http://www.tbcbankgroup.com).

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

TBC has a dedicated ESG Department responsible for overseeing the implementation and operation of our EMS across the Group. In addition to the Bank, it provides assistance to our subsidiaries on environmental and social issues and conducts trainings on a regular basis. It is also accountable for reporting environmental management plans and results to the Environmental Committee at least three times a year. Our ESG Department reports directly to the Chief Risk Officer.







In this chapter, we cover TBC's activities and initiatives for managing its direct environmental impacts.

### Management Approach

An Environmental 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 the implementation of the Environmental and Climate Change Policy through two committees: the Environmental Committee and the ESG Committee.

The Environmental Committee meets a minimum of three times a year and at least one representative of the executive management always participates in it. In 2023, three environmental committee meetings were held.

At the executive level, responsibility for climate change-related risks and opportunities is assigned to the ESG Committee, which was established by the executive management in March 2021 and is responsible for implementing the ESG strategy and approving annual action plans and separate, detailed action plans for key projects. The progress and implementation status of action plans are monitored at the ESG Committee's meetings. More information about the ESG Committee is given in Chapter 6. Governance and Sustainability Management.

To coordinate and support the successful implementation of EMS within TBC, regular monthly meetings between ESG and Logistics Departments are being held; at those meetings, the persons involved in the Environmental Management System discuss the progress on different environmental initiatives, identify the challenges and make decisions about future actions.

The Environmental Management System efficiency is assessed periodically by the Internal Audit Department.

### Risk Management and Legislative Compliance

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

TBC regularly monitors the compliance of its activities with legislative requirements. Annually, our compliance status is assessed based on the mandatory Environmental Legal Check document. This document describes all those environmental issues that are specific to the company's business activity and regulated by legislation. The ESG Department is responsible for document renewal and process control. Since 2020, within the framework of the Environmental and Climate Change Policy, the individual Environmental Legal Check documents have also been developed in our subsidiaries. These documents are also subject to annual review and updating.

According to local legislation, TBC Group's activity is not subject to an environmental impact assessment. Nevertheless, we identify and 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 2023, the company did not receive any fines or non-monetary sanctions for non-compliance with environmental laws and regulations.

### Employee Engagement in implementing the Environmental and Climate Change Policy

Successful implementation of the EMS requires employees to have a sufficient level of awareness, motivation, involvement, and participation. In order to raise their awareness, our ESG Department and Environmental and Social Risk Management Group regularly holds trainings and discussion meetings that include:

- Training about EMS and climate change for new employees;
- An annual mandatory online EMS e-learning course for all staff, followed by a self-evaluation test.

In 2023, 98% of all staff, including the top management of TBC, successfully passed the online course and self-evaluation test on TBC's EMS.

For better and effective communication, a video has been created that briefly describes TBC's EMS, structure, and approaches. The video is used both for training staff and in meetings with partners and other stakeholders.

Information about our internal environmental activities, projects, environmental reports, and news is available for each employee through different channels: the internal network (TBC Intranet); ESG Newsletter - being sent to employees via e-mail, and posts in TBC's Facebook group for staff.

### HOW WE MANAGE OUR DIRECT ENVIRONMENTAL IMPACT

TBC Bank has reviewed all the operational activities, procured items and outsourced services that it can control (present and planned) and has identified all the material environmental aspects relevant to the business. These are sub-categorized into indirect and direct environmental aspects, analysed in line with a comprehensive scorecard, and managed accordingly.

TBC Bank has established a comprehensive internal environmental system to manage and report its greenhouse (GHG) emissions within the Group and is committed to reducing its GHG emissions by closely monitoring its consumption of energy, water, and paper.

In order to evaluate the significance of impact in each of the categories, we have elaborated a comprehensive evaluation methodology and applied it to the whole Group. Based on the results of the evaluation, annual GHG emissions targets are being defined for TBC Bank and TBC Group on a yearly basis.

As a result of the 2023 GHG emissions count, separate annual environmental action plans for TBC Bank and TBC Group's material subsidiaries tailored to their business specifics have been defined which set energy and resource consumption targets and KPIs related to the EMS.

### Calculation methodology

For the GHG inventory, the following steps have been set: defining organisational 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 the travel class information was considered (where available) and an "economy class" or "business class" conversion factors were used for the emissions calculations, which was taken from the following link: [www.atmosfair.de](http://www.atmosfair.de).

## TBC STARTED USING SOLAR ENERGY

Solar panels are installed in the village Akhali Samgori and on the roof of the TBC warehouse.

During Q1 of 2024, the solar panels located in Akhali Samgori produced 163,824 kW electricity. The generated electricity was allocated to Batumi and Kutaisi branches. The solar panels on the roof of the TBC warehouse produced 23,713 kW. electrical energy. The received electrical energy covered the largest part of the electricity consumption in the building.

*In 2023, TBC installed two solar power plant; the generated electricity is used by TBC branches and facilities.*





### 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. To reduce its electricity consumption, TBC is implementing a number of different initiatives:

- In 2019, the Bank implemented a control mechanism on the purposeful and sustainable consumption of energy;
- In TBC, we use energy-efficient LED lighting;
- Since 2022, we have been installing energy-efficient heating / cooling systems in all newly renovated branches. The total investment including construction works is equal to GEL 2.15 million;
- We optimised the lighting during non-working hours and reduced the lighting in our branches;
- We have started to use renewable energy and installed solar power plants in two locations with a total capacity of 130 kW. The total investment is equal to GEL 23 000. The plan is to increase the share of renewable energy up to 50% of our total electricity consumption in the regions;
- During 2023, we renewed a part of our IT infrastructure with energy-efficient servers, which will reduce the respective portion of the electricity consumption by 10-15%.

To decrease the consumption of fuel for vehicles, TBC Bank operates a green car fleet, which is comprised of electric and hybrid vehicles. We are gradually increasing the share of electric and hybrid cars in our car fleet, which is currently equal to 67% of the total car fleet. The total investment is equal to GEL 914 900.

In 2024, we are going to install 36 electric charger stations at our head office and other premises. The planned investments equal to GEL 450 000.

Energy consumption decreased by 3% for the whole Group in 2023, including electric energy, heating systems and fuel for generators.

The total electricity consumption of TBC Bank Group PLC in CO2 decreased by 6%.

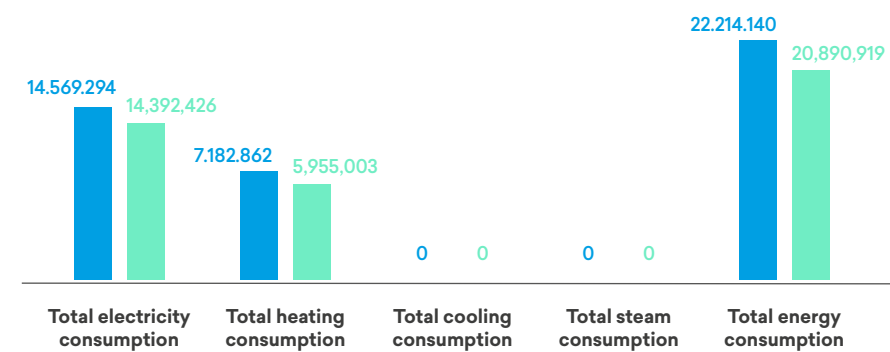
Target: for the year 2024, we plan to keep the increase in energy usage below 6%.

### Energy Consumption data

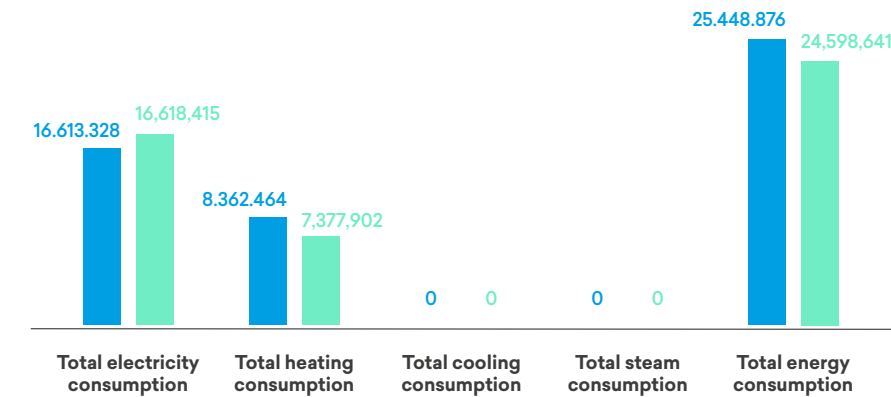
Measured in kW/h

- Energy consumption 2022
- Energy consumption 2023

### TBC BANK



### GROUP



### GHG Emissions

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

TBC's 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. The guidelines for documenting environmental data were developed and responsible staff were assigned in subsidiary companies to collect and provide the required data. TBC Bank also commissioned an independent Health, Safety, and Environment (HSE) consulting company to verify the measurements of its GHG emissions. The company provided a limited assurance, covering historical data and information. It is notable, that the Group is a low energy user by the United Kingdom standards and does not consume more than 40,000 kwh of energy.

A Greenhouse Gas Emissions Report is produced annually Group-wide and is verified by an independent consulting company G&L Management LTD, through the limited assurance covering historical data and information. Based on the report, goals and annual action plans 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 2023 amounted to 3,373 tons of CO2.

### 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 (tCO2\*/ MWh) was used.

TBC's gross market-based energy indirect GHG emissions reached 1.809 tons of CO2. Emissions in the base year equaled 1.934 tons of CO2.

Total emissions from electricity consumption of TBC Bank Group PLC was decreased by 6%.



## THE SWAP EVENT

The SWAP event was held at the initiative of ESG ambassadors. Within the framework of the event, TBC employees exchanged various things: clothes, toys, books and others.

The initiative helped us to do our part to reduce the amount of waste in the environment and to encourage a culture of sharing among the employees of TBC. At the event, items found new owners, and the remaining items were donated to local charities.

*The SWAP event was held in three cities: Tbilisi, Kutaisi and Batumi.*



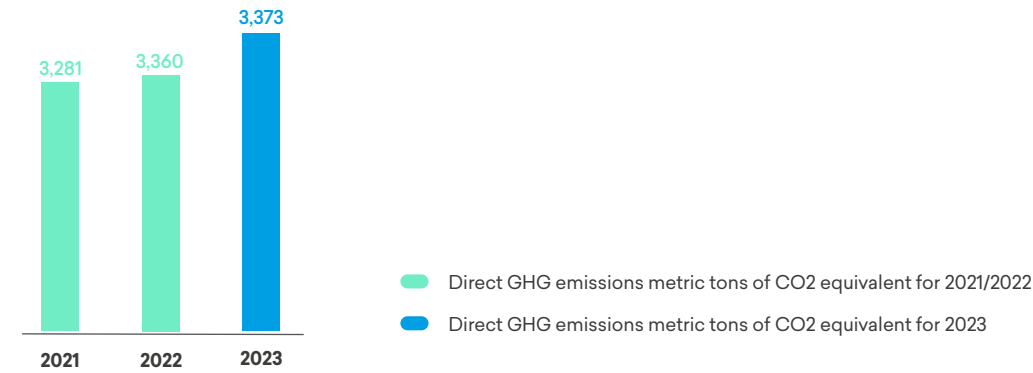




### Direct GHG emissions metric tons of CO2 equivalent

Gross direct (Scope 1) GHG emissions

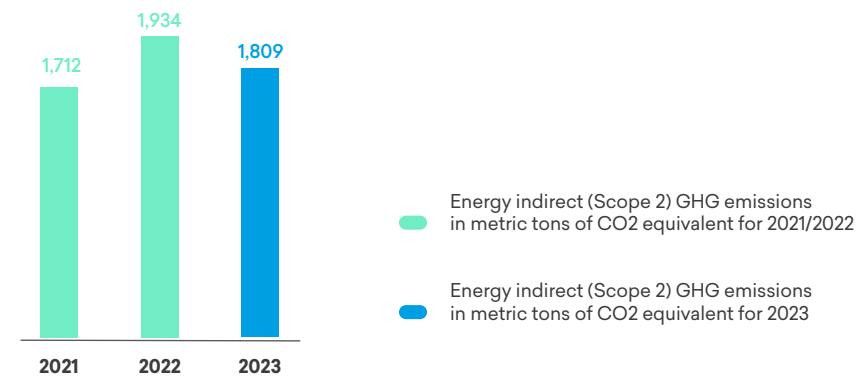
#### GROUP



### Energy indirect GHG emissions, metric tons of CO2 equivalent

Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO2 equivalent. Gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO2 equivalent

#### GROUP



### 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 2,129 tons of CO2 (the gases included in the calculation were CO2, CH4, N2O, HFCs, PFCs, SF6, NF3). Base year emissions constituted 72 tons of CO2. In 2022 and 2023, business flights went back to normal after a considerable slowdown in previous years due to the COVID-19 pandemic. Moreover, in 2023 TBC sponsored a marketing campaign in support of the Georgian National Rugby Team at the Rugby World Cup, that increased flight emissions for TBC Bank, and so for the Group as a whole.

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

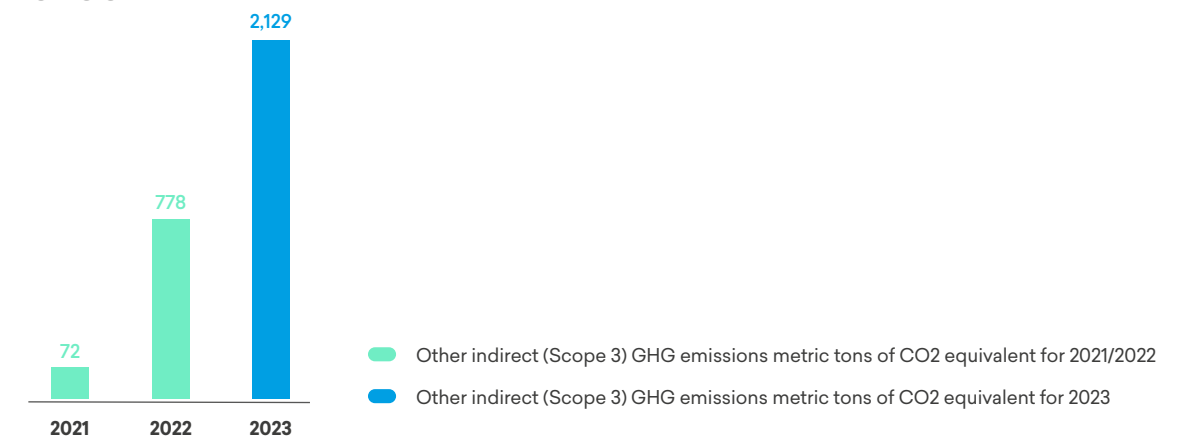
Source of the emission factors and the global warming potential (GWP) rates were used, with reference to the GWP source - [www.atmosfair.de](http://www.atmosfair.de).

Overall, in 2023 TBC Group's GHG emissions increased by 1,239,000 kg of CO2 group-wide, while those of TBC Bank increased by 720 000 kg of CO2, mainly caused by international flights.

In general, the increase of the Group's total GHG emissions was due to flights. In addition, staff numbers grew during the year by 556 employees.

### Scope 3 direct GHG emissions metric tons of CO2 equivalent

#### GROUP

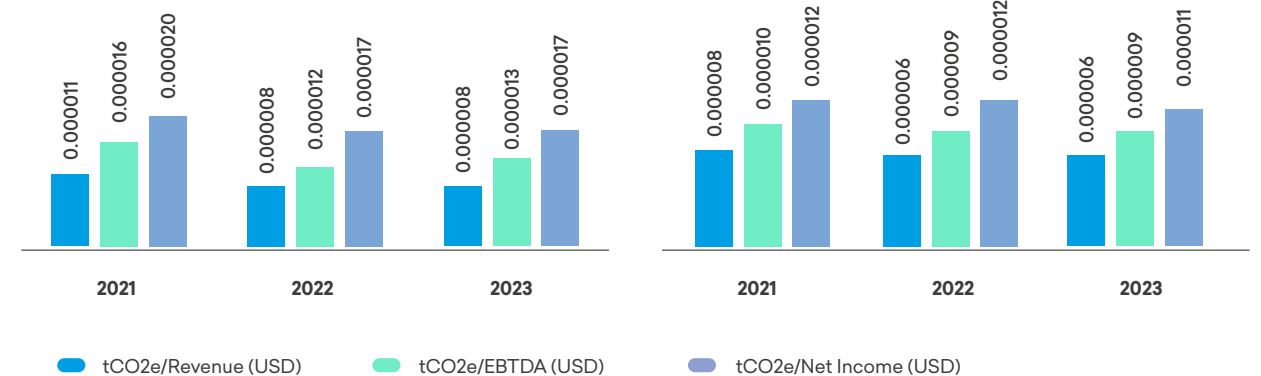


### INTENSITY RATIO

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

#### TOTAL CO2 INTENSITY RATIOS TBC PLC (TONS)

#### TOTAL CO2 INTENSITY RATIOS TBC BANK (TONS)





### Material Usage - Paper

Based on the specifications of the company's activity, a significant share of the materials used is represented by paper usage. TBC strives to decrease its impact through various projects and digitalisation initiatives.

Compared to the previous year, paper consumption per person in reams decreased by 5% group-wide.

### PAPER CONSUMPTION PER PERSON IN REAMS (GROUP)



### Paper Recycling

Since 2015, TBC Bank has contracted a company for paper recycling. Since 2015, TBC has delivered more than 488 tonnes of paper for further processing, which the company uses to produce household paper.

### Water

The efficient and sustainable usage of water is described in the Environmental and Climate Change Policy, which applies to the whole Group.

Water consumption in 2023 reached 81 787 m3 group-wide (TBC Bank – 66 910 m3; others –14 877 m3). Water consumption in 2022 reached 82 147 m3 group-wide (TBC Bank – 65 998 m3, others – 14 877 m3).

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

In 2023, water consumption per employee decreased by 6% year-on-year which is a significant improvement in comparison with the 2023 target - to control the water consumption increase below 2%.

Target: we plan to decrease the water consumption per person by 1% in 2024.

### Consumption Targets 2023

#### GROUP

	Total GHG emissions (CO2) (tonnes) and KPIs (increase)	
	2023	2024
Scope 1 - Fuel Combustion (heating, vehicles, generators)	Below 6%	Below 6%
Scope 2 - (Electricity consumption)	Below 7%	Keeping 2023 rate
Scope 3 (international and domestic flights)	N/A	Decrease by 32%
Total emissions (tCO2)	Below 6%	Decrease by 7%
Total emission per full time employee (CO2t/pp)	Below 6%	Decrease by 11%
Water consumption per employee (m3/pp)	Below 2%	Decrease by 1%
Printing paper per person in reams	Below 4%	Decrease by 3.7%

### Waste Management

TBC Bank operates a waste management system. In 2023, the bank renewed its Waste Management Plan and submitted it to the Ministry of Environmental Protection and Agriculture of Georgia for approval. The Waste Management Plan defines the approximate amounts of different types of waste (including hazardous waste) produced annually by TBC. The plan also includes key measures and rules for managing hazardous waste (separate collection, stockage and transportation), in accordance with local legislative requirements.

In 2023, TBC initiated a plastic recycling project in partnership with the plastic recycling company Polyvim. Within the project, plastic is collected in TBC Bank's branches and Head Offices for further processing. As of December 2023, 1300 kg of plastic waste was recycled by Polyvim.

### FINANCED EMISSIONS (SCOPE 3)

In 2023, within a technical assistance project supported by the Global Climate Partnership Fund (GCPF), we worked in cooperation with the international consulting company RINA to develop the methodology for calculating TBC Bank's financed emissions. The calculation methodologies consider the PCAF (The Partnership for Carbon Accounting Financials) approach. PCAF has developed methods for different asset classes, which were used by TBC to calculate the financed emissions (PCAF 2022). In total, seven asset classes are considered.

Below you can see the financed emissions by asset class as of December 2023.

N.	Asset Type	Financed GHG Emissions GgCo2e/y
	TOTAL	3,166.70
1	Listed Equity and Corporate Bonds	61.3
2	Business Loans and Unlisted Equity	2,856.60
3	Project Finance	-15.1
4	Commercial Real Estate	2.3
5	Mortgages	30.4
6	Motor Vehicle Loans	0.9
7	Sovereign Debt	230.3

### Calculation Methodology

- Listed Equity and Corporate Bonds - consists of securities for which verified emissions data are available;
- Business loans<sup>1</sup> - consists of business Loans and unlisted equity asset class;
- Project finance - consists of projects for which verified project emissions / reductions data are available;
- Retail mortgages - consists of all retail mortgages;
- Commercial real estate - consists of all commercial mortgages;
- Motor vehicles - consists of all car loans;
- Sovereign debts<sup>2</sup> - consists of all sovereign papers which are on the balance of TBC Bank (SA).

It should be noted that the data we have used for the calculation of financed emissions is the best available at the current stage, notwithstanding the challenges that exist given the incompleteness and novelty of the data sets and the methodologies required for the Georgian environment, which most of our activities occur. The most of the data are of Score 4 and Score 5 quality. We expect the availability and reliability of the required data to improve over time, and we intend to integrate improved data into our calculations as it becomes available and reliable.

In 2024, we will focus on the development of detailed transitional plans, which will be based on the results of measurement of the Group's performance against the Paris Agreement targets for the reduction of GHG emissions.

<sup>1</sup> <https://nbg.gov.ge/en/page/financed-emissions> - The calculation methodology for business loans was developed by the National Bank of Georgia within the project "Promotion of Rural Finance for Sustainable MSE Development in the South Caucasus and Ukraine", implemented by DSJK and funded by the German Ministry for Economic Cooperation and Development (BMZ).  
<sup>2</sup> The calculation methodologies for the other five asset classes were developed by TBC in cooperation with the consultant company RINA, supported by the Global Climate Partnership Fund. The calculation methodologies consider the PCAF approach.

## A NEW LIFE FOR ADVERTISEMENT POSTERS

TBC, in cooperation with the brand “Adamiani”, added a new purpose to advertisement posters and re-used them to produce practical items.

To take care of the environment, TBC already collects and recycles plastic and paper waste. Making useful items, such as bags, is another good example of the smart waste management. Reusage of resources contributes to sustainable development and growth of the circular economy.

*At the first stage, laptop bags and backpacks were produced from rugby campaign posters “together we will win”.*





# RESPONSIBLE EMPLOYER

## 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

## Family Friendly Bank

## “Tibiselebi” Fund – Employees Supporting Each Other

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

## Work Climate, Employee Motivation and Engagement

- Satisfaction and Happiness Research

## Talent Management (Recruitment, Trainings, Professional Development and Leadership)

- Attracting New Talent
- Performance Review
- Career Development







# RESPONSIBLE EMPLOYER

TBC is one of the largest employers in the country. As of the end of 2023, TBC Bank employed 8070 people. The total number of TBC Group employees is 11,295. We recognize the profound influence our corporate culture and employment policies have on the well-being of our employees, their families, and society at large.

Our team members represent an invaluable asset and serve as paramount stakeholders within our organisation. Their contributions are instrumental to our business triumphs. It is incumbent upon us to establish a system adept at both attracting and retaining top-tier talent, nurturing their capabilities and expertise, fostering camaraderie, and fostering a corporate ethos that prioritises employee well-being, engagement, and ultimately, company prosperity. Through a robust talent development framework, we bolster TBC's strategy and generate optimal value for both the organisation and its employees. Our talent acquisition efforts are focused on meeting organisational requirements by identifying top talent and persuading them to contribute their distinctive skills to the TBC Group. As we strive for TBC to evolve into a tech-driven organisation, it is essential to cultivate tech talent and capability, making our company an appealing destination for tech professionals.

We are focused on driving superior customer experience, delivering the best commercial outcomes for our customers, being the best employer in the country, supporting the technical transformation of the Group, increasing its leadership capabilities and achieving a high level of engagement among employees.

For TBC, sustaining a successful business entails treating all employees with equality and fairness, providing unwavering support and coaching throughout their entire careers. We provide a safe work environment free from any kind of discrimination in which every employee is valued, respected, and treated equally regardless of race, colour, sex, 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.

In 2023, the Board of Directors approved the Diversity, Equality and Inclusion Policy (an upgraded version of the Gender Policy, dated 20th of September 2023), which sets targets and establishes a methodology to advance diversity, equality, and inclusion, integrating its approach into the operations of the company, and focusing on diverse areas including gender, multicultural, multigenerational and disability backgrounds. The share of people with disabilities employed by the end of 2023 was 0.2%.

We remain committed to having a gender-balanced workforce through a workplace environment and culture that supports and empowers women. 72% of employees at TBC Bank are women. The share of women in middle managers and agile leaders is 40%. Starting from 2023, two agile managerial positions, Product Owners and Chapter Leads, are included in the middle management statistics in order to reflect the organisational transformation and structure in the Bank.

In 2021, we launched a Leadership Academy, which aims to identify top talent throughout the Group and support their development. Within the scope of this programme, we introduced extensive leadership programmes for middle management, in partnership with leading international training companies. These programmes include four modules: a strategic mindset, managing change, cross-functional trust, and leading leaders. In the future, we plan to introduce tailored development programmes for selected candidates and offer targeted rotations to expand required skill sets. In 2023, thirteen modules were provided within the Leadership Academy programmes to 192 middle and top managers - 45% of the participants were women.

We also have a good mix of people comprised of employees with extensive working experience as well as those from different age groups. We have a diverse recruiting process to ensure the 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 leading to better results.







In 2023, our main priorities were: talent acquisition and development, performance management, engagement and motivation, as well as ensuring equality and diversity.

**Breakdown of employee categories by age at the TBC Bank level**

Staff Categories	2021			2022			2023		
	20-30	30-50	>50	20-30	30-50	>50	20-30	30-50	>50
Front Office	59%	39%	1%	56%	41%	1%	49%	46%	2%
Back Office	45%	51%	4%	42%	52%	5%	47%	48%	4%
Middle Management	3%	90%	7%	3%	92%	5%	3%	90%	7%
Technical Staff	41%	56%	4%	54%	40%	3%	48%	43%	6%

**Breakdown of employee categories by age in other subsidiaries of the Group\***

Staff Categories	2021			2022			2023		
	20-30	30-50	>50	20-30	30-50	>50	20-30	30-50	>50
Front Office	549	250	14	572	308	17	758	353	20
Back Office	374	339	19	494	522	24	679	620	23
Middle Management	15	77	4	21	98	6	19	114	6
Technical Staff	73	174	25	68	179	27	62	203	37

\*Subsidiaries: TBC Bank UZ, TBC Insurance, TBC Leasing, TBC Pay, UFC, Space Int, TBC Capital, TNET.

We have implemented hybrid working arrangements, providing our employees with the flexibility to choose their work locations. Currently, the majority of our non-customer-facing employees are engaged in hybrid working arrangements.

Our CEO and executive management team are key drivers in endorsing the corporate culture and values through regular communication with employees. Hybrid meetings (virtual and in-person) are held on a regular basis to share the Group’s strategy and achievements as well as obtain feedback. In 2023, there were four large-scale thematic meetings with the CEO: TBC’s 2023 Strategy, 26th of May - Independence Day of Georgia, TBC’s Corporate Culture, and TBC - Best Experience for Both Employees and Customers. Our existing social team-building and cultural activities are reviewed on a regular basis to keep them relevant for our colleagues.

In 2023, our target was to hire the required tech profiles, specifically those with medium and high seniority levels. Taking into consideration both the high demand for tech profiles and their relative scarcity in the Georgian market, we adopted an international hiring strategy. In addition, we faced a significant challenge in terms of frontline staff, due to high staff turnover and active migration, which was successfully covered by the end of the year. For that reason, in Q4 we began a number of employer branding communication projects and campaigns to ensure the proper attraction of talent. As of December 2023, we have 34 international tech professionals.

**POLICY AND MANAGEMENT APPROACH**

TBC Bank is committed to running a business that promotes high ethical standards and values, respects human rights, cares about the environment and community, and encourages its employees to act with integrity and responsibility towards each other and other stakeholders. Relationships at work are regulated by our Code of Conduct and Ethics, and a range of 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, the Incident Management Policy and the Diversity, Equality and Inclusion Policy. 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. Therefore, our processes are carried out in accordance with these policies.

Although these HR policies apply specifically to the Bank, in 2021, TBC Bank's human capital management team started working on harmonising policies and procedures across the whole of TBC Group in an effort to integrate the Bank's policies in the operation of the Group's subsidiaries. Furthermore, the employees of the subsidiaries will receive training to ensure a clear understanding of the importance and the objectives of these integrated policies. In 2022, the Bank started sharing mandatory trainings with TBC Group in order to raise awareness about these processes and harmonise procedures. We strengthen our culture by collaboration with different departments.

We remain committed to workplace diversity and inclusion. To further enhance our gender-focused initiatives, we developed a Gender Policy in 2021, inspired by the Women's Empowerment Principles (WEPs), which provides guidance on fostering gender equality and women's empowerment across all aspects of our operations. Additionally, in 2021, we collaborated with UN Women to create a Gender Action Plan in line with the WEPs, outlining specific activities and measurable indicators for implementation. Since 2022, our action plan is integrated into our broader ESG strategy, ensuring its sustainability and alignment with our long-term goals.

In addition, we have introduced an Employee Anti-Discrimination, Anti-Violence and Anti-Harassment policy and a Health and Safety Policy at the bank level, with distribution extending to the group level.

The policy applies to all employees, customers, and those persons with whom employees have a relationship to provide services. The policy covers rules and detailed procedures in cases of violence, which is 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 establishes a committee which is responsible for reviewing cases and decision-making, including the cancelation of services, if deemed appropriate. The policy provides a safe and secure environment for employees, both in the front and back office.

### Management System

Our management system aims to create mechanisms that efficiently comply with company policies and relevant legislation. Incidents and non-compliance are monitored 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 enrolment and status changes.

In support of

## WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the UN Global Compact Office



In 2023, we successfully introduced our new Human Resource Management System (HRMS), which is a big step towards improving how our employees experience HR services. This system is transforming how we handle payroll, enabling employees to manage their own information, and is customised to fit our needs. It is making HR tasks much easier and giving everyone better access to important HR information.

We are committed to simplifying processes, such as implementing an electronic confirmation system for employee contracts in 2021. This approach eliminates the necessity for paper-based contracts, which are often time-consuming and susceptible to errors.

### Grievance Procedure

We have implemented a Grievance Procedure and established a mechanism for employees to address workplace-related concerns. This process is aligned with the Bank's Code of Conduct and Ethics, as well as its Incident Management Policy. According to these 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. As a result, employees can freely report existing problems.

### Informing Employees about the Grievance Procedure

The Grievance Procedure and the Incident Management Policy are mandatory documents, with which every employee must 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.

When it comes to informing employees about the grievance process, it is important to provide clear and concise information to ensure that employees understand their rights and the steps they need to take to file a complaint or grievance.

By informing employees about the grievance process, we can help create a positive work environment that is fair and respectful. It can also help prevent misunderstandings and conflicts by providing a clear and transparent process for employees to voice their concerns.

### Submitting Complaints/Grievances

Employees can submit complaints verbally or in writing through an open or anonymous letter to the HR Business Partner, the 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 communication website: <https://www.tbcbank.ge/web/ka/web/guest/anonymous-hotline>
- E-mail: [incident\\_compliance@tbcbank.com.ge](mailto:incident_compliance@tbcbank.com.ge).
- Safecall hotline: 0800 100 268
- Anonymous communication web portal: [www.safecall.co.uk/report](http://www.safecall.co.uk/report)

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 conflicts of interest are transferred to the Operational Risk Management and Security team.





### Incident Management by HR

The examination process commences promptly upon identifying an incident. The investigation, led by the HR manager and/or HR senior Staff, in collaboration with the complainant's line manager (except in cases where the complaint involves them directly or the complainant objects to their participation), is treated with the utmost confidentiality. The primary goal of this initial assessment is to ascertain the credibility of the allegations and determine if additional steps are necessary.

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 seriousness of the case, issues may be brought to the consideration of the senior management. When this happens, the Administration Manager will take an interest within the Grievance Committee. When complaints are anonymous, HR in liaison with the Head of the HR Department/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 was a total of 110 incidents in 2023 (compared to 89 in 2022), 18 of which were sent via anonymous channels. They were all related to breaches of the Code of Conduct and Ethics, and all of them were reviewed and decided upon. Depending on each 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.

TBC Banks supports its corporate culture and has in place internal instructions and policies to encourage employees to speak up. The Whistleblowing Policy defines employee rights and responsibilities and is revised annually. For more information, please see Chapter 07, Ethics and Integrity.

### OUR EMPLOYEES

At the end of 2023, the Bank employed a total of 8,070 people. For 2021 reporting, we started to collect and report the information from subsidiaries.

Compared to 2022, the number of employees with permanent contracts increased in 2023. We believe that switching from a temporary to a permanent contract is beneficial in cases when an em-

#### Number of employees at the TBC Bank level, gender breakdown

	2021		2022		2023	
	%	Number	%	Number	%	Number
Total	100%	7,310	100%	7,706	100%	8,070
Female	71%	5,200	71%	5,471	72%	5,826
Male	29%	2,110	29%	2,235	28%	2,244

#### Number of employees in other subsidiaries of the Group, gender breakdown

	2021		2022		2023	
	%	Number	%	Number	%	Number
Total	100%	7,310	100%	7,706	100%	8,070
Female	71%	5,200	71%	5,471	72%	5,826
Male	29%	2,110	29%	2,235	28%	2,244

### Number of employees at the TBC Bank level, contract type and gender breakdown

Employees	2021		2022		2023	
	%	Number	%	Number	%	Number
<b>Temporary</b>		<b>1,104</b>		<b>981</b>		<b>925</b>
Female	84%	931	87%	815	88%	816
Male	16%	173	17%	166	12%	109
<b>Permanent</b>		<b>6,206</b>		<b>6,725</b>		<b>7,145</b>
Female	69%	4,269	69%	4,656	70%	5,010
Male	31%	1,937	31%	2,069	30%	2,135

ployee brings essential knowledge and value to the company. This switch can provide a range of important benefits for both individuals and businesses, including greater stability, cost savings, improved relationships, and investment. Therefore, we view the increase portrayed in the table above as a positive change and aim to increase it further, thereby strengthening our commitment to the rights, safety, and well-being of our employees.

### DIVERSITY AND EQUAL OPPORTUNITIES

#### Number of employees in other subsidiaries of the Group, contract type and gender breakdown

Employees	2021		2022		2023	
	%	Number	%	Number	%	Number
<b>Temporary</b>	<b>100%</b>	<b>177</b>	<b>100%</b>	<b>200</b>	<b>100%</b>	<b>178</b>
Female	63%	112	62.5%	125	61%	109
Male	37%	65	37.5%	75	39%	69
<b>Permanent</b>	<b>100%</b>	<b>1,604</b>	<b>100%</b>	<b>1,947</b>	<b>100%</b>	<b>2,541</b>
Female	35%	560	38%	744	38%	970
Male	65%	1,044	62%	1,203	62%	1,572

#### Number of employees at the TBC Bank level, full time/part time employment breakdown

Employees	2021		2022		2023	
	%	Number	%	Number	%	Number
<b>Full time</b>		<b>7,192</b>		<b>7,571</b>		<b>7,896</b>
Female	71%	5,092	71%	5,350	72%	5,669
Male	29%	2,100	29%	2,221	28%	2,227
<b>Part time</b>		<b>118</b>		<b>135</b>		<b>174</b>
Female	92%	108	92%	121	92%	157
Male	4%	4	8%	10	8%	14

#### Number of employees in other subsidiaries of the Group, full time/part time employment breakdown

Employees	2021		2022		2023	
	%	Number	%	Number	%	Number
<b>Full time (total)</b>	<b>100%</b>	<b>1,712</b>	<b>100%</b>	<b>1,859</b>	<b>100%</b>	<b>2,677</b>
Female	38%	650	40%	749	40%	1,061
Male	62%	1,062	60%	1,110	60%	1,615
<b>Part time (total)</b>	<b>100%</b>	<b>69</b>	<b>100%</b>	<b>288</b>	<b>100%</b>	<b>43</b>
Female	32%	22	18%	120	42%	18
Male	68%	47	25%	168	58%	25



**Number of employees at the TBC Bank level, Tbilisi/Region breakdown**

	2021		2022		2023	
	%	Number	%	Number	%	Number
<b>Front</b>						
Employees						
Total	100%	4,345	100%	4,410	100%	4,533
Tbilisi	66%	2,851	66%	2,803	64%	2,909
Regions	34%	1,494	34%	1,607	36%	1,624
<b>Back / Head Office</b>						
Employees						
Total	100%	2,965	100%	3,296	100%	3,537
Tbilisi	95%	2,812	95%	3,136	96%	3,386
Regions	5%	153	5%	160	4%	151

Our corporate culture values the individual differences of our employees, business, and society. We treat all employees equally and fairly, supporting and coaching them to succeed. We understand that ensuring equal opportunity in all areas of human resources management such as selection, promotion, training, and development are critical to retaining employee engagement and satisfaction across our workforce. We understand that recognising and harnessing the advantages of diversity in the workplace enables our employees to achieve their full potential, contributing to a successful business.

Our ESG Strategy contains company-wide goals and targets to support gender equality, women's empowerment, and employee diversity, with progress measured through clear performance indicators. Specific actions include:

- Widely communicating the gender equality and employee diversity strategy and goals to staff and a wider audience;
- Advocating for gender equality, employee diversity and women's empowerment and promote the company's commitment in public forums;
- Taking a proactive role in promotion of women to management positions to reduce the gender pay gap;
- Collecting, analysing and reporting sex-disaggregated data;
- Regularly training staff on discrimination, sexual harassment, domestic and gender-based violence topics through various platforms;
- Establishing support services for survivors of violence and harassment;
- Creating suitable infrastructure in our branch offices for employees with mobility disabilities;
- Report annually on progress in the implementation of the Women's Empowerment Principles.

In this chapter, we will discuss the results of these activities in detail, portraying our progress towards achieving the goals set in the previous report and describing the implementation process and the challenges.

**Committing to gender equality:** Since August 2021, TBC Bank has been a signatory to the Women's Empowerment Principles (WEPs), marking its commitment to advancing gender equality. In 2023, TBC has continued to integrate these principles into its gender equality and employee diversity strategy, demonstrating ongoing dedication in this direction. By becoming a signatory of the WEPs, we are committed to using working practices that empower women and men equally through creating a safe, decent, and inclusive environment for them. In addition, we regularly inform our employees and the community about the process of integrating the WEPs in the company's operations and the progress made towards their implementation. We use internal and external communication channels to disseminate information on gender mainstreaming activities among our employees and a range of other stakeholders.

**Partnership for women empowerment:** Since 2022, TBC Bank has been the only private company in Georgia to establish a strategic partnership with UN Women. This partnership focuses on advancing women's professional development, supporting women-owned businesses in urban and rural areas, improving women's skills in technology, training TBC staff, and raising awareness about gender equality. Throughout 2023, TBC continued its dedication to these goals by participating in a range of projects and initiatives aimed at empowering women. These initiatives included supporting women entrepreneurs, providing ICT training for women, conducting diversity and equality training for employees, and advocating for gender equality through public awareness campaigns.

TBC is committed to strong corporate governance and fostering a culture that respects and supports human rights in all aspects of its operations. Since 2022, we have had a Human Rights Policy in place, outlining our commitment to uphold human rights and detailing how we apply these principles in our interactions with stakeholders. This includes our role as an employer, provider of products and services to clients, contributor to communities, and partner to local and international organisations.

To mainstream diversity, gender and inclusion and strengthen our efforts toward integrating the WEPs in our business, in 2023, the Board of Directors approved the Diversity, Equality and Inclusion Policy (an upgraded version of the Gender Policy). Through this policy, TBC emphasised the importance of gender equality and the empowerment of women and girls in the sustainability of the company and its stakeholders, including customers, employees, suppliers, partners, and the community.



**WEPs - Principle 1**

Create high-level corporate leadership for gender equality

**Our contribution to WEPs 1:** The Risk Committee, the Corporate Governance and Nomination Committee, and the ESG and Ethics Committee – actively promote gender equality at TBC, showcasing the leadership's commitment to this effort. These committees assist the Supervisory Board in overseeing compliance with the Diversity, Equality, and Inclusion (DEI) Policy by the Management Board. Moreover, the ESG Committee supports the Management Board in implementing these policies. Additionally, the ESG Coordination Department, headed by the ESG Coordinator, plays a crucial role in mainstreaming diversity, gender, and inclusion across all stakeholders, identifying areas for improvement, providing expertise, and serving as a competence centre for ESG topics. Furthermore, TBC has a dedicated, full-time Diversity and Gender Specialist responsible for coordinating action plans, monitoring and evaluating projects and initiatives, and aligning efforts with the Women's Empowerment Principles.



**WEPs - Principle 2**

Treat all people fairly at work, respecting and supporting non-discrimination and human rights

**Our contribution to WEPs 2:** As a leading financial institution and one of the largest employers in the country, we understand our influence and responsibility in terms of employment. We commit to creating an inclusive workplace culture and remove gender-based discrimination from all policies, practices, and daily operations. Our efforts start with the recruitment process as we strive to pay attention to the communication used in vacancy announcements and application forms to attract a diverse range of applicants. The candidate evaluation and selection process is based on fairness, transparency, and applicants' demonstration of their ability to perform the job as expected. At the interview stage, we aim to mitigate any unconscious bias by having a structured interview process and show our commitment to diversity through affirmative approaches. In 2023, to support this approach, we continued to train HR recruiters and middle managers. We make sure that all candidates





are treated equally, are allocated the same amount of time, and are informed in advance of all hiring steps in the process.

We also aim to address gender inequalities in so called non-traditional professions by supporting women and girls in boosting their ICT skills through training, internships, mentoring, and employment opportunities. The 2023 targets for ICT, Risk, and Finance areas were successfully met, with women comprising 46% of the workforce in these sectors. Our IT and Risk academies have played a crucial role in driving this development. To further empower women in ICT, we have implemented various external initiatives, including the “TBC X USAID for Technological Education” project, supported by USAID. In 2023, eight programs under this project opened admissions, receiving over 8,000 applications for just 350 spots, highlighting substantial demand and competition. Additionally, it is important to note that targets for women and regional participation were achieved. We also take special care of our colleagues with disabilities and strive to improve our work environment to make it more flexible. Furthermore, we support them to have the same access to learning, development, and job opportunities. In 2023, in collaboration with the Asian Development Bank (ADB), we involved consultancy services from the Global Disability Innovation Hub (GDI Hub) to elaborate concepts and approaches for inclusivity and diversity within our services and employment policies.



### WEPs - Principle 3

Ensure the health, well-being and safety of all workers, whether male or female

**Our contribution to WEPs 3:** We understand that violence of any kind can occur within and beyond the workplace that could impact the well-being of a person negatively. To ensure the health, safety and well-being of all women and men workers, it is crucial to recognize the signs of and eliminate violence and sexual harassment towards workers in a timely manner. To this end, in 2021, we developed a training module on sexual harassment for our employees with subsequent testing as a monitoring tool. Since then, our employees have been tested annually. This helps our employees to identify and properly address any sign of violence. In 2023, we developed a new module aimed at identifying and addressing various forms of violence, unhealthy work practices and communication styles within the workplace. Additionally, the module seeks to raise awareness about the importance of fostering a healthy work environment, emphasizing that it is an ongoing endeavour that necessitates the participation of every TBC employee. We recognise that an inclusive, diverse, and harassment-free workplace is cultivated through the collective efforts of all individuals involved.



### WEPs - Principle 4

Promote education, training and professional development for women

**Our contribution to WEPs 4:** Training is a crucial component in supporting equality, diversity, and inclusion. It helps to raise awareness, providing an understanding of the context and issues across a range of topics. It also provides the means to deal with sensitive subjects such as unconscious bias. We understand that an effective and long-term approach to fostering an inclusive workplace culture is cooperation with our employees. To this end, we ensure they receive accurate and comprehensive knowledge and information about equal opportunities and diversity. We developed a classroom training, covering gender equality in the workplace among other affirmative approaches, thus contributing to the incorporation of principle 4 of the WEPs: education and training for gender equality. Starting from April 2023, our employees have been participating in weekly face-to-face training sessions focused on fostering a healthy work environment. These intensive sessions cover a range of topics, including gender stereotypes, discrimination, identifying forms of violence, and





promoting gender equality and equity in the workplace and, more broadly, in society. The sessions provide both theoretical knowledge and practical exercises, encouraging engagement and discussion among participants. In 2023, 1,495 employees took part in this training. We aim to train up to 2,000 employees by the end of 2024.

In 2023, we sustained our efforts to train HR professionals and managers on diversity, equality, and inclusion matters, along with instructing them on implementing affirmative approaches in their practices.

All employees receive mandatory training on gender, equality, and diversity issues within training modules on the following topics: sexual harassment; stereotypes and discrimination; diversity and equality; and forms of violence. The modules consist of training videos and materials. Their effectiveness is measured through regular tests based on the training materials in each module. Since March 2023, our employees have been able to participate in mandatory training modules on a specifically designed education platform. In 2023, a total of 1,742 employees successfully completed the diversity and equality training module, while 7,337 participants engaged in the sexual harassment training module. Additionally, 7,334 employees completed the training module on stereotypes and discrimination, and 7,105 participated in the module covering forms of violence.

In addition, we provide ESG training sessions for new employees, which include topics such as climate change, TBC's environmental management system, and social and governance issues. The final session addresses gender stereotypes, the gender pay gap, women's economic inactivity, and other gender equality and equity issues. In 2023, 1,961 new employees participated in these training sessions.



**WEPs - Principle 7**

Measure and publicly report on progress to achieve gender equality

**Our contribution to WEPs 7:** To support and demonstrate inclusion through fair and transparent operations, we review and evaluate our policies, procedures, and practices, including employee performance, career progression, remuneration, recruitment, complaints, disciplinary cases, benefits, employee turnover, learning and development. Additionally, for monitoring and evaluation purposes, we collect, analyse and report sex-disaggregated data on a monthly basis to create a baseline and measure the outcomes and impacts of our efforts and our progress towards our internal diversity targets for specific positions. We present the findings from the reporting to the relevant group and bank-level committees each quarter. Moreover, every year we participate in an annual assessment of WEPs signatory companies conducted by UN Women Georgia, where we report data, progress and any implemented thematic activities and projects relevant to each WEP.

The following tables highlight key data concerning age and gender diversity within TBC.

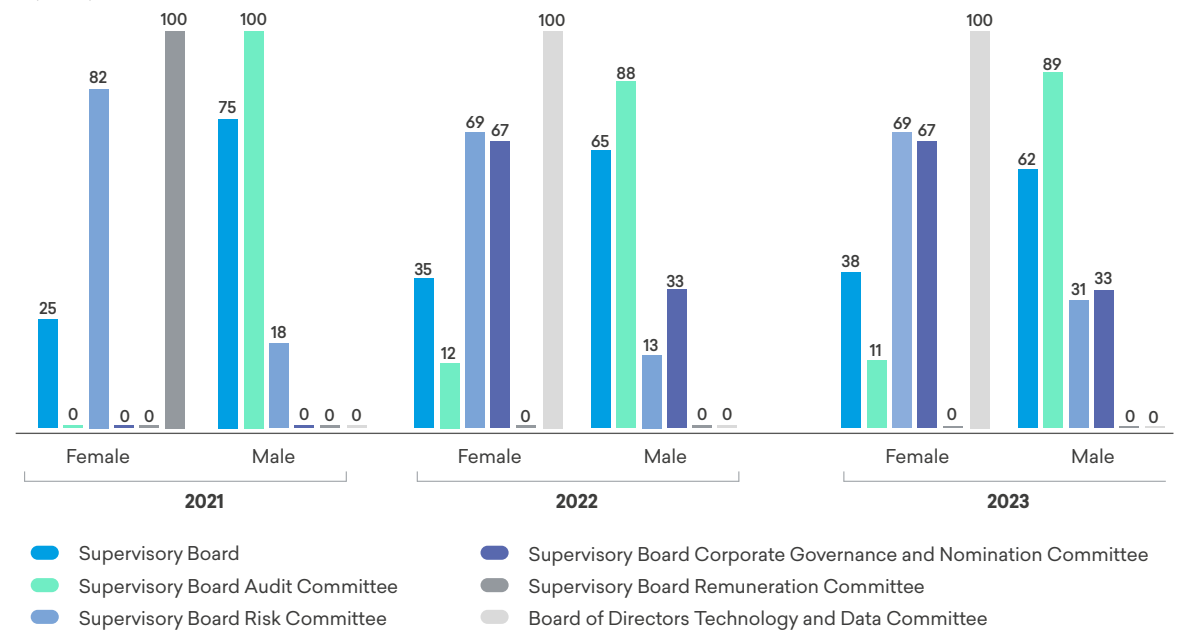
**GENDER DIVERSITY IN GOVERNANCE BODIES AT THE TBC BANK LEVEL**

(in %)



**GENDER DIVERSITY IN GOVERNANCE BODIES IN OTHER SUBSIDIARIES\* OF THE GROUP**

(in %)



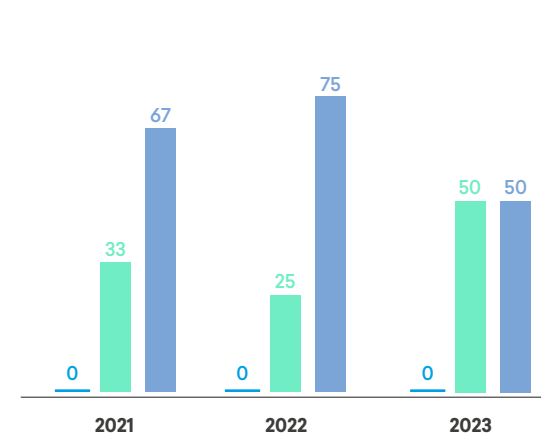
\*Subsidiaries: TBC Bank UZ, TBC Insurance, TBC Leasing, TBC Pay, UFC, Space Int, TBC Capital.



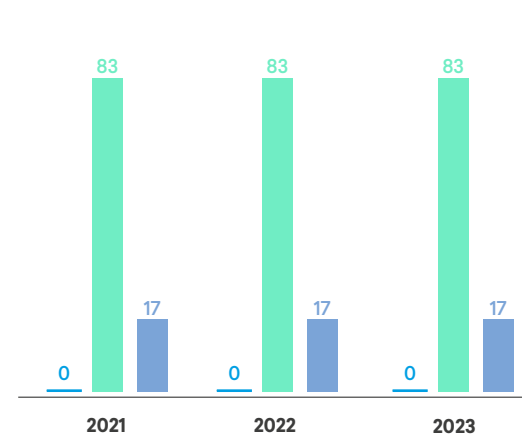
### AGE DIVERSITY AT THE TBC BANK LEVEL

(in %)

#### Board of Directors



#### Management Board

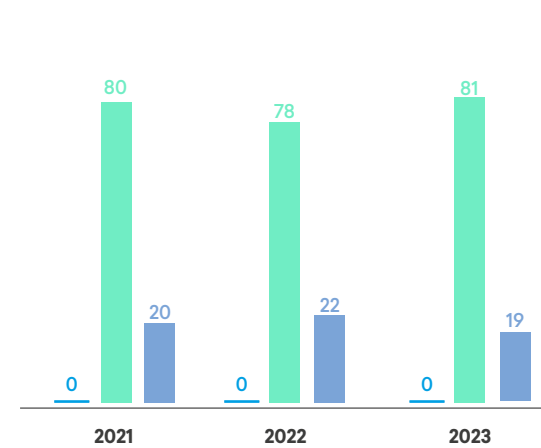


20-30 30-50 >50

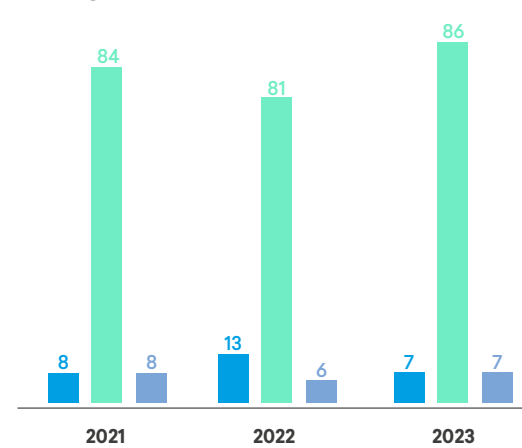
### AGE DIVERSITY IN GOVERNANCE BODIES IN OTHER SUBSIDIARIES\* OF THE GROUP

(in %)

#### Board of Directors



#### Management Board



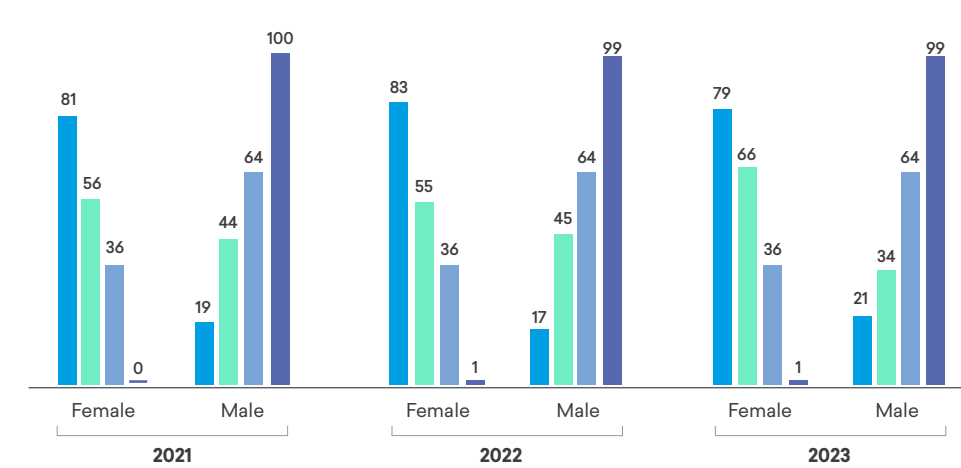
20-30 30-50 >50

\*Subsidiaries: TBC Bank UZ, TBC Insurance, TBC Leasing, TBC Pay, UFC, Space Int.

\*Subsidiaries: TBC Bank UZ, TBC Insurance, TBC Leasing, TBC Pay, UFC, Space Int, TBC Capital.

### GENDER DIVERSITY - VARIOUS STAFF CATEGORIES AT THE TBC BANK LEVEL

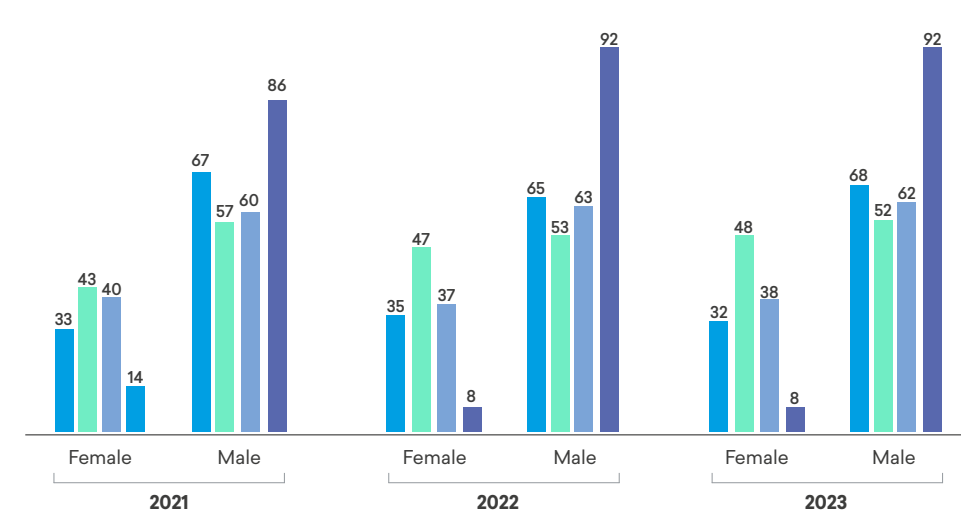
(in %)



Front Office Back Office Middle Management Technical Staff

### GENDER DIVERSITY - VARIOUS STAFF CATEGORIES IN OTHER SUBSIDIARIES OF THE GROUP

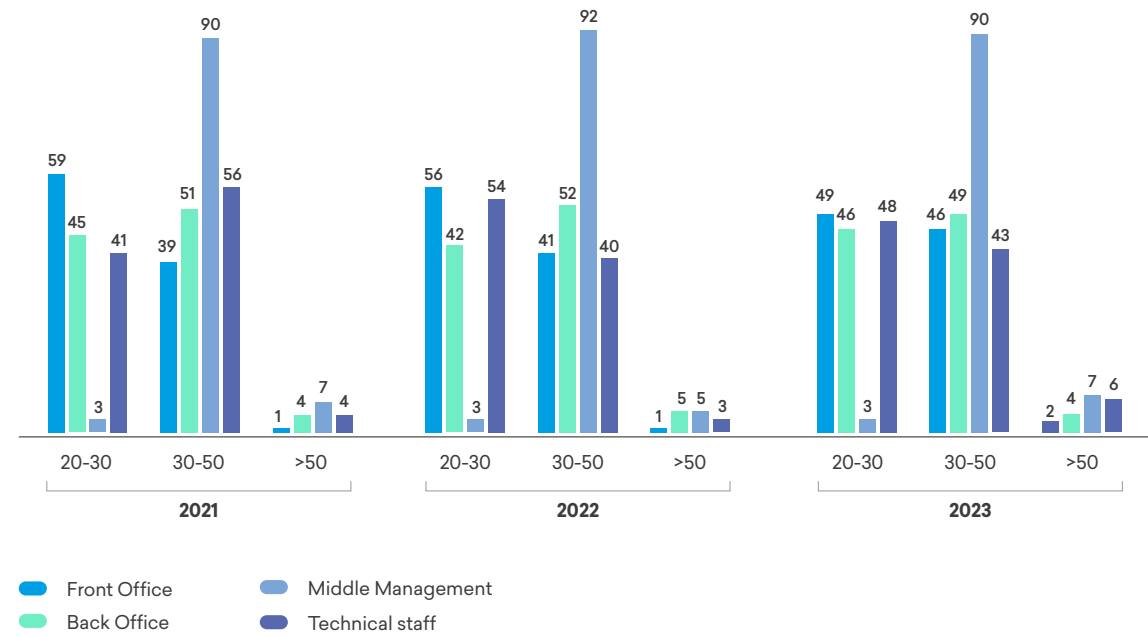
(in %)



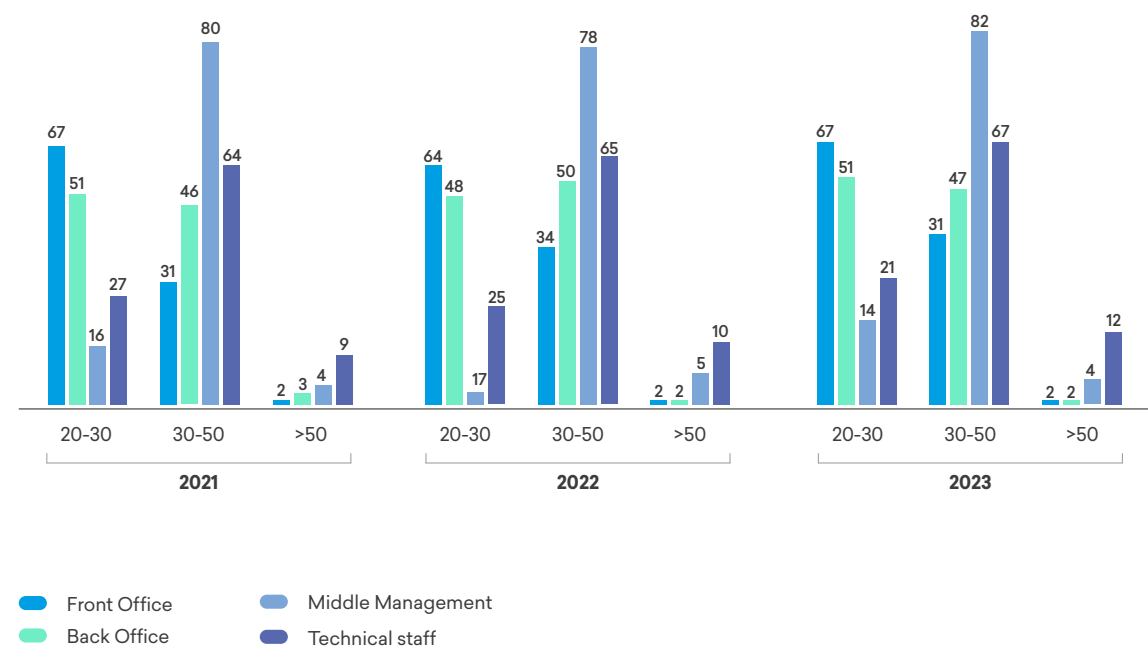
Front Office Back Office Middle Management Technical Staff



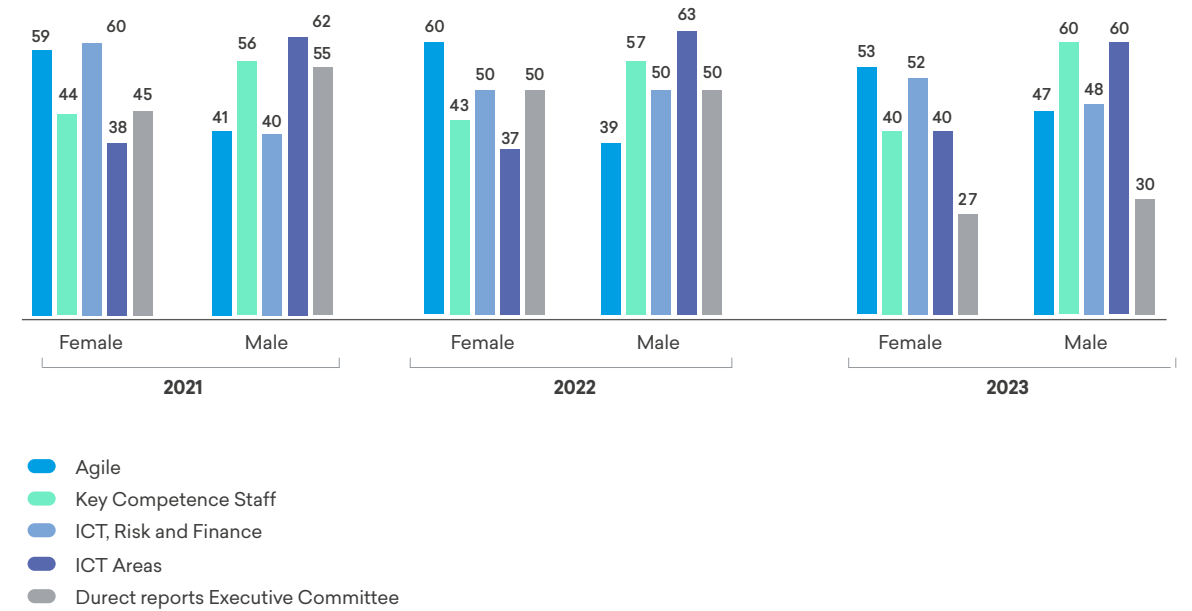
**AGE DIVERSITY – VARIOUS STAFF CATEGORIES AT THE TBC BANK LEVEL**  
(in %)



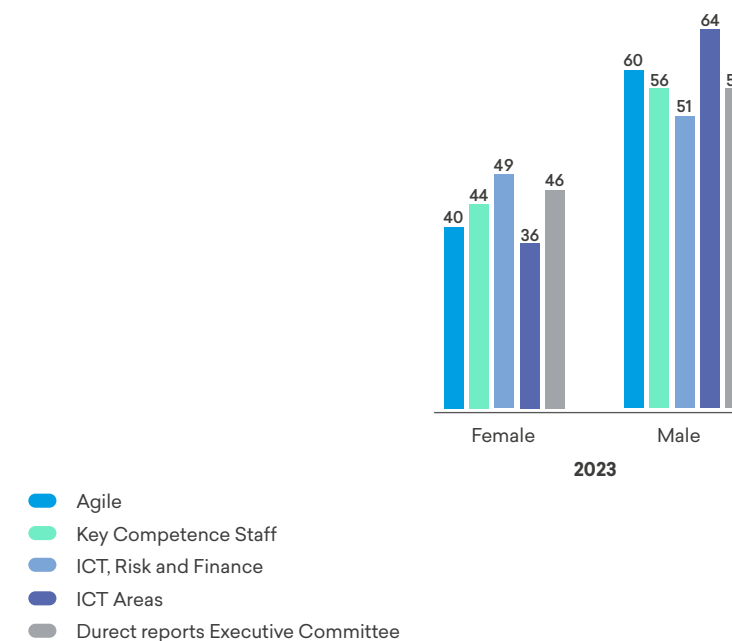
**AGE DIVERSITY – VARIOUS STAFF CATEGORIES IN OTHER SUBSIDIARIES OF THE GROUP**  
(in %)



**GENDER DIVERSITY IN VARIOUS CATEGORIES AT THE TBC BANK LEVEL**  
(in %)



**GENDER DIVERSITY IN VARIOUS CATEGORIES IN OTHER SUBSIDIARIES\* OF THE GROUP**  
(in %)



\*Subsidiaries: TBC Insurance, TBC Leasing, TBC Pay, Space Int, TBC Capital, TNET.





## SALARY, BONUSES, BENEFITS AND EMPLOYEE SOCIAL PROTECTION

We consider fair compensation and social protection to be crucial factors in promoting employee well-being. It is essential that our employees receive adequate pay and feel secure about their future. Our compensation package includes a monthly salary, performance-based bonuses, private healthcare, and life insurance. The monthly salary is determined based on the employee's level of responsibility, skills, and professional experience. Additionally, we offer a comprehensive benefits package that applies to all permanent employees, regardless of whether they work full-time or part-time.

Since 2023, both temporary and permanent employees have been receiving health insurance benefits.

Total compensation includes fixed and variable pay, which consists of performance-based bonuses and benefits package. It is the key focus of our remuneration framework, with variable pay differentiated by performance and adherence to the TBC Core Values. We monitor employee pay trends via labour market compensation surveys in the financial sector and local international organisations. The results of the survey and analysis of internal data have confirmed that the Bank remains a competitive employer. By designing a comprehensive total compensation programme, we can attract and retain top talent, promote employee satisfaction and engagement, and support the long-term success of our organisation.

We regularly review our pay levels and make sure that men and women are paid equally for doing the same type of job. As shown in the tables below, the average gender pay and bonus gaps are in favour of men. This is mainly due to the higher number of women being employed in junior roles, including customer service positions at the front office, which is related to our business model (as shown in the gender distribution chart below). We remain committed to achieving a better gender balance and increasing the proportion of women working in senior roles.

The gender pay gap is based on data from April 1, 2022 to April 30, 2023. The gender bonus gap is based on data from April 6, 2022 to April 5, 2023.

We ensure pay equity between female and male employees through regular pay level reviews. In 2023, the mean gender pay gap for Bank employees was 44%, the same as the previous year. This disparity is mainly due to a larger number of women in junior positions such as front-office customer service roles. The mean gender pay gap for middle management was negative, standing at -17% in 2023 and -5% in 2022, indicating that women in these roles were better remunerated than men.

### Mean Gender Pay Gap in hourly pay, (%)

	2021		2022		2023	
	Middle Management	Total Bank	Middle Management	Total Bank	Middle Management	Total Bank
Mean gender pay gap in hourly pay	10.9%	43%	-4%	44%	-17%	44%
Median gender pay gap in hourly pay	-9.9%	42.9%	-14%	45%	-43%	45%
Mean bonus gender pay gap	-6.4%	48.8%	12%	53%	-26%	50%
Median bonus gender pay gap	-89.1%	33.6%	-25%	51%	-78%	53%
Number of employees	222	6,804	230	7,706	250	8,070
Share of women	35%	70%	35%	70%	36%	72%

	2021	2022	2023
	%		
<b>Front Office</b>			
Mean gender pay gap in hourly pay	-4%	45%	24%
Median gender pay gap in hourly pay	-14%	41%	9%
Mean bonus gender pay gap	12%	65%	52%
Median bonus gender pay gap	-25%	72%	46%
Number of employees	4,345	4,410	3,848
Share of women	81%	83%	79%

	2021	2022	2023
<b>Back Office</b>			
	%		
Mean gender pay gap in hourly pay	21%	23%	37%
Median gender pay gap in hourly pay	15%	13%	39%
Mean bonus gender pay gap	26%	29%	41%
Median bonus gender pay gap	3%	20%	42%
Number of employees	2,965	3,296	4,222
Share of women	56%	55%	66%

## FAMILY-FRIENDLY BANK

TBC Bank underscores its commitment to fostering a family-friendly workplace environment, a pivotal driver of gender equality and women's leadership. Our ethos prioritises the creation of a workplace where every individual feels supported, valued, and respected.

Building on initiatives launched in 2022 and implemented in 2023 according to UNPFA guidelines, TBC Bank now fully covers parental leave for both permanent and temporary employees. Additionally, we extend benefits to employees with three or more children, including days off and supplementary financial support, acknowledging the importance of supporting multi-child families.

Continuing our commitment to supporting families, TBC Bank remains dedicated to refining and improving family-friendly approaches. We are committed to assisting women employees in their transition back to work following maternity leave, providing resources and support to facilitate a smooth return to the workplace. We consistently monitor and analyse employee data regarding their return from parental leave. Additionally, we ensure that our employees are informed and trained on new bank policies and procedures to ensure they remain up-to-date and experience minimal adjustments upon their return.

### Families with Multiple Children

In order to support employees who have multiple children, the Bank has introduced a special programme, 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 2023

	2021	2022	2023
Number of employees who received bank support (for the 4th, 5th or more children)	15	13	15
Total support in GEL (Gross)	242,347	165,816	242,347

### Marriage and Childbirth Support

We operate a marriage and childbirth support programme. 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 2023 under the marriage and child support program amounted to GEL 472,960.

### 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 2023, 361 employees in total received parental leave pay.



**Parental leave at the TBC Bank level**

	2021	2022	2023
<b>Parental Leave</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
<b>Employees who became parents</b>	<b>446</b>	<b>518</b>	<b>418</b>
Female	383	428	357
Male	63	90	61
<b>Employees who took the leave and received parental leave pay (permanent)<sup>1</sup></b>	<b>375</b>	<b>370</b>	<b>361</b>
Female	375	370	357
Male	0	0	4
<b>Employees who returned to work from parental leave</b>	<b>321</b>	<b>308</b>	<b>538</b>
Female	321	308	536
Male	0	0	2
<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>537</b>	<b>615</b>	<b>531</b>

**Parental leave in other subsidiaries\* of the Group**

	2021	2022	2023
<b>Parental Leave</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
<b>Employees who became parents</b>	<b>65</b>	<b>57</b>	<b>58</b>
Female (all)	28	24	34
Female (Permanent)	27	24	34
Male (all)	36	33	29
Male (Permanent)	36	33	29
<b>Employees who took the leave and received parental leave pay (Permanent)</b>	<b>29</b>	<b>25</b>	<b>37</b>
Female	28	24	34
Male	0	1	2
<b>Employees who returned to work from parental leave</b>	<b>17</b>	<b>20</b>	<b>38</b>
Female	16	19	35
Male	1	1	3
<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>11</b>	<b>12</b>	<b>17</b>

\*Subsidiaries: TNET, TBC Insurance, TBC Leasing, TBC Pay, UFC, Space Int, TBC Capital.

**The “Tibiselebi” Fund – Employees Supporting Each Other**

The Tibiselebi Fund (“Tibiselebi”) was founded in 2009. It currently unites employees of JSC TBC Bank and eight other subsidiaries from TBC Bank Group PLC as 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. Specifically, 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. Tibiselebi has a rotating, representative Board, made up of delegates from participating companies, which makes all financing decisions on how to allocate its funds through majority voting. In 2022, Tibiselebi provided funding for 502 applications, totalling more than GEL 1,825,000. In 2023, Tibiselebi provided funding for 569 applications, totalling GEL 2,404,449.

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

Since our employees are our most valuable asset, we are obliged 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.

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 2023, two incidents took place:

- An employee sustained a moderate injury to his hand from a stationary knife. Emergency services were summoned, and the employee was transported to a medical facility where the necessary procedures were carried out. The employee is now doing well.
- An employee sustained injuries from a falling part of the ceiling. Emergency services were contacted, and essential procedures were promptly administered. The employee made a full recovery.

Employee protection is an important aspect of workplace safety, and violence prevention is one key component of that protection. Employers have a responsibility to provide a safe working environment for their employees and take steps to protect them from violence in the workplace.

Certain employees in particular positions within the Bank encounter specific health and safety risks:

**Drivers**

One group of contractors employed by the Bank includes drivers who face specific health and safety risks. TBC Bank has established guidelines for its drivers, covering aspects like speed limits, working hours, health monitoring, and driver attentiveness. These guidelines aim to reduce risks linked to car park management and driver activities. The implementation and adherence to these guidelines are monitored through the utilisation of GPS systems.

**Cash Collection**

Given the unique nature of cash collection operations, employees involved in cash collection face the most significant health and safety risks within the Bank. The Bank conducts two types of cash collection activities:

- ATM cash collection, performed by a Bank cash collector accompanied by security police;
- Collection of cash from branches and clients, handled by security police trained in collaboration with the Ministry of Internal Affairs. All cash collectors at the Bank undergo regular safety training.

<sup>1</sup> Employees with temporary contracts can also benefit from parental leave, although the company does not pay additional parental leave; instead, the employees received compensation according to the Labour Code.

## TBC LEADERSHIP ACADEMY

In 2021, we launched a Leadership Academy, which aims to identify top talent throughout the Group and support their development. In 2023, thirteen modules were provided within the Leadership Academy programmes to 192 middle managers - 45% of participants were women.

*The leadership programme for middle management include four modules: a strategic mindset, managing change, cross-functional trust, and leading leaders.*







**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 19 years of operation. We also have a contract with the security police, who attend to any incident as soon as it is identified.

Employees facing particular health and safety risks need protection through heightened safety standards. It is crucial to secure a safe and healthy work environment by addressing the risk of workplace violence. Our proactive approach to preventing such incidents involves the development and implementation of a comprehensive policy. This includes providing training to employees, conducting background checks, implementing security measures, and promoting a culture that actively encourages incident reporting.

Fostering a safe workplace environment is essential for both employee well-being and operational efficiency. As part of our commitment to this, we have implemented a hybrid work policy and enhanced our onboarding procedures. This transition began in 2022, acknowledging the potential benefits of hybrid work in terms of productivity and flexibility. Additionally, we emphasize the importance of work-life balance, offering flexible arrangements that allow colleagues to adopt a hybrid approach, dividing their time between the office and remote work settings. This strategy not only supports employee needs but also aligns with our goal of promoting a positive and productive workplace culture.

**WORK CLIMATE, EMPLOYEE MOTIVATION AND ENGAGEMENT**

We aim to be the leading employer in the country, driving technical innovation, strengthening leadership skills, and fostering high levels of employee engagement. We strive to develop a supportive and empowering organisational culture, to offer equal opportunities for work and development, and to foster a healthy work-life balance.

Our team's goal is to make life easier for people by continuously enhancing the quality of our services.

To support this goal, our primary efforts include:

- Actively engaging in internal communications through a variety of channels, including Facebook, the intranet, teams and e-mail.
- Holding a range of team bonding and educational activities to boost employee engagement, such as New Year's Eve celebrations, agile and tech meetups, sport festivals, movie and theatre performances, championships and others.

In 2023, we held our New Year's Eve event for the first time in two regions – Kutaisi and Tbilisi. Approximately 3,500 TBC team members participated in the event. Moreover, an estimated 500 members of TBC Group from different countries visited France for the Rugby World Cup in 2023 to celebrate their accomplishments and foster a spirit of collaboration. Furthermore, TBC Group employees participated in leadership training programs, including those by BLED and IMD, held in Slovenia and Singapore.

Our CEO and the executive management team are key drivers in endorsing the corporate culture and values through regular communication with employees. Hybrid meetings (virtual and in-person) are held on a regular basis to share the Group's strategy and achievements, as well as to obtain feedback.

We aim to create a corporate culture where people can develop professionally by providing training and advancement opportunities for career enhancement. Every employee has an opportunity to move from one position to another, or to change directory/unit.

We have a rewards and recognition programme to enhance the service culture and customer focus among our employees. This programme includes and serves several categories: Frontline, Internal Voice of the Customer, Painkiller Award and Extra Mile Story Award. The winners of these categories are given the chance to attend the final event of the year, the TBCX Awards, where they are announced and receive their awards.

Our whole team constantly seeks new and effective ways to improve employees' mental health and maintain their efficiency. In 2023, we launched a revitalised mental health programme, emphasizing a range of physical and educational activities. Moreover, our health insurance providers offer support from psychologists, which is actively communicated to employees through internal channels.

We aim to enhance employee awareness of mental health issues in several ways, including active communication in newsletters, workshops, and meetings with invited speakers. In 2023, we offered our employees yoga sessions for the first time. Around 600 employees were engaged in various physical activities throughout the year. More intensive communication and action plans have been developed for 2024.

**Satisfaction and Happiness Research**

We listen carefully to our colleagues and conduct an annual survey to measure their satisfaction and engagement levels.

We adhere to local regulations on employment rights, while simultaneously aiming to implement international standards and best practices. We have monitored staff engagement since 2012 and in 2015, we started to measure our Employee Net Promoter Score (ENPS). Every year, we conduct an employee engagement survey in partnership with leading international universities and research companies. The survey provides a clear picture of our strengths and weaknesses as perceived by our employees. In 2023, a Bank-wide survey was conducted by an independent consultant, in which 4,735 employees, constituting 58% of the total workforce, participated. Every year, the research results are presented to management. Work teams are established to review the survey outcomes, analyse the problems, and develop initiatives to improve employee loyalty, create comfortable working conditions, and motivate employees with a range of benefits. The annual HR action plan incorporates specific activities that aim to address the challenges identified in the research.

Our colleagues are actively engaged in the annual survey, expressing their contentment and commitment. Our 2023 employee engagement survey resulted in an ENPS score of 58%, very slightly below the 2022 score of 59% but well above the industry average of 42%. The results of the survey are thoroughly analysed and translated into relative initiatives for improvements.

In 2023, the staff turnover rate in the Bank was 14.4%, compared to 15.7% in 2022 and 12.8% in 2021.

ENGAGEMENT INDEX<sup>1</sup> - 88%, ENPS<sup>2</sup> - 58% - 2023

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

We understand that our success derives from our employees: how we manage to attract and retain 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, requiring us to continuously enhance our human resources management system to attract and retain top talent. Talent management is regulated based on the Bank's Code of Conduct and Ethics and the Learning and Qualification Development Procedure and Testing Instructions.

TBC's values are best represented by staff members who display confidence and optimism, take pleasure in their work, are eager to investigate root causes, are bold enough to look for and implement new opportunities, yet can admit their mistakes, articulate their ideas clearly, and take responsibility for their own words and deeds.

In 2023, TBC Bank recruited a total of 2714 new employees, including full staff employment and temporary employment agreements. In addition, 1218 employees were promoted to new positions while 1182 people were transferred horizontally to the new roles.

<sup>1</sup> Engagement Index was measured in December 2023 by an independent consultant for the Bank's employee's and measures how much employees feel involved and committed to TBC Bank  
<sup>2</sup> Employee Net Promoter Score (ENPS) was measured in December 2023 by an independent consultant for the Bank's employees.



### Attracting New Talent

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

In 2023, one of our major recruitment priorities was to strengthen our team with very senior IT staff, including international personnel in order to support our digital transformation. By the end of 2023, we had 14 new staff hired from different countries/nationalities.

In order to promote ICT employment opportunities among Georgian people, we established an IT Academy in 2019, which offers courses in front-end, back-end development, Test Automation, etc. for both our existing employees as well as potential ones. These courses are free of charge for selected candidates and are run by experienced staff members and leading professionals from relevant fields. Since the Academy was established, we have trained up to 1000+ people and recruited more than 300 people.

IT Academy	2021		2022		2023	
<b>Total number of participants</b>	<b>310</b>		<b>286</b>		<b>310</b>	
Women	68	22%	68	24%	132	43%
Men	242	78%	218	76%	178	57%
<b>Total number of course graduate</b>	<b>200</b>		<b>181</b>		<b>255</b>	
Women	60	30%	41	23%	100	39%
Men	140	70%	140	77%	155	61%
<b>Employed by the Group</b>	<b>111</b>		<b>81</b>		<b>40</b>	
Women	32	29%	15	19%	4	10%
Men	79	71%	66	81%	36	90%

At the end of 2020, we also established the Risk Academy, which offers various modules 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, with the best students being offered employment at TBC Bank. The main focus is on developing key analytical skills, which are important for entry-level risk positions. The training topics include SQL, Microsoft Excel, Data Visualization in Power BI, and Data Analysis. In 2022, the Academy selected two groups for training, each consisting of 20 candidates. In 2023, TBC Bank employed three participants after they graduated from the Academy.

### Trainee Programmes

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, out of the 120 participants (34 men and 86 women) who were involved in our internship program, 66 are still with TBC Bank: 36 participants became full-time TBC employees in different departments including finance, risks, corporate, marketing, IT and data analytics, while the other 30 are still interns. Overall, we have recruited 700 students through this programme since its establishment.

### NEW EMPLOYEES - 2023

#### Breakdown of new employees in 2023 by age, gender and region





### Performance Review

Through our effective performance management system, we strive to promote a growth mindset, boost employee productivity, and reinforce a feedback culture.

Our performance management system is based on three core principles: clarity, fairness, and integrity. We make sure that our colleagues have a clear understanding of their roles in the company and are actively engaged in setting their personal goals. Employees are also given appropriate coaching by their supervisors to help them achieve these goals.

Empowering our leaders to provide developmental feedback is key to maintaining the vitality of our performance management system. This proactive approach ensures that employee performance is managed effectively on a daily basis, contributing to a dynamic and thriving workplace atmosphere.

To uphold consistency and further improve feedback effectiveness, we have established a structured process. Biannually, we conduct anonymous surveys across the organisation to assess the quality and uniformity of feedback provided. These surveys serve as invaluable tools in aligning feedback practices with our organizational objectives and values.

By actively seeking anonymous feedback, we aim to create an inclusive environment where every voice is heard and valued. This commitment to transparency and accountability underscores our dedication to fostering professional growth and driving organisational success.

To measure employee efficiency, we use tailored assessment systems for both front and back-office staff, linked to their respective roles and responsibilities.

For our front-office staff, we set monthly targets and award bonuses based on sales figures and customer service quality, incentivising excellence in client interaction.

Middle managers and back-office staff undergo assessment through KPI and competency-based systems, allowing us to measure their efficiency and work quality effectively. Rewards correspond with their KPI achievements and the demonstration of relevant competencies.

Furthermore, our middle managers, agile structure employees, and back-office employees engage in a comprehensive 360-degree evaluation process. This holistic feedback mechanism provides employees with insights from supervisors, peers, and subordinates, enabling them to gain a comprehensive understanding of their performance. In 2023, 2500 employees actively participated in the 360-degree evaluation process, highlighting our commitment to continual improvement and personal development.

### Performance Review

Employees who had a regular performance review	2021	2022	2023
Female	4,784	5,084	4,857
Male	1,893	2,027	1,723
Front office	4,042	4,115	3,484
Back Office	2,635	2,996	3,096
<20	66	61	41
20-30	3,384	3,526	2,914
30-50	3,045	3,321	3,424
>50	182	203	201
Tbilisi	5,130	5,455	5,284
out of capital	1,547	1,656	1,296

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

During 2023, around **15%** 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 2023, 945 employees were promoted, which constitutes 12% of our staff.

A career development plan is established for all frontline positions. Detailed descriptions of each position, including pathways for advancement within the branch and the requisite knowledge for progression, are available on the TBC Edu portal. In addition, a levelling project focusing on technology was initiated in 2023. This project outlines the competencies required for various positions and the knowledge employees can acquire based on their roles. To facilitate this process, materials have been prepared covering both junior and senior positions. Development plans encompassing both technical skills and personal growth have been formulated accordingly.

Employees promoted	2021	2022	2023
Total	1,132	946	1,218
Female	795	670	966
Male	337	276	252
<20 years	5	1	16
20-30 years	667	571	699
30 - 50 years	452	365	495
> 50 years	8	9	8
Tbilisi	928	719	840
Regions	204	227	378
Front office	568	597	945
Back office	564	349	273

Middle managers promoted	2021	2022	2023
Total	22	30	26
Female	8	10	14
Male	16	20	12

### 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, ESG, Code of Conduct and Ethics, compliance, etc. In total, nineteen different trainings were organized in 2023. We frequently utilize online formats for training sessions, allowing us to involve a greater number of employees.

In 2023, we hosted a variety of training sessions encompassing both soft and hard skills, conducted via Teams and in classrooms, totalling 542 sessions with 8,133 participants. This marks a significant increase from 2022, during which we held 363 sessions with 7,871 participants, utilizing both Teams and classroom formats.

In 2023, we adopted a refined calculation methodology to monitor equitable distribution of training across different categories. On average, employees received approximately 30.94 hours of training during the year. Gender-wise, training access was fairly consistent, with females averaging 29.4 hours and males 32.5 hours annually.





Employees trained (unique number)	2021	2022	2023
Existing employees (Total)	7,828	7,871	8,133
Female	5,480	5,621	5,988
Male	2,348	2,250	2,125
New employees (Total)	2,549	2,598	1,961
Female	2,003	1,819	1,506
Male	858	779	455
Training hours	2021	2022	2023
Existing employees	1,317	11,520	105,368
New employees	2,621	1,830	146,295
Front office	3,719	6,007	150,998
Back office	648	7,343	100,665

Average hours of training	2023
Average hours of training per year per employee	30.94
Average hours of training per year per female	29.42
Average hours of training per year per male	32.53
Average hours of training per year per existing employee	12.95
Average hours of training per year per new employee	74.6
Average hours of training per year per front office employee	36.8
Average hours of training per year per back office employee	25.16

### TBC Academy

TBC Academy, established in 2011, provides a wide spectrum of learning programmes to every member of the TBC group. In 2023, more than 2,000 employees participated in a range of different courses and programmes, including business development, agile transformation, brand experience, law, financial analytics, and the refinement of essential soft skills.

Notably, TBC Academy expanded its Leadership programs, transcending national boundaries and providing our employees with opportunities to develop leadership skills on a global scale. Among the essential topics covered in the programmes were: Strategic mindsets, Communication, Negotiation, Leading Leaders etc. Up to 200 people successfully graduated from these programs, with highly positive feedback.

We have also provided financial support to our employees to attend various external courses and gain international certifications such as MBA, CFA, FRM, ACCA and others.

### 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 2023, we financed trainings in banking products, coaching and talent development, data science, power BI and the agile work system. Employees also received financing to complete international certification programmes such as or run by: the Association of Chartered Certified Accountants, Chartered Financial Analyst, the International Compliance Association, Excel, Scrum Product Owner Certification I, Professional Scrum Product Owner™ II Certification, Certified Anti-Money, Blad Laundering Specialist, DevSecOps, and the International Compliance Association. Employees also received funding to attend summits such as: the Banking Summit, Strategies for a Profitable Card Business Summit, and the Future of Finance 2023.

In 2023, a total of 1313 employees received financial support for external trainings.

Employees with relevant qualifications can participate in the trainings and summits mentioned above. Any employee has the opportunity to undergo all possible training based on their own desire.

### Employees who received financing

	2021	2022	2023
Number of staff trained	1,140	1,247	1,313
Female	57%	60%	60%
Male	43%	40%	40%

### Financing Studies Locally 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, 64 employees have received financing and co-financing to study abroad as well as in local universities from the Bank. In 2023, 6 employees received financing and co-financing to study abroad, four of them were women, with the total amount of financing standing at GEL 376,964.

## WOMEN SCIENTISTS AT TBC

TBC is a leading technological company in the region, which for many years has been creating opportunities for the development of young people in the technological direction with a number of projects and initiatives. Increasing the involvement of women in technology and empowering them is especially important to us. Accordingly, along with educational opportunities, we promote the employment of women and girls in Information and Communication Technologies (ICT).

The photo shows Nutsa Abazadze. Strategic project leader of TBC data analysis and management department. In 2023, Nutsa Abazadze became the first ambassador of Women in Data Science (WiDS) in Georgia. In the same year, she was a finalist of the Grace Hopper Award in the category "Leader of the Future". She is included in the Forbes Georgia 30 under 30 list in the technology category. In addition, she has participated in various international and local conferences: Open Data Science Conference's (ODSC) Women Ignite Session 2021, DataFest Tbilisi 2019, Tbilisi International Data Analytics (TIDA) 2021 and others.

*In TBC, The share of women in ICT, risk and finance areas is 46%.*





# TREATING OUR CUSTOMERS RESPONSIBLY

## Customer Privacy and Data Protection

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## Personal Information Protection Policies

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## Identifying and Addressing Information and Cyber Security Risks

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

## Protecting Customers' Personal Information

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## Business Integrity in Client Relationships

- Responsible and Fair Marketing and Sales Activities
- 

## Clients' Complaints Management

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## Responding to Our Customers' Needs

- Ensuring Client Satisfaction
- 

## Digital Innovation and Financial Inclusion

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## Ecosystems







# TREATING OUR CUSTOMERS RESPONSIBLY

Excellent customer service is the cornerstone of TBC'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 customer 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. In 2023, the number of our monthly active customers was 1.6 million, of those, 116,000 were affluent customers.

We have a well-diversified loan portfolio, serving 8,000 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 62,000 monthly active MSME customers. Over 68% of newly registered businesses are choosing to bank with TBC, which is a testament to the quality of the products and service we are offering.

## 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 our most important tasks.

TBC'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.

TBC has amended its internal Data Protection Policy, which applies to the whole Group (TBC Bank Group PLC and its subsidiaries). The Policy sets the requirements for the Group on how to handle the personal data of the Group's customers, suppliers, employees, workers, and other third parties.

The TBC Bank's Compliance Department has a specific Data Protection Officer position whose primary responsibilities are:

- to assess our internal processes from the perspective of data protection laws;
- to coordinate the regulatory requirements within the Bank;
- to conduct data protection impact assessments together with the Security Department;
- to provide training to employees;
- to support the different business units on data privacy issues.

To comply with GDPR and UK GDPR regulations, TBC, as a non-EU state member, has an EU representative: Bird & Bird GDPR Representative Services SRL. This representative oversees data processing requirements within the EU, addresses complaints regarding data subject rights, and engages with the supervisory authority on TBC's behalf. Additionally, GDPR health checks were conducted for TBC in 2022 and 2023. Conducting GDPR health checks in 2022 and 2023 demonstrates a commitment to maintaining compliance and ensuring that data processing activities align

with GDPR requirements. Regular assessments help identify any areas for improvement and ensure ongoing adherence to data protection regulations.

It is mandatory to deliver Data Privacy trainings for new employees. Moreover, the Bank trained 6924 employees in data privacy topics via the distance learning platform in 2023.

## INFORMATION SECURITY POLICIES

TBC has adopted an information security policy 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 field of information security.

In addition, all procedural documents relevant to the functioning of the Information Security Management System in compliance with ISO 27001 are in place and fully operational. These include the IT Operations Management Security Policy, the Cloud Security Policy, the Systems Development and Acquisition Security Policy, the Cyber Security Incident Management Policy and methodology, the Business Continuity Policy and methodology, and the Information Security and Business Continuity Risk Management Policy and methodology. These policies cover most of the Group's companies.

Information security and cyber security fall 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 responsible for continuously improving information security and business continuity management processes and minimising 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 in Georgia since 2019.

Our Information Security Management System is in compliance with ISO 27001. In 2023, we successfully retained our ISO 27001 certification.

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

Since 2022, the three largest banks in Georgia have been categorised as entities with critical information infrastructure. This means that the three major banks are considered to have strategic importance to the country's economy. The Law of Georgia on Information Security defines the requirements for information and cyber security management for these three banks, which are mostly based on ISO 27001.

## GITI 2023 GEORGIAN IT INNOVATIONS EVENT

TBC is a constant supporter of various tech communities. GITI 2023 addresses technological topics which are of particular importance for TBC.

It is essential to foster a culture of knowledge and information sharing in tech. That is why, at the thirteenth GITI conference, we shared our experience in agile transformation, artificial intelligence and information security with the audience.

*GITI is the main international tech conference of the year in Georgia.*





## IDENTIFYING AND ADDRESSING INFORMATION AND CYBER SECURITY RISKS

### Threat Landscape

In order to adequately address the challenges posed by cyberattacks, we continuously analyse the cyber threat landscape of the Group and assess all threat scenarios and actors, considering their intentions and capabilities, as well as the tactics, techniques, and procedures they use or may use during their campaigns. Our aim is to be prepared against Advanced Persistent Threats. Among the many different threat vectors that we cover and monitor, the top five are listed below:

- Attacks against internet-facing applications and infrastructure
- Software supply chain attacks
- Phishing attacks against our customers
- Phishing attacks against our employees
- Ransomware attacks

No material cyber-security breaches have happened at the Bank in recent years. However, one of the bank's software suppliers did face a ransomware attack. We received timely information about the incident and responded in accordance with our incident response procedures. After conducting thorough analysis and investigations, we confirmed that there was no risk to the Bank's infrastructure, software, or production services. While we investigated and responded to the incident, only some new feature development processes experienced delays. The development processes were resumed once we had ensured that the vendors had fully resolved the incident and its root causes.

### Our Vision and Strategic Objectives

Information and cyber security is an integral part of Group's governance practices and strategic development. Our cyber security vision and strategy are fully aligned with our business vision and strategy and address all of challenges identified during threat landscape analysis.

Our vision is to strengthen our security in depth approach, enable secure and innovative business operations, and maintain our continuous improvement cycle. Our strategic objectives are:

- To maintain our defence in depth approach by strengthening our team and implementing cutting-edge technologies, and to maintain resilience against Advanced Persistent Threats, which may come from State Sponsored actors or Organized Cybercriminals;
- To maintain compliance with industry leading information and cyber security standards, and to maintain a continuous improvement cycle for information and business continuity management systems, ensuring that we are one step ahead of the regulatory requirements; and
- To optimise and automate our security processes, and to provide security services seamlessly to the business (where possible).

### Our Security in Depth Approach and Cyber-resilience Programme

In order to follow our vision and achieve our strategic objectives, we run effective information and cyber security programmes, functions and systems, as described below:

- Layered preventive controls are in place, covering all relevant logical and physical segments and layers of organisation and infrastructure in order to minimize the likelihood of successful initial access. These include:
  - Data security controls
  - Identity and access controls
  - Endpoint security controls
  - Infrastructure security controls
  - Application security controls
  - Internal and perimeter network security controls
  - Physical security controls

- A professional team is in charge of effectively implementing, assuring the effectiveness of, maintaining and fine-tuning the preventive controls mentioned above. The team is comprised of a

large number of expert staff members who hold industry leading certificates and work daily to strengthen and extend their professional skill sets.

- The layers of preventive controls, in conjunction with our comprehensive awareness programme, provide the best combination to minimise the likelihood of successful attacks. Our robust awareness programme helps employees and customers to improve their cyber hygiene, understand the risks associated with their actions, identify cyber-attacks they might face during day-to-day operations and improve the overall risk culture. Our awareness programme provides relevant materials to all key roles, ranging from the management board to IT engineers and developers. It covers annual trainings and attestations for all employees, new employee trainings and attestations, social engineering simulations, security tips and notifications for all employees, cyber security awareness raising campaigns for customers etc.
- Since we believe that 100% prevention is not achievable, we have threat hunting capabilities and a Security Operations Centre in place that monitors all possible anomalies in near real-time that have been identified across the organisation's network to detect potential incidents in a timely fashion and respond effectively to minimise the negative impact of possible attacks. To be up-to-date and track our adversaries' techniques and tactics, we are elaborating cyber threat intelligence procedures according to industry best practices, in line with the MITRE ATTACK framework.
- Our information security governance and effective risk management processes ensure that the Bank has the correct guidance, that it is making risk informed decisions in compliance with its risk appetite, and that it is fully compliant with regulatory requirements. The Information Security Committee, which is chaired by the CEO, has the ultimate responsibility of assuring that the appropriate level of security is maintained, and a continuous improvement cycle of management processes is achieved. We are in compliance with the NIST cyber security management framework and our Information Security Management System is ISO 27001 certified.
- In addition, to strengthen our cyber resilience, we have an effective Business Continuity Management System and a cyber insurance policy in place to manage contingencies and recover from serious disruptions with minimum possible impact.

### How We Measure and Assure Acceptable Level of Security

To assess and assure an acceptable level of information and cyber security, we rely on external/internal audit reports, Red Teaming exercise reports, and penetration testing results, which are conducted by our highly professional internal team and external reputable third-party partners.

On an annual basis, we conduct:

- external Audit of SWIFT customer protection framework
- external Audit of National Bank of Georgia's cyber security framework which is based on NIST cyber security management framework
- external surveillance audits of ISO 27001
- penetration test against internet facing applications and critical infrastructure with the help of our partners

Our internal team is in charge of continuous penetration tests of internal and external applications and infrastructure.

On a regular basis, our internal team conducts Red Teaming and purple teaming exercises, with the help of a reputable third-party company, assessing our security capabilities against real world advanced threat actors.

### 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.





Furthermore, employees receive regular, informational letters on key cyber security topics.

Each employee is obliged to enrol in a distance learning course and receive certification on information security issues. In 2023, 96% of TBC Bank employees participated 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.

Given the normalisation of remote working, the Group activated secure remote working policies, which ensure that homeworking environments are protected against cyber threats and that the security team can provide 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 Centre and Threat Hunting teams have successfully adopted effective remote collaboration and communication tools and practices.

**Informing and Educating Clients**

The Bank has put in place an Information Security Incidents Management Policy, procedures, and hotline for clients to report fraud. If a TBC client is targeted by fraudsters or suspects unauthorised activity related to personal data or accounts, they can contact the hotline 24/7, and the TBC team will react immediately to the reported incident.

Throughout 2023, TBC's communications team has applied a range of communications tools and formats to increase public awareness about financial matters, including financial security and protecting customers from phishing and other fraudulent activities, by educating them on how to prevent fraud and protect personal information. One of the most highly used channels is the Edufin platform, a Facebook platform run by TBC which provides financial education. TBC regularly posts information security tips for users in an easy-to-understand and readable format. The Edufin platform is also used to post blogs, posters and short videos with useful information.

Other media formats include a weekly TV show about Financial Security initiated by TBC and hosted by the founder of TBC's partner organisation, "Society and Banks", explaining to viewers in simple and understandable language how to protect themselves from phishing, the nature of cyber fraud, and other topics related to financial security. The TV show continued throughout 2023, while its content was also re-packaged and broadcast through radio channels as well.

TBC's communications team also uses the most popular regional online media and newspapers, publishing articles in almost every region that simply and clearly explain how to detect phishing and other forms fraudsters use in cyber space, and provide recommendations on how to prevent and/or respond to them.

**PROTECTING CUSTOMERS' PERSONAL INFORMATION**

TBC complies with all regulatory requirements regarding personal data protection. TBC recognises that the correct and lawful treatment of personal data will maintain confidence in the organisation and enable successful business operations. Protecting the confidentiality and integrity of personal data is a critical responsibility that TBC takes seriously at all times.

In 2023, the Bank appointed a Data Protection Officer (DPO) to oversee the organisation's data protection processes and procedures.

Data subject rights are upheld and safeguarded by Georgian data protection regulations and the General Data Protection Regulation (GDPR.). The Bank's data protection processes and procedures are designed to adhere to strict standards to ensure the security and confidentiality of customer information. The DPO, as the designated individual responsible for overseeing these processes, works closely with various departments to implement and maintain robust data protection measures.

Employees at the Bank undergo comprehensive training on data protection, which equips them with the knowledge and understanding of their responsibilities in safeguarding customer information. Furthermore, the Bank regularly updates its procedures to align with Georgian data protection regulations and the GDPR, ensuring that data subject rights are consistently upheld and protected.





In 2023, a new Georgian Data Protection law was published, which came into force on 1st March 2024. The Bank analysed the amendments and new requirements, identified the persons responsible and elaborated an action plan in order to comply with the new regulation.

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 the utmost attention to protecting personal information and customer privacy. Ethical treatment of client data is a cornerstone of the high level of trust that customers have in TBC. As a financial institution, we ensure that client data is only used for proper purposes in ways that serve clients' needs and respect the clauses defined in their contracts.

TBC Bank has implemented a Data Leak Prevention System that enables automatic monitoring. In case a leak is identified, the system blocks the operations 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 needed to fulfil 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 2023 no major personal data leak was detected in TBC Bank, nor was any such customer report 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 information provided 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 clients to be provided with full information before making a decision on purchasing a financial product. The Bank practices full compliance with regulators' demands. There were only two minor incidents reported. One pertained to a violation of technical requirements in contract design, while the other involved a delayed investigation. The total fines imposed amounted to GEL 4000.

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 that understandable for any customer. The Bank has also implemented standards that enable 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 as defined by

law, and covers the whole TBC Group. The document is available publicly at [www.tbcbankgroup.com](http://www.tbcbankgroup.com).

## CUSTOMERS' COMPLAINTS MANAGEMENT

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

Customers are informed about the complaints fixing channels and the complaint processing timeline through the TBC webpage and all of the legal contracts that they sign.

Customers have the opportunity to address the Bank with a complaint in written form or verbally through the contact centre, branches, internet banking, social media and the official webpage ([www.tbcbank.ge](http://www.tbcbank.ge)).

Complaints are discussed and addressed by the Complaint Management Team in the Customer Support Department. Received complaints are uploaded onto the CRM module. A complaint management specialist assesses the complaint in the timeframe defined by law. After the complaint is uploaded in written form, the client receives the following SMS:

"Please be kindly informed, that your complaint/claim has been accepted. We will get back to you with the answer within one month at the latest (depending on the substance of the complaint/claim). More details regarding the timeframe of handling complaints/claims are available on the Bank's official website [www.tbcbank.ge](http://www.tbcbank.ge). If the complaint/claim relates to payment services, within 6 months from the date of application to the Bank, you have the opportunity to apply to the Dispute Resolution Commission of the National Bank of Georgia regarding payment services. The Dispute Resolution Commission will consider the dispute free of charge."

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

Reports on complaints received are submitted to the National Bank of Georgia on a monthly basis.

In 2023, TBC Bank received 6328 complaints, up from 5834 in 2022. The number of complaints filed during 2023 increased by 8.5% compared to 2022. The main factors leading to the increase in the number of complaints are as follows:

- Increased customer activity (more transactions and products sold);
- New products and system updates etc. which produce minor and temporary errors;
- Legislative changes;
- Increased fees on products;
- The NBG's active involvement in customer protection, which encourages customer activity;
- World events (such as sanctions caused by war in Ukraine).

### The content of the complaints (in 2023) breaks down as follows:

- Quality of service: 53%
- Negotiation related to credit product terms: 6%
- Product terms and contract details: 26%
- Correction of commissions, penalties, and interest rates: 4%
- Transaction-related: 3%
- Demand for additional information or documents: 4%
- Other: 4%.

99.92% of all complaints were analysed and addressed. Client claims were satisfied in 46% (43% in 2022) of the cases.

In 2023, a total of 503 pain points were initiated by the Customer Support Department in order to prevent claims and problems.

In order to incorporate customer complaints management into the Bank's management of risk, customer complaints appetite limits were integrated into the Risk Appetite Framework, which was approved by the Board of Directors. The methodology requires that these metrics are monitored and reported on by the respective business units. As a result, the business lines responsible for products and services per segments were identified and assigned to the first line of defence against risks.





## RESPONDING TO OUR CUSTOMERS' NEEDS

### Ensuring Customer 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 exploring 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. Since our customers' interests are our top priority, we are committed to making their lives easier by acting as a trusted partner, always ready to help.

TBC plays a significant role in developing the Georgian economy through supporting Georgian businesses in a number of different ways, including increasing their awareness and of customer care and sustainable CX management. In 2023, TBC was a main sponsor and partner of the first Customer Experience Business Summit in Georgia, which was organized by LLC CX Hub. The CX Business Summit brought together 250 guests from 70 Georgian companies to listen to an international expert and ten Georgian businesses present their own practices, approaches and technical solutions in improving Customer and Employee Experience.

We regularly request feedback from our clients to analyse their needs and fine-tune our value proposition accordingly. We regularly measure customer satisfaction levels based on a range of surveys conducted by independent third-party companies and maintain the highest scores in the Georgian banking sector. Recent surveys indicate that TBC ranks among the top service providers in Georgia across various industries including public services, pharmaceuticals, telecommunications, and the financial sector. In 2023, we changed the research methodology to focus on a Net Promoter Score (NPS) study by segments (Retail, Concept, MSME). The reason for the change was the management's focus on the international index - NPS and benchmarking against the competitor. To ensure continuous benchmarking with our main competitor, in 2023 we also identified the main CX drivers and segment gaps through qualitative assessments.

TBC conducts customer surveys with the help of both internal and external, independent research companies. The average annual number of survey participants is more than half a million.

Since 2020, to reinforce our customer-centric culture, the Bank has conducted an after-service SMS survey, through which a CSI (Customer Satisfaction Index) is compiled on a daily basis. The survey tracks a total of 25,000 customer voices per month across Georgia, grouped by regions, branches, and individual employees, which allows us to constantly monitor our customers' experience and feedback and further improve the quality of service provided in our branches. Furthermore, we conduct statistical analysis of our After Service SMS survey not only by individual employees, branches, regions but also by products and journeys, which provides our Agile teams with customer feedback about the products and journeys under their responsibility and enables us improve their experience.

Since 2021, TBC Bank has further expanded its research digitalisation and acquired Medallia, a special international platform that enables us to conduct live surveys on any channel, provides instant feedback to customers, and increases our understanding of customer needs. We have already implemented trigger-based surveys in our Retail Mobile Bank, Business App and Business Internet Bank. These trigger-based surveys are conducted immediately after an operation or transaction and ask for customers' opinions.

Based on regular customer satisfaction surveys, we identify employees and teams who demonstrate exceptional customer care. They are recognized by the top management and are awarded special gifts at an annual TBCX award ceremony.

Our service quality assurance approach is described in the Service Standards and Code of Ethics documents, which cover fairness and transparency issues. Service quality evaluation is based on an international standard Service Level Agreement (SLA), operational excellence metrics, and client satisfaction survey results through which internationally recognised 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, containing statistical data from all departments that have a direct or indirect connection with clients, covering SLAs, Satisfaction Survey results, monitoring indexes and targets for each given component. Subsequently, components with unsatisfactory results are discussed with the relevant departments, and actions for improvement are planned. Since 2021, a Quality Dashboard has been displayed on the Power BI platform, leading to a more flexible and intuitive way to visualise quality management metrics and share experiences between teams.

Since 2021, top management has also received day-to-day indexes of user experience, highlighting the areas in which customers experience "pain" and how quickly the underlying causes are identified and addressed. This practice increases the transparency and responsibility of the relevant teams and speeds up the resolution process.

### Customer Experience Management Approach

In order to manage and improve Customer Experience TBC has developed CX Committee Practice, that ensures transparency of CX related issues and improvement projects from business stakeholders to TBC top and middle level management.

CX Committee Practice has been developed and is managed by Customer Experience Competence Centre. For ensuring effective CX management in close collaboration with business owner teams, Customer Experience Partner's role has been created under CX Competence Center. This position, which serves as a bridge between customers and the Agile teams. The position's main responsibility is to listen to customer feedback and take it into account when creating a new product or simplifying existing processes, and to implement CX Management practices in each business line. In 2023, TBC also established the role of Employee Experience Partner in order to take care of TBC employee pain points and consistently improve employee experience, which is a foundation for improving customer experience.

The CX Competence Centre implements and administers several service culture enhancements and CX management systematic approaches. Their initiatives include the following:

- In TBC, each employee participates in creating the best customer experience. In order to foster this culture of involvement, a micro-bug system has been created specifically for TBC employees, which allows an employee to fix a bug in any channel, space, product, or service on any TBC channel at any time and be sure that the response will be instant. This helps the company to involve each employee in solving problems as soon as they know about them.
- An Outstanding Customer Service Training Package for entry level positions and intensive service coaching for existing employees, based on an exceptional service skills matrix;
- Extra-mile service stories to highlight cases of special customer experience and ensure recognition;
- TBCX awards to identify and encourage employees who provide extraordinary customer care, based on customer satisfaction survey results;
- A "voice of the internal customer" survey for head office departments to evaluate each other's service and provide support to colleagues;
- In 2023, TBC implemented culture transformation initiatives in the Contact Center and branches. For this purpose, a series of workshops were conducted for frontline middle management in order to help them refresh their service leadership skills and improve their focus on CX.
- Since 2022, our main focus has been on the customer pain points management system, which allows 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 a ratings system; and to encourage the best "painkiller" teams. Since 2022, we nominated teams for a specific painkiller award as part of the TBCX award system. In 2023, 71% of registered customer pain points and 58% of employee pain points have been resolved.
- In 2022, we developed and introduced a "WOW experience" guideline for our Agile team members. The WOW experience guideline defines the kind of experience that makes a customer say "WOW!"; the areas in which this experience may take place; how to deliver these experiences;





and how to measure them. In 2023, we conducted intensive WOW ideation sessions and WOW experience workshops for up to 70 Agile teams, in order to help them move beyond their focus on being painkillers to creating WOW experiences. We also established a WOW idea award, which led up to 180 ideas being generated and awards for the best ten ideas. In addition, WOW implementation KR (Key Results) was integrated in the overall targets of Agile teams.

- Since 2022, TBC has initiated a process of design transformation. Bringing design practices into the business improves user experience (UX) approaches and makes our design thinking methodology more organic when creating new products and service. This means that all processes start and end with the customer, and that TBC teams are increasingly basing the process of creating products and services on customer needs. Under this initiative, a Customer Journey Catalogue was identified in 2023 and a systematic customer journey mapping and redesign approach has been initiated throughout the bank.

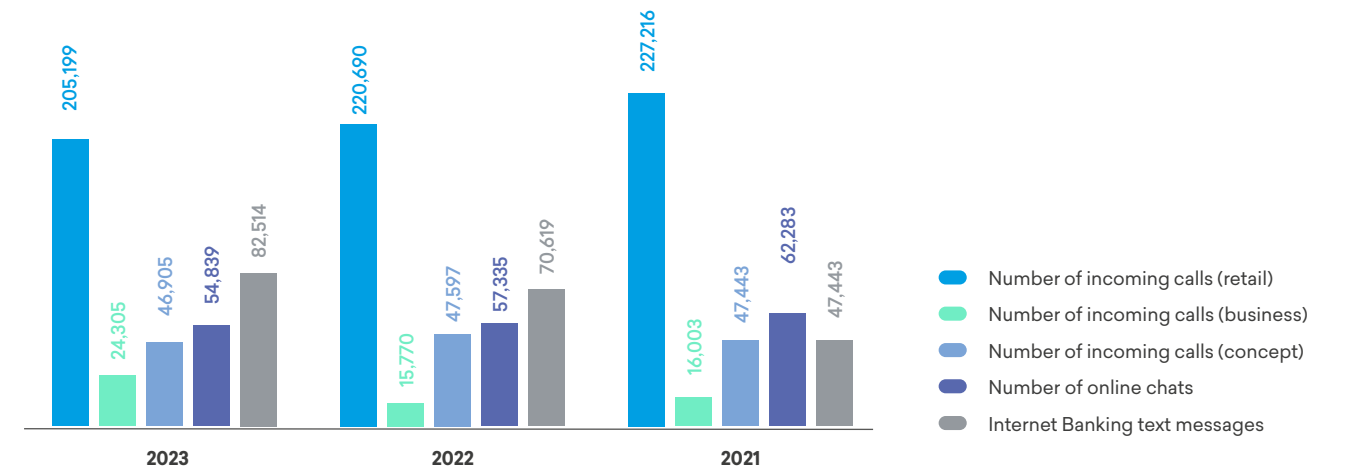
In order to ensure above mentioned practices for sustainable CX management, following guidelines have been developed and are accessible for each involved position through internal communication channels:

- CX Committee Framework;
- Customer Pain Point Management Methodology and Guideline;
- WOW Experience Methodology and Guideline;
- Client Communication Guideline;
- CX Appetite Health Check Framework.

#### Contact Center

Contact centre plays a key role in communicating with customers and supporting them. In 2023, the total number of calls served by the TBC Bank Call Centre reached 3,185,964 (2,968,279 in 2022 and 2,878,281 in 2021).

#### NUMBER OF INCOMING CALLS - MONTHLY AVERAGE





### 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 and 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 centres 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 Corporate/Institutional Mobile Banking App in Central and Eastern Europe by Global Finance in 2021. The Bank offers contactless payment services and serves clients through a contact centre and chat-bots. The Bank operates 4,500 self-service terminals, 1043 ATMs, and 33,000 active merchant terminals. 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, customised for local needs. Citizens can also read or listen to literature, buy real estate, and order goods delivery – all by using TBC Group companies.

We have made excellent progress in helping the uptake of digital banking services both within our existing retail customer base and in reaching new customers as we support the ongoing shift in preference from cash to digital financial services in Georgia. This is reflected in a 15% increase in digital monthly active users (MAU) to 921,000 whilst the number of monthly active cardholders has risen by 12% in 2023 to 938,000. Importantly, more of our customers are making daily use of our digital banking services, as seen by the ratio of digital daily active users (DAU) to MAU of 46% in 2023.

Our customers are conducting more of their everyday banking transactions through remote channels, with 99% of retail transactions now conducted outside our branches. Breaking this down further, the share of retail transactions made through mobile and internet channels increased by an impressive 5 percentage points (pp) to 68% in 2023. Not only does this offer more convenience for our customers, but it has also enabled us to free up front office employees for the provision of more value-added customer services and support.

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 lives 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 are increased that gives indications about the increased accessibility of services and information.

**99%** of all retail transactions conducted domestically by TBC cards were contactless in 2023.

**99%** of all our retail transactions were conducted remotely in 2023

In 2023, we embarked on several significant initiatives to enhance customer engagement and diversify our customer base.

- Marking a major leap in our digital transformation journey, we introduced subscription packages for our mass retail segment in our digital channels, surpassing the fourth quarter's initial target of 30% with a 60% digitalization rate by 2023.
- We launched a mass market retail brokerage platform within our mobile app, enabling the convenient and user-friendly trading experience of more than 6,500 equities and exchange-traded funds listed on American stock exchanges without any commission.
- We rolled out video banking for our retail customers living abroad. This tool facilitates swift onboarding processes and provides a convenient and efficient solution for clients to access various banking services.
- The bank also expanded offerings to the younger generations. We launched a new banking app Hi!, designed specifically for under 18s. Hi! offers a range of products and services tailored to assist young people in navigating the early stages of their financial journey in a secure, fun and informative way.
- We have further enhanced the functionality of the online Buy Now Pay Later (BNPL) offering. We introduced a post-sale BNPL option, enabling clients to receive a cash refund for their purchase and repay it over four installments, representing a significant stride in meeting the evolving needs of our customers. With c. 50,000 BNPL loans disbursed this year alone, the increasing popularity of this product underscores its resonance with customers seeking flexible and convenient payment alternatives.

### ECOSYSTEMS

In 2022, various digital platforms were combined in the largest technology company in Georgia and in the region - TNET. These platforms are: [www.myauto.ge](http://www.myauto.ge), [www.vedoo.ge](http://www.vedoo.ge), [www.tkt.ge](http://www.tkt.ge), [www.livo.ge](http://www.livo.ge), [www.mymarket.ge](http://www.mymarket.ge), [www.myhome.ge](http://www.myhome.ge), [www.myparts.ge](http://www.myparts.ge) and [www.swoop.ge](http://www.swoop.ge).

In 2023, TNET experienced significant growth with 1.9 million unique visitors accessing services across four verticals: lifestyle (ticketing and coupons), auto and real estate classifieds, and e-commerce. The launch of the TNET super app in March was a key milestone, with over 52,000 downloads by year-end. This app consolidates TNET's platforms into one unified space, offering a single user sign-in and a variety of services such as Vendoo, Swoop, and government services like utility payments. By the end of the year, the app had more than 68,000 products and services available, positioning TNET as a major driver of GMV expansion in the coming years.

TNET's GMV grew by 59% in 2023 to GEL 164 million, with a significant increase in SKUs and transactions. The company operates three e-commerce platforms and has seen enhancements in payments functionality and promotional services. While e-commerce in Georgia is still in its early stages, TNET is well-positioned to lead its development. TNET also contributes to the wider TBC Group through loan leads and has made improvements in its back-end infrastructure, including data analytics, which are expected to bring benefits in 2024 and beyond.



# RESPONSIBLE BANKING

## Introduction

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## Transaction Qualification and Categorization

- Screening Against the Exclusion List
  - E&S Risk Categorization
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## Mitigation and Control

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## Monitoring and Reporting

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## Awareness and Competence Raising

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## External Communications

- Grievance Mechanism
- 

## Products and Services Offering Social and Environmental Added Value

- Sustainable Financing Development







# RESPONSIBLE BANKING

## INTRODUCTION

The top management of TBC Bank Group PLC is showing leadership and commitment to combatting climate change locally in Georgia and globally in the world, and is taking accountability for the effectiveness of the system by defining an Environmental and Climate Change Policy framework (including Environmental Principles) and ensuring its implementation. The top management has an overall responsibility to coordinate the implementation of the Environmental and Climate Change Policy framework (including 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.

In 2023, the previous version of the Environmental Policy has been updated and climate related issues have been integrated in the new version of the Policy – Environmental and Climate Change Policy.

The updated Environmental and Climate Change Policy is based on international and national sustainability standards and principles, making them a part of the strategy, culture, and day-to-day operations of TBC. These standards include: IFC Performance Standards and EBRD Performance Requirements (PRs) and ADB's Safeguard Requirements (SRs); Task Force on Climate-related Financial Disclosures (TCFD); Nationally Determined Contribution (NDC); Paris Agreement; NBG Sustainable Finance (SF) Taxonomy; ISO 14001:2015.

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 our 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 endeavours 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 labour 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; and
- 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 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 Exclusions List is being reviewed on a yearly basis. In 2023, after the review, the Exclusion List was updated and four additional activities were added. These activities are as follows: Thermal coal mining; Activities involving force-feeding of ducks and geese; The keeping of animals for the primary purpose of fur production or any activities involving fur production; The export of mercury and mercury compounds, and the manufacture, export and import of a large range of mercury-added products.

The list of activities excluded from financing by TBC Bank is based on 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, labour rights and so on. To see the full list of excluded business activities, please visit: [www.tbcbank.com.ge](http://www.tbcbank.com.ge).

### 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 IFIs' 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' compliance/non-compliance with local and national environmental, health and safety, and labour 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. These transactions 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;
- Labour 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;
- Indigenous peoples; and
- Cultural heritage.

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

Since 2019, TBC Bank's Environmental and Social Risk Management team applies 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 to staff and reduces their manual work, which in turn limits errors and mistakes during the risk classification and selection process.

## MITIGATION AND CONTROL

Credit analysts are 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 labour 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 Group 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 Group conduct quarterly monitoring to ensure full implementation of ESRM procedures, to identify any internal procedural difficulties/barriers, and to eliminate them by through appropriate action.

Monitoring of Corrective Action Plans is conducted distantly. Monitoring of Corrective Action Plans (CAPs) has been conducted regularly, once every fortnight. In 2023, a total of 41 clients' Corrective Action Plans were developed and 29 monitoring reports were prepared.

### 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.





**AWARENESS AND COMPETENCE RAISING:**

- Training about EMS and climate change for new employees;
- E&S training for credit staff;
- An annual, mandatory online EMS e-learning course for all staff, followed by a self-evaluation test;

In 2023, 98% of all staff including the top management of TBC successfully passed the online course and self-evaluation test about TBC's EMS. In 2023, 14 Green Lending training sessions were held in Tbilisi and regions. In total, 364 employees were trained, including SME Credit experts, MSME Credit Risk Managers and Business SME Lending/Sales Coordinators.

To ensure more effective communication, a video was created that briefly describes TBC's EMS, structure and approaches. It is used both for training staff and in meetings with partners and stakeholders.

TBC Bank's ESRM team members endeavour to raise their qualifications and expertise by participating in different workshops, webinars, and training sessions. In 2023, ESRM team member participated in following events: Two-day Environmental and Social Risk Management workshop organized by GCPF; Online course on Environmental and Social issues organized by GCPF; Workshop about financed emissions tool organized by National Bank of Georgia and German Sparkassenstiftung Eastern Europe and Central Asia; Bishkek International Finance Forum "Technologies. Opportunities. Sustainable Development", organized by The Union of banks of Kyrgyzstan. Head of Environmental and Social Risk Management group was invited as a panellist; Tajikistan Financial Forum hosted by The National Bank of Tajikistan, Head of Environmental and Social Risk Management group was invited as a panellist.

We strive to help our clients and potential clients in compliance with E&S requirements to receive financing and to fulfil the actions agreed upon in the contract. In addition, TBC Bank's E&S Risk Management team periodically participates in business forums organized by TBC, in which 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 related to E&S issues. Records of all communication are stored, including responses in line with 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](mailto:E&Srisk@tbcbank.com.ge).

During 2023, no such complaints were received related 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.





### Sustainable Financing Development

TBC Bank acknowledges the importance of sustainable lending and is actively involved in developing a standardized approach to sustainable finance, including energy efficiency, renewable energy and resource efficiency financing for its private and business clients. TBC is a leading partner in Georgia in local renewable energy financing with a core segment in hydropower stations.

To make our contribution to the development of sustainable financing countrywide, we conducted local market research to determine how to adapt TBC's green criteria to the Georgian reality and developed Green Lending procedure, in cooperation with Green for Growth Fund (GGF) Technical Assistance Facility, represented by Finance in Motion GmbH and financed by the European Union under the EU4Energy Initiative. This procedure helps the Bank to identify green and environmentally friendly initiatives and encourages private companies to move to sustainable investments in their businesses.

Furthermore, the Green and Social Taxonomies of the National Bank of Georgia constitute the main guidance framework for sustainable lending, starting from 1st January 2023.

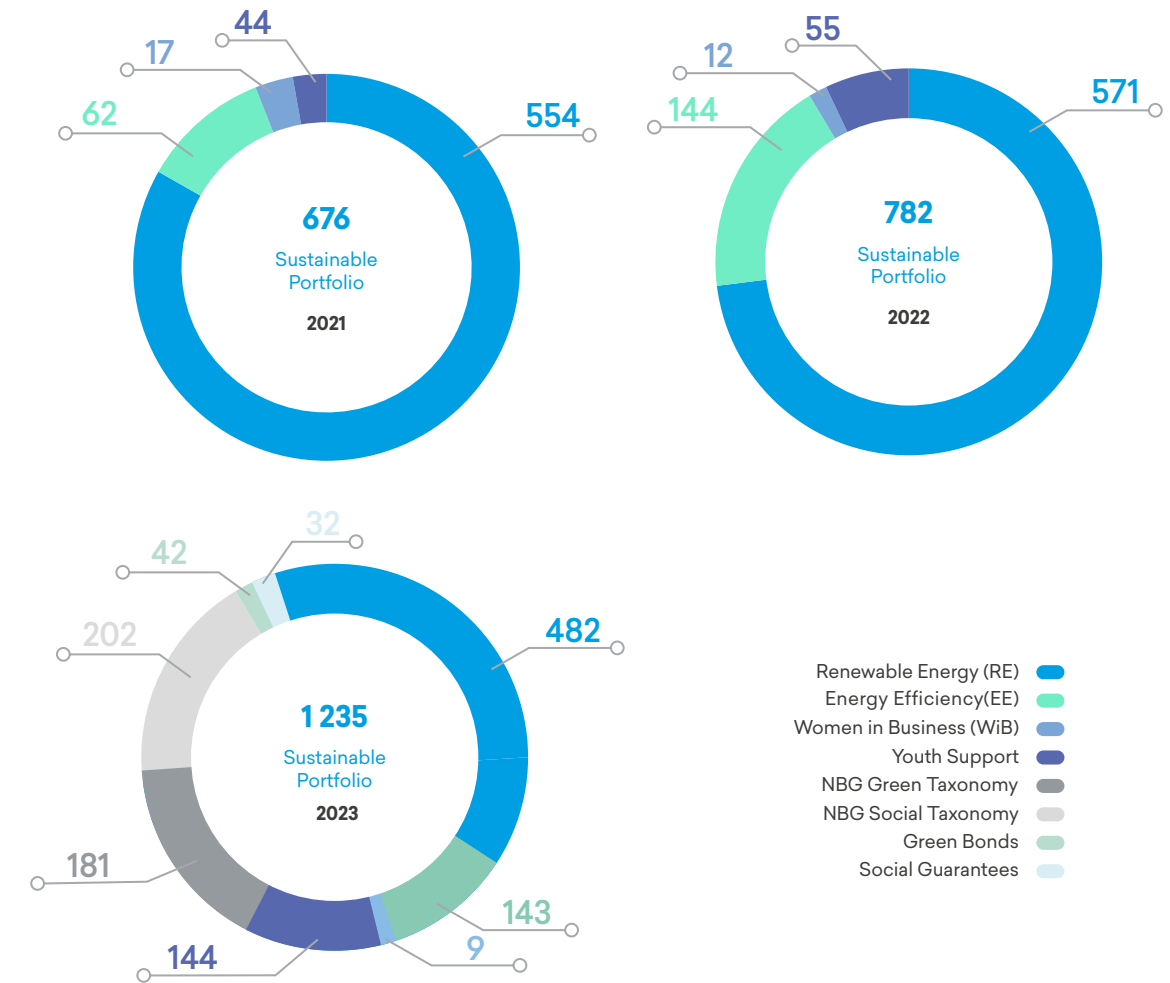
**TBC, TOGETHER WITH PARTNER ORGANIZATIONS, OFFERS NUMEROUS BENEFITS FOR CONSUMERS WHO MEET THE CRITERIA SET BY THE PROJECT.**

We actively cooperate with international partners to attract financing for sustainable lending:

- TBC Bank is actively mobilising green funds from partner international financial institutions to promote sustainable economic growth, primarily by financing energy efficiency, resource efficiency, and renewable energy projects. Those facilities will help local businesses and households to become more competitive by investing in high performance technologies and adopting energy-efficient practices. In addition, financing is coupled with technical assistance programmes, providing know-how and technical expertise to borrowers and ensuring that their green investments are successfully implemented. Several green facilities have grant incentives in place as well. As of 2023, TBC attracted various green facilities from several long-standing international partners, such as EIB, EBRD, GGF, GCPF, FMO, and ProParco, totaling up to GEL 663 million.
- In addition, in 2022, after receiving accreditation from the Green Climate Fund (GCF) in 2021, TBC signed an Accreditation Master Agreement (AMA), which is the central instrument setting out the basic terms and conditions to work with the Green Climate Fund (GCF). This authorises TBC Bank to access and mobilise financial resources from the GCF and formalises TBC's accountability in carrying out GCF-approved projects appropriately.
- The Bank acknowledges the importance of addressing gender equality and the empowerment of women and has in place several facilities that promote women's entrepreneurship by supporting increased access to finance, providing non-financial services as well as knowledge-sharing opportunities. In addition, the Bank has dedicated funds supporting young borrowers and entrepreneurs, providing loans for education, mortgage loans, as well as loans to start businesses.
- TBC Bank has in place several guarantee facilities with a special focus on start-ups, women, and regional entrepreneurs. These risk-sharing instruments serve as a partial substitute for collateral and enable the Bank to increase access to financing for underserved target groups, granting them better growth and development opportunities.

The climate action initiatives are part of the overall ESG strategy, which is reviewed and approved by the Supervisory Board annually. The ESG strategy sets increase in the sustainable portfolio, which consists of renewable energy loans, energy efficiency loans, and financing with social components, etc. As of Q4 2023, the total sustainable portfolio stood at GEL 1.23 billion, which exceeds the 2023 target volume of GEL 1.0 billion by GEL 233 mln. The target for 2024 has been set at GEL 1.4 billion.

### BREAKDOWN OF SUSTAINABLE PORTFOLIO<sup>1</sup> (IN GEL'm)



<sup>1</sup> Our sustainable portfolio includes a) energy efficiency, youth support, and women in business loans financed by special purpose funds received from IFIs; b) loans financing renewable energy, which include all hydro power plants financed by the Bank; c) financing of startup companies and affordable housing which are categorized based on the Social Taxonomy of the National Bank of Georgia, d) green loans which are assessed based on criteria defined by the Green Taxonomy of the National Bank of Georgia (<https://nbg.gov.ge/en/page/sustainablefinance-taxonomy>).

## THE FIRST FLOATING SOLAR POWER PLANT IN GEORGIA

The company “Agro Impex” with the support of TBC’s agro loan and within the co-financing of USAID’s Energy Future Assurance Program installed the first floating solar power plant in Georgia.

Pilot project will generate 300 000 kW electricity annually. As a result, “Agro Impex” network electricity consumption will decrease by 38% and the company will save an average of USD 32 400 annually.

*The warranty period of the floating solar power station is 25 years, and the return period is 5 years that means that the company will have 20 years of free energy.*





# TREATING OUR SUPPLIERS RESPONSIBLY

## Management Approach and Policy

- Supplier Selection and Payment Policies

## Dialogue with Suppliers

- Complaint and Grievance Management
- Supplier Remedy

## Managing the Environmental and Social Risks of Our Purchases

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

## Our Suppliers in 2023

- Proportion of Spending on Local Suppliers
- Procurements by Type

## Strategic Budgeting and Procurement Directions







# TREATING OUR SUPPLIERS RESPONSIBLY

## TREATING OUR SUPPLIERS RESPONSIBLY

### Management Approach and Policy

The Bank is managing its procurement process according to the Procurement Procedure. The Procurement Procedure: defines core principles of purchase such as rationality, fairness, equality, transparency and creating competition; manages the cases on conflicts of interest; establishes thresholds for choosing purchase types, awarding and signing contract and conducting payment; defines the role of the Procurement Department in conducting procurement and ensuring respective awareness throughout the organisation; describes the process of tender and price quotation, including setting up a Tender Committee, preparing a request for proposal (RFP) with requirements and criteria for evaluation, also how and by whom should be made the particular decision related to the process; precises possibility of using the E-Systems or other third parties to arrange purchases; underlines the opportunities for companies to submit their opinions or claims related to a particular purchase; describes KYP (know your partner) questionnaire-related process which allows the 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.; defines eligible positions for initiating requests for purchase; establishes exclusions from the Procurement Procedure coverage and thresholds such as terms for direct purchases; defines the rules for payment and prepayment management; manages contracting process, including contract drafting; establishes rules for using e-tools for administrating procurement and rules for managing and archiving documents.

The Bank's Procurement Team ensures proper execution of the rules set by the Procurement Procedure and also follows Bespoke, procurement-related practices.

### Supplier Selection and Payment Policies

TBC Bank's supplier selection and payment processes are regulated by its procurement procedure. When selecting new suppliers, we operate based on the principles of equality, transparency, and fair competition. These principles are ensured by the requirements envisaged in the RFP and are worded in a way that avoids ambiguity. Suppliers have information about how their company or their proposal will be evaluated and what is important. Although there are often multiple evaluation criteria, they may only focus on price when the proposed good or service fulfils all of the Bank's requirements. For purchase procedure announcements, the Bank uses a bidding and proposal submission electronic tender tool through third-party, online platforms. Bids are received and bargaining is performed mostly online, with companies given the opportunity to track the tender details. If the tender requirements are corrected, all participants are informed accordingly. Furthermore, the E-tender tool enables TBC to ensure the maximum number of relevant suppliers.

The Bank intends to establish partnerships with suppliers, not only contracts. The supplier relationship process is optimised in three different ways: by 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 our company payment policy. We strive to adapt our payment policy to each supplier's needs, whilst also considering their financial stability. Moreover, the Bank takes the responsibility for paying for the contracts in short periods, thus contributing positively to suppliers' cash flow. Although this places more demands on the Bank, it also increases its efficiency.





## 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. It is very important to us how suppliers evaluate our procurement practices. We use a range of 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 documentation. We also integrated electronic signatures into the procurement process towards the end of 2023, helping to speed up the process and reduce paper usage.

### Complaint and Grievance Management, Supplier Remedy

TBC Bank operates a Supplier Complaint Management Procedure. 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.

The complaint submission process is communicated in the tender documentation (RFP). Complaints can be submitted within three days once the tender outcome has been communicated to suppliers. As soon as a complaint is received, the Bank communicates with the company and discusses the details, giving explanations. As a result, the purchase procedure can be proceeded, terminated, or amended. In most cases, the complaint response is sent to the potential supplier in written form, via e-mail or official correspondence. In 2023, we had two such occurrences.

## 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 the environmental and social risks as well as the opportunities in our supply chain with a high sense of responsibility. We prioritise the use of green and energy-efficient products in our everyday activities by incorporating environmental and social 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. 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.

### Supplier Screening - Environmental and Social Risk Management Questionnaire

In 2019, we developed an Environmental and Social Risk Management Questionnaire to screen our long-term suppliers. We define a long-term contractor company as a company with which we have an agreement that lasts for a year or more. The screening of long-term suppliers has been carried out for those companies with which our Logistics Department has had contracts since 2019.

A long-term supplier assessment is made on the basis of the responses submitted in the Environmental and Social Risk Management Questionnaire. Following the assessment, each company is given a score of either low, medium or high.

- Low: the company has all necessary policies, mechanisms and resources in place, which are relevant for the environmental and social impact of its economic activity.
- Medium: the company needs to perform some adjustments and implement additional measures, which are included in the ESAP and have to be in place within reasonable timeframe. The progress is monitored regularly.
- High: the company needs to perform significant changes in order to comply with the requirements

set by TBC in line with its policies and standards. In case, if ESAPs are not implemented, TBC reserves the right to cancel the contract.

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

- The company's Environmental Management System;
- Pollution Prevention and Waste Management Systems;
- Working Conditions;
- Labour Rights;
- Labour Safety; and
- HR Management.

The evaluation of suppliers is carried out by the ESG Coordination Department. In 2023, 17 long-term contractor companies were assessed for environmental and social risks. As a result of the assessment, the ESAPs for 12 companies were developed. TBC provides continuous assistance to the companies and monitors the implementation of the ESAPs.

### Green Procurement Recommendations

The Environmental Policy of the Group includes Green Procurement Recommendations that should be considered during purchases. These recommendations point towards the 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 a Green Construction Standard, which provides green recommendations for building and renovating TBC offices, as part of its Green Procurement Recommendations. The respective terms are included in the contracts. If a party challenges the wording of the terms, the legal team and the E&S Risk Management Group are alerted. The standards and criteria presented in the Green Procurement Recommendations are applied wherever possible, with the active involvement of the Environmental and Social Risk Management Group, along with the Logistics and Procurement Departments. The Green Procurement Recommendations document is available to all employees.

One of the good examples showing TBC's commitment to purchase environmentally friendly and more energy-efficient products and services is our new head office under construction at the Lisi Lake area in Tbilisi. TBC's new head office called „Tbilisi Business Center“ is a 21-floor building which consists of 9 separate units with different functions connected to each other. The building covers 69,500 square meters and will serve up to 2100 permanent employees and additional visitors. To build its new head office, TBC procured various energy-efficient building materials and products such as, for example, Digital Addressable Lighting Interface (DALI) - a digital, internationally adopted language used to control lighting such as LED Drivers which allows information to be transferred between devices and energy usage of each individual light to be measured and monitored easily. Besides, we have installed a commercial rainwater collection systems to minimize the water usage within the office. The parking area of the new head office will also be equipped with electric charging stations.

### OUR SUPPLIERS IN 2023

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 a 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 start-ups 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 procurement department attends exhibitions of social entrepreneurs and ensures that relevant companies are approached when the respective need occurs. The Bank operates a project called Startuperi, through which we support local start-up companies, both producers of products and services and importers. We strive to support start-ups through offering them a range of 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.

To foster competition and the development of suppliers, our procurement team is open to receiving a range of company presentations and discussing their profile, capabilities and relevant opportunities to participate in the Bank's purchasing procedures. We become acquainted with their products by checking samples or visiting the on-site production process. We thoroughly explain the process of all of our purchase procedures. All this enables us to know the market better, raise awareness among suppliers, and support competition.

Suppliers are able to ask questions about any tenders or seek clarification of any tender requirements by e-mail, through the designated sections in e-tenders or by letter. All this is communicated in the RFPs, ensuring suppliers have all the information they need. We have been approached frequently with questions and requests for clarification or changing deadlines.

Every year, TBC enlarges its suppliers list by approximately 1,700, including individuals and companies. Currently, the Bank's list of suppliers includes 11,180 suppliers, 5,265 of whom cooperated with the Bank in 2023. In 2023, the Bank contracted 17 long-term suppliers, all of whom were screened using environmental and social criteria through the Environmental and Social Risk Management Questionnaires.

**Suppliers in TBC Bank and other subsidiaries of the Group\***

	Total number of suppliers	New suppliers in 2023	Share of local suppliers in total
TBC Bank	11,180	5,265	90%
UFC	80	12	94%
TBC Insurance	163	157	97%
TBC Leasing	39	16	92%
TBC Pay	285	222	95%
Space	240		52%
TNET	8	8	100%
TBC UZ	863	863	99%

(\*This table includes data of TBC Bank UZ, TBC Leasing, TBC Insurance, UFC, TBC PAY, TNET, Space Int.).





### Proportion of Spending on Local Suppliers

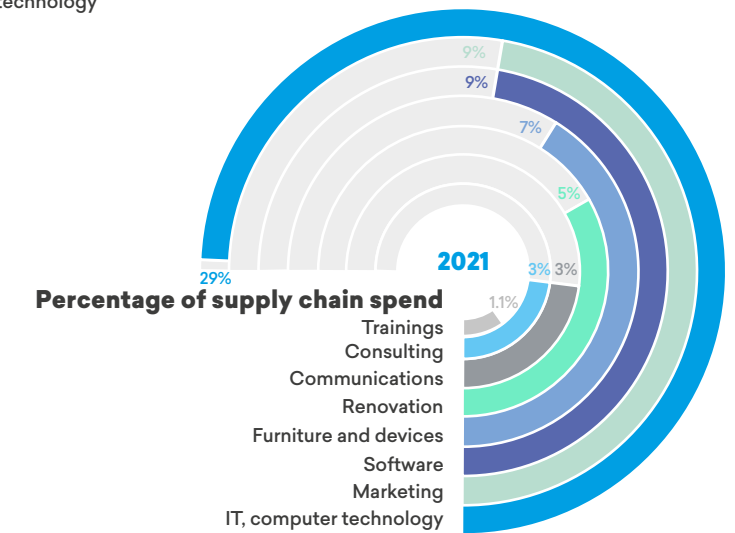
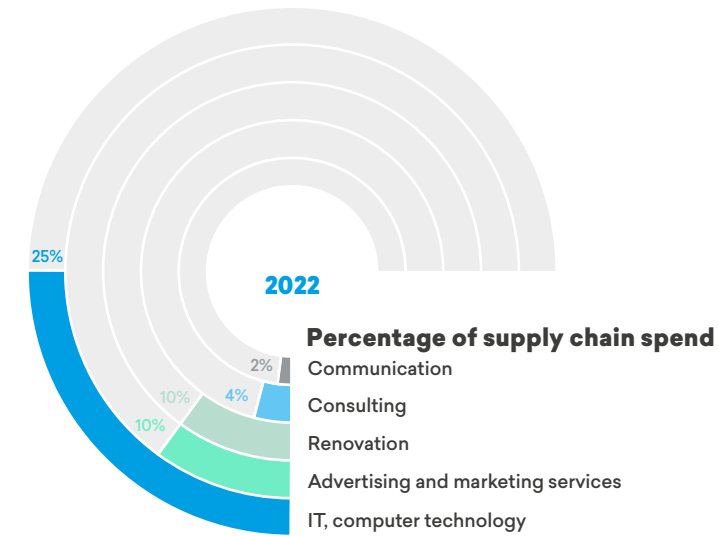
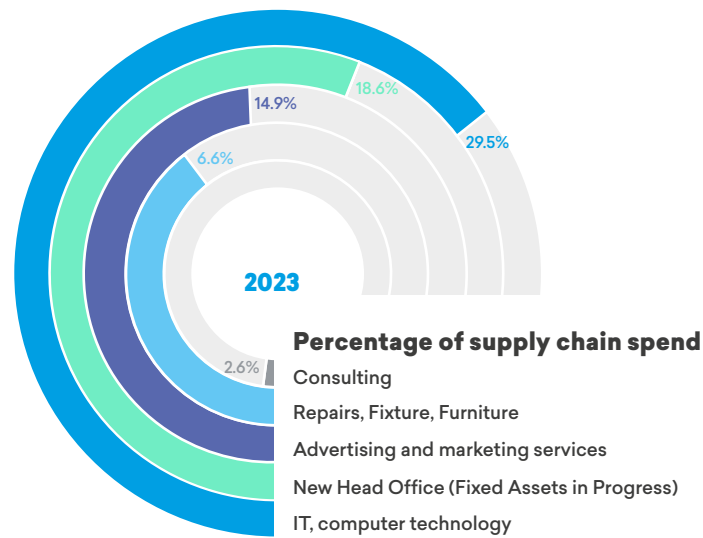
The share of local suppliers remained constant in 2023, with more than 90% of the Bank’s suppliers being registered in Georgia. Under the category “local suppliers”, we consider Georgian resident companies that sell locally produced, as well as imported, goods or services. This is a clear indicator of our input into local economic development. At the same time, we also understand that operations with local suppliers help to decrease CO2 emissions related to the transportation of goods.

The culture and principles under which TBC collaborates with its suppliers are harmonised and shared Group-wide. The procurement procedure, which is the main guideline to reflect the approaches mentioned above, is harmonised with those of the Bank and undergoes a permanent renewal process.

### Procurement by Type

In 2023, the main procurement categories, with at least 2% share in the total procurement or significance from strategic point of view, were as follows:

### BANK SUPPLY CHAIN EXPENDITURES IN THE LAST THREE YEARS



### Strategic Budgeting and Procurement Directions

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. In 2021, we committed to develop more tailored approaches towards green procurement initiatives, women-owned companies, start-ups and local (made in Georgia) businesses and to set targets, where feasible. As a result, we incorporated those targets in our ESG Strategy with a procurement volume goal of GEL 5 million in 2022-2023. The target of GEL 5 million of sustainable procurement was reached as of 31 December 2023. The volume of sustainable procurement includes the services and products purchased from women and local entrepreneurs, as well as energy-efficient techniques such as servers and laptops, energy-efficient HVAC systems, LED lightings, bio-degradable pens and cups.

## A NEW HEAD OFFICE TBC BANK

TBC's new head office under construction „Tbilisi Business Center” at Lisi Lake area is an energy-efficient building which is equipped by Digital Addressable Lighting Interface (DALI) - a digital, internationally adopted language which allows information to be transferred between devices and ensures that energy usage of each individual light is measured and minimized. Besides, a commercial rainwater collection system was installed in the new head office to consume the water rationally and to reduce its usage within the office. The parking area of the new head office will also be equipped with electric charging stations.

The new headquarter will be equipped with all spaces and facilities to ensure comfort, well-being and health of employees. It is planned to arrange a day-care space for children of TBC's employees, fitness centre, nursing room and interactive spaces for entertainment, socializing and relaxation.

*The workspace will be fully adapted for people with disabilities.*





# SUPPORTING COMMUNITIES

## Supporting Ukraine

### Supporting Shovi Landslide Affected Population

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### Supporting the Georgian Business Community

- Tbcbusiness.ge
  - Business Awards
  - Startuperi.ge
  - Supporting Rural Enterprises
- 

### Education and Entertainment Platforms

- Digital Platforms
  - Financial Literacy
  - TBC Scholarship
  - ICT Education Program for 1000 Schoolchildren
- 

### Partnerships for Positive Impact

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### Georgian Literature and Writing

- The Saba Literary Award
  - E-books House Saba
- 

### Physical Network







# SUPPORTING COMMUNITIES

TBC continues to run its multi-year initiatives that aim to sustainably empower 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 strengths and competencies and chooses areas of involvement accordingly. We have several principles that guide the choice of initiatives to be implemented.

Strategic directions for community support are chosen based on several principles.

- TBC prefers to start a project single handedly or in partnership with other entity or physical person, in fields in which it has some knowledge and expertise and can contribute not only financially but with its expertise and participation of employees.
- TBC chooses projects which has a potential of long-term existence and development and can grow its positive community effect year by year.
- Projects chosen should be valuable either for the whole country or for a segment that is regarded as very sensitive and need additional care.

For the following years, TBC defined Strategic directions for supporting communities which consider:

- Creating access to education to more Georgian citizens in the country;
- Supporting artists and cultural projects;
- Helping the country to maintain its cultural heritage and at the same time, promote young artists;
- Supporting small and medium business;
- Supporting ICT educational programs.

Community projects are realized by various departments of TBC as long as diversity of projects demands participation of different entities. Several entities from TBC back office, manage and oversee the results of the project. Each project has respective targets based on desired impact which TBC aims to create for society. Project success rates are based on consumer research, as well.

TBC developed the Sponsorship Procedure which regulates selection rules and process of partners as well as beneficiaries. Furthermore, the procedure defines the responsible parties for approving concrete financial limits and content of the projects.

TBC, as a signatory company of WEPs, implements many projects and initiatives to contribute to the fulfillment of principles 5 and 6.



## WEPs - Principle 5

Implement enterprise development, supply chain and marketing practices that empower women

**Our contribution to WEPs 5:** We are committed to fostering inclusive business practices. This includes promoting gender equality within our supply chain, supporting women-owned enterprises, and ensuring fair and ethical marketing practices. We place special emphasis on supporting women entrepreneurs and social enterprises, with various initiatives undertaken in 2023. Collaborating with

the European Bank for Reconstruction and Development (EBRD), TBC conducted a comprehensive study to understand the profiles and needs of women entrepreneurs throughout Georgia. Additionally, in partnership with EBRD, TBC introduced a business loan designed to advance gender equality, providing financial assistance for women to expand their businesses and implement innovative ideas. TBC sponsored events like the exhibition and sale of women entrepreneurs' products, the Social Enterprise Exhibition, and TBC annual business awards, including a special category for gender equality in collaboration with UN Women.



## WEPs - Principle 6

Promote equality through community initiatives and advocacy

**We align with WEPs 6:** Community Leadership and Engagement, actively participating in community initiatives. Our outreach programs, sponsorships, and partnerships are designed to meet community needs, fostering inclusivity and community development. TBC actively supports MSMEs, fostering economic growth and entrepreneurship. We remain dedicated to empowering Georgia's younger generation through various projects and educational sponsorships. Additionally, TBC undertakes social initiatives in Uzbekistan, such as Payme Mahalla and TBC Edu, to contribute to financial literacy and education. TBC consistently promotes gender equality through awards (TBC annual business awards; Grace Hopper Award), programs like "500 Women in Tech," "TBC X USAID for technological education", and a dedicated platform for entrepreneurial women in Uzbekistan ([www.growth.payme.uz](http://www.growth.payme.uz)). Our commitment extends to cultural heritage, supporting literature, arts, and national sports like rugby.

The main projects are described below.

### SUPPORTING UKRAINE

TBC continues supporting Ukraine through its charity account, which was set up in early days since the start of the war. Any interested party can make a donation to the charity fund to support Ukrainian people in difficult times. Many individuals and companies have joined this initiative and still continue donating. TBC Bank itself contributed GEL 250,000 to the fund on behalf of the team.

Over the past two years over GEL 2 million has been raised in total through joint efforts to help Ukraine. Majority of funds were transferred to the official charity account of the National Bank of Ukraine or Platform united24 announced by the Ukrainian government, while apart of the funds was distributed among non-governmental organizations operating in Georgia that are best suited to help Ukrainian people with their needs.

Over the past year donations were made in the amount of GEL 300,000 in total from TBC's Ukraine charity account to the United24 Platform. These donations were made to serve two different causes under the United24 platform: 1) "Rebuilding Ukraine"- Ministry of Infrastructure of Ukraine 2) "Education and science" - Ministry of Education and Culture of Ukraine.

Remaining funds in the amount of GEL 28,000 were donated to a local youth organization which organizes summer camps in western Georgia (Seaside resort) for Ukrainian kids from the war-affected areas. With this donation transportation and accommodation costs of 20 Ukrainian children were funded.

### SUPPORTING SHOVI LANDSLIDE AFFECTED POPULATION

TBC continues to be at the forefront of charity activities in times of natural or man-made disasters when help is most needed. To this end, TBC opened a charity account in the aftermaths of a landslide which occurred on August 3 in the mountain resort of Shovi, resulting in 32 deaths, destroying the resort's entire infrastructure and leaving local residents unemployed. TBC raised up to GEL 800,000 to support people affected by the natural disaster. TBC's contribution to the Shovi Fund was GEL 500,000, while private individuals and other organizations and companies contributed up to GEL 300,000 in total.



In the efforts to administer raised funds and direct them to support rescue operations to help those needing immediate assistance, and provide assistance to people/ local communities affected by the landslide, TBC cooperated with the Red Cross Society of Georgia and USAID Resilient Communities Program. Through these collaborations, raised funds were distributed among the following causes and areas:

- GEL 30,000 was transferred to Red Cross Georgia for the purchase of equipment for rescue and search operations.
- GEL 280,000 was directed for psychological aid and long-term phyco-social rehabilitation efforts for people affected by the natural disaster, including families and friends of the victims of the natural disaster. The project was administered and managed by the Red Cross Georgia, which put together a team of experienced psychologists and psychiatrists trained in post-traumatic therapy and set up a phyco-social rehabilitation center in the center of the Oni Municipality, where the landslide happened. Through this project up to 450 individuals were provided with short and long-term psychological assistance.
- Financial assistance in the amount of GEL 136,000 was equally distributed among 136 families living in the vicinity of Shovi. The population of these villages were mostly employed at Shovi resort. After the landslide they lost their income. A one-time assistance in the amount of GEL 1,000 to each family was designated to help these people partially feel this gap until they find an alternative source of income. Distribution of these funds were administered in cooperation with Red Cross Georgia.
- GEL 250,000 is designated for families of landslide victims. These funds are being distributed in cooperation with Red Cross Georgia.
- Supporting local businesses was one of the priority areas in distributing funds after the Shovi tragedy. To address challenges arising from landslide, TBC partnered with the USAID Resilient Communities Program, which announced a grant competition aimed at supporting micro and small businesses in the Glola village community. TBC contributed 20% of the total project costs from a dedicated charity account at TBC Bank established to assist those affected by the natural disaster. The project helped business owners in areas such as tourism, hospitality and agriculture to further develop their enterprises.
- TBC cooperated with the Ukrainian Embassy in Georgia to cover the costs of transportation (GEL 20,000) of the remains of two Ukrainian citizens to Ukraine, who were victims of the landslide.

## SUPPORTING THE GEORGIAN BUSINESS COMMUNITY

### Tbcbusiness.ge

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

In 2023, TBC continued its steadfast support of the SME community through a range of non-financial services tailored to the specific needs of companies, all underpinned by thorough research.

The process of creating these services begins with interviewing customers to understand their needs and challenges. This step is crucial for defining the problems that these services aim to address.

Following this, we launch a minimum viable product (MVP) version of the service for validation. This allows us to gather feedback from users and stakeholders, helping us understand what works well and what needs improvement.

Based on this feedback, we continuously improve the products and services, ensuring that they remain relevant and effective in meeting the evolving needs of the SME community. This iterative approach allows us to create impactful and sustainable solutions that truly benefit our customers.

Success of all these activities is measured through surveys conducted on satisfaction and impact.

Through these various initiatives, TBC reaffirms its commitment to supporting the growth and development of the SME community in Georgia, ensuring that businesses have access to the resources and knowledge necessary to thrive in today's dynamic market.

One of our most impactful initiatives was the largest educational program in Georgia, which successfully trained over 5000 founders of micro and SME companies. This program introduced a new course format, allowing participants to delve deeply into topics such as digital marketing, branding, accounting, and more.

Recognizing the importance of the agricultural sector, we also launched an educational newspaper specifically designed for regional agribusiness owners. The idea was based on lessons learned; despite our activities in regions, farmers often don't have time to attend educational events, and digital channels struggle to reach them. This publication is dedicated to disseminating modern methods and best practices in agrobusiness, empowering farmers and entrepreneurs with the knowledge to enhance their operations.

### Business Award

Small and medium businesses represent the backbone of the global economy. They contribute to the reduction of unemployment and poverty and boost economic growth. To assist the growth of the SME sector, TBC has rolled out several programs in recent years, covering a range of issues such as easing access to capital, sharing knowledge and expertise, developing products and services specially adapted to small business needs, the inclusion of small enterprises in TBC's supply chain, and the promotion of products.

To encourage entrepreneurship in Georgia, since 2016, we have been organizing an Annual Business Awards ceremony. Up to 4,000 companies have participated in the Business Award over the last 8 years. In 2023, the event was organized in partnership with EFSE and Forbes Georgia and attached 31 million views in digital channels.

The Business Award had the following nominations in 2023:

- Product/Service of the Year
- Exceptional Corporate Social Responsibility
- Innovative Startup of the Year
- Special Contribution to Regional Development
- Best Customer Experience
- Two special awards - for Gender Equality and Green Initiatives.

### Startuperi.ge

We remain committed to supporting early-stage businesses as well as fostering entrepreneurship in Georgia. In this regard, since 2017 we have run "Startuperi", an innovative program that offers financial and non-financial support for startups. Since 2017, over 55,000 startups have been registered in the platform's various activities.

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 favorable terms for loans used to set up local production. Other financial offers include leasing, business cards, free internet banking and digital pass registration. The outstanding portfolio of the program is comprised of 537 active loans, in the total amount of GEL 120 million as of 31 December 2023.

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.





*“Babale” is the winner of the TBC Business Awards in the category “Outstanding Social Responsibility”.*



**BABALE**

“Babale” is a social enterprise and a gift shop. “Babale” employs four young people with Down syndrome. 16 people with disabilities participate in the process of making souvenirs. “Babale” promotes the integration of people with disabilities into society.

## EDUCATIONAL PROGRAMS

### 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 2023, our main activities were:

- “World Savings Day” - Within the framework of the savings week, ESG Ambassadors conducted lessons in different schools of Tbilisi and regions, the purpose of which was to introduce the culture of financial management among students and raise their awareness.
- ESG Ambassadors is one of the initiatives planned and implemented by the ESG team. Within this project, 16 people from TBC were selected. ESG ambassadors are TBC employees who participate in the planning and implementation of ESG goals and initiatives. They have the opportunity to contribute to the sustainability of the company and its integration in relations with employees, customers, environment and society through various activities, projects and implementation of international ESG standards.
- 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. In communication we actively use TV and online media, with the highest engagement. In almost every media platform, we have put information, the goal is to raise awareness about financial literacy. In order to implement various financial-educational activities, in the capital and regions, we actively cooperate with the National Bank of Georgia and Non-governmental organization “Society and Banks”. In addition, TBC communication, also, focuses on cyber security issues, that simply and clearly, explain what phishing is, what form fraudsters use in this case, and what recommendations we should consider.
- Holding a campaign related to financial literacy in the digital world and cyber security, through blogs, podcasts, communication with clients via internal channels, and the sponsorship of discussions in TV.
- TBC, together with other Georgian commercial banks, works with the Banking Association to create common approaches and shared communication campaigns to educate the public in financial literacy, cyber security and the effective use of banking products in general.
- Supporting teaching contest of financial literacy among school teachers, organized by national bank of Georgia, with prizes for winners in two categories.

### TBC Scholarship for Schoolchildren

Supporting the new generation is extremely important for TBC. We must contribute to the development and education of young people to prepare skilled and educated professionals for the Georgian economy and to show different pathways for self-development and employment.

TBC cooperates with 14 high profile organizations, who have an opportunity to choose talented youngsters for the TBC Scholarship program. These are special schools with enhanced STEM or ART education; various competition programs for youth covering STEM, Financial Literacy, Entrepreneurship, Fiction Literature, English language and other subjects; Sport Federations and schools from socially vulnerable regions. In this way, TBC makes sure that its scholarship is available to a maximally diverse set of young people in Georgia. The TBC scholarship program for schoolchildren began in 2019. Schoolchildren receive scholarship for twelve months. In total, for 4 years, more than 400 schoolchildren participated in the program. In 2023 the program had 120 participants (58 girls and 62 boys).

Apart from the monthly scholarship, TBC offers lectures and educational gatherings for participants. TBC uses the cultural and educational events it organizes and supports, to engage scholarship participants and provide them with interesting new experience with entertainment and education components.



## TBC X USAID for Technological Education

TBC x USAID for Technological Education was launched in March 2023 and is implemented by TBC IT Academy. The project aims to increase the accessibility on quality education in the field of technology throughout Georgia and strengthen ICT ecosystem on country level. Additionally, special focus within the project is increasing opportunities for women in ICT and participants from rural areas.

The project is implementing 8 different courses, including several advanced level courses in high demand technology directions such as iOS Development, React, Python, Dev-Ops, Blockchain, Information and Cyber security. The project has also conducted ToT program for tech professionals who aim to share their knowledge and experience to others.

TBC x USAID for Technological Education aims to train up to 700 tech talents and employ up to 400 successful graduates. The educational program attracted 10,000 registered applicants already; currently, there are 350 active students; up to 80 graduates completed the ToT and iOS Development courses.

Up to 20 technological partner companies increase the employment opportunities for the successful graduates.

*At least 30% of the Academy's students are women and 40% participants from rural areas of Georgia.*





### Tech-School

TBC 's goal is to make education available for maximal number of Georgians. For many, finances as well as lack of educational facilities providing good quality in physical proximity are the challenges hindering access to high quality education.

TBC aims at delivering opportunities for quality education, that will be a good starting point for attaining profession that is demanded in the whole world, at the same time giving opportunity for working from distance, being employed for any project worldwide without leaving Georgia.

In 2023, TBC, in collaboration with Geolab, PH International and USAID, created fully funded online technological courses for school students (from 9th to 12th grades) within the TBC Educational Program. This is one of the biggest educational projects of the company that has beneficiaries in all regions of Georgia. The program includes 7 different directions, three-month technological courses. The first stage started in May 2023 and it already has more than 1800 graduated school children. Within the framework of the project, regional outings all over Georgia are organized. These meetings include recommendations and panel discussions from leading specialists in various fields of technology.

In 2024, TBC continues the Tech-School with optimized programs, based on received experience and opened first semester in February, with 7 courses offered to schoolkids starting from 9th to 12th grade. The courses offered are: Front End, Back End, Mobile Apps, UX/UI, Social Media Management, Graphic Design, Photo and Videography. Courses are provided online, enabling participation for any place in Georgia.

Tech – School aims at promoting technology education among young generation. Proficiency in technology increases chances of success not only in ICT field but in any other profession that young will choose in future.

## PARTNERSHIPS FOR POSITIVE IMPACT

### Strategic partnership between USAID and TBC - Strengthening the economy

On March 23, 2022, USAID and TBC signed a Strategic Partnership Memorandum.

In partnership with USAID, TBC works to expand access to finance and business support services, which will encourage inclusive economic growth, empower women economically, and develop the skills needed for business growth.

Under the memorandum, USAID and TBC will contribute to Georgia's inclusive economic growth, market diversification and the creation of high-paying jobs. Under the USD 30 mln Loan Guaranty program provided by DFC and USAID, TBC has financed Georgian MSMEs, with the key focus on rural entities, smallholders, women entrepreneurs and start-ups. Improving access to finance will strengthen their competitiveness and support sustainable development of this segment, thus contributing to the economic growth and job creation in Georgia. More than 1,200 high-paying jobs will be created and help businesses generate USD 6 million in sales.

### Grace Hopper awards – Promoting Women in ICT

As a technology-driven company that puts special emphasis on women's empowerment in tech industries, in 2021, TBC partnered with USAID Economic Security Program as the main sponsor and established Grace Hopper Awards, which inspires women and recognizes their achievements in the ICT industries. The mission of the Grace Hopper Award 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 a strong part of TBC's culture and represent a set of priorities that the company pursues with the outmost dedication. In 2023, for the third consecutive year, the Grace Hopper Award Program acknowledged outstanding individuals, programs, and organizations in six categories (Emerging leader, ICT champion, Tech startup, Program award, Industry award, Supporter award). The Award ceremony was held on June 16th and like the previous year, TBC awarded two winners in the Emerging Leader and Tech startup categories with specially tailored capacity-building programs to support their professional growth and/or business expansion.

Starting in 2024, TBC replaced USAID Economic Security Program as the main driver of the project and continues preparations for the fourth Grace Hopper Award ceremony which will take place in June 2024.

### Market Segmentation Study

TBC, together with the European Bank for Reconstruction and Development (EBRD), conducted a market segmentation study to identify profiles and needs of female entrepreneurs in Georgia. The study involved a demand and supply assessment of financial products and services. On the demand side, the primary data collection included a survey and focus group discussions with W-MSMEs. A market segmentation analysis has been conducted using both qualitative and quantitative data. Additionally, the results showed persona maps highlighting different behavioral characteristics of W-MSMEs. Based on the results of the data collection, desk review, and internal TBC assessment, the report highlights actionable recommendations on how to cater to the financial needs of W-MSME segments by designing W-MSME-specific products and services.

On October 24, 2023, an event was held to present the research results in the multifunctional space of the TBC concept. CEO of TBC Vakhtang Butskhrikidze and Caucasus Regional Director of EBRD Alkis Vrienios Drakinos opened the event. The event was attended by representatives of international and local organizations working on women's empowerment issues, TBC's partner women entrepreneurs, media representatives and other interested parties.

### Women's Entrepreneurship Expo 2023

Education, establishing new connections, attracting customers, implementing technological innovations in daily activities – these issues are especially priorities for the development of women's entrepreneurship. On October 21-22, 2023, in partnership with TBC, the UN Women Georgia Country Office, within the framework of a regional initiative from UN Women Europe and its Central Asia Office, hosted the second large-scale exhibition for the sale of products and services created by women entrepreneurs in Georgia.

More than 160 women entrepreneurs from all over Georgia had the opportunity to present their products - food and wine, gifts and accessories, personal care products and other items to the visitors. Also, space was dedicated to technology startups founded by women. Such projects provide new opportunities for entrepreneurs: they help to expand the circle of partners, share experience, discover innovations and reduce barriers. Through events like this, women entrepreneurs can become role models for other budding entrepreneurs and show that they can create economic value.

### B2B Exhibition of Social Enterprises

In partnership with TBC "Center for Strategic Research and Development of Georgia" (CSR DG) hosted the third large-scale and impact-oriented B2B (business to business) exhibition of social enterprises on September 30 and October 1 with the support of the European Union.

Small-scale local social enterprises actively respond to social, economic, and environmental challenges, which introduce responsible components in their activities. Development of regions, green initiatives, employment of persons with disabilities or responding to their needs, development of circular economy principles and others – this is the essence of social entrepreneurship, and its support is one of the important directions of TBC's ESG strategy.

The purpose of the exhibition is to deepen business relations between social enterprises and the business sector, as well as public and state sectors. The main topic of the event was developing responsible procurement practices to ensure greater social and environmental impact. The event was attended by at least 200 representatives of the business sector, about 100 social entrepreneurs, representatives from the diplomatic corps, media, state and public organizations.



## ZEG Tbilisi Storytelling Festival

The festival is held annually in Tbilisi. Founded by Impact Hub Tbilisi and the non-profit newsroom Coda Story, Zeg Festival brings together professionals and thinkers from various industries - mostly media, cinematography, photography and others to craft narratives for the future in a three-day series of discussions of the major global topics.

The festival is about finding and telling stories that matter for the day and after tomorrow, introducing unique and creative ways of storytelling and immersing in three days of inspiring conversations, town-hall style events, performances, interactive masterclasses, innovative workshops and networking.

*TBC Concept is the main partner of the ZEG Tbilisi Storytelling Festival since 2019.*







## 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 Georgian writers received their first public recognition through the SABA Award. With 22 years of history, SABA is the most prestigious literary prize in Georgia. 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 Play
- Best Literary 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 2023, the Saba awards were presented for the 21th time in a special ceremony that was also broadcasted live through a social media channel.

SABA is the most prestigious award given for Georgian-language literature. In 22 years, more than 5,000 books have been evaluated, 230 awards were given to 180 authors, 100 different members served in the committee and more than 1,000,000 GEL in total was awarded.

In 2023, Saba Literary Award added one nomination, “Readers Saba”, which was awarded to one of the debuting writers. In this case, the winner will be decided not by a professional jury but by a group of the most dedicated readers in the Saba Reader App. Five Saba App users who will read and listen to books in Saba App during May and June will receive the possibility to evaluate and decide the winner for Saba Award Ceremony, was held in September 2023. In this way, Saba and TBC pay tribute to reading lovers, giving them a voice in the most important literary process in Georgia.

### Saba e-Books House

Year	Women	Man
2023	5	6
2022	8	3
2021	7	7
2020	4	7
2019	3	7
2018	4	8
2017	5	9

In 2013, 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 readers 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 set up, providing access to a range of 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 developments and to have their favorite books at hand. Together with the webpage, users can download the Saba Reader app, which contains more than 7,500 built-in books, audio books, podcasts, lectures, and more. Users of the app have unlimited access to literature and receive an outstanding, modern experience.

Along with the Literary Award SABA, the House of Electronic Books was founded in 2012 by TBC. During these 12 years SABA Collected More than 400,000 registered users and 19,000 active monthly readers.

## PHYSICAL NETWORK

As 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. 88% of all branches have been modernized and equipped with ramps to support accessibility. In the regions, the share of adapted branches is even higher - 95%. In 2024, further locations will be added.

Branches	Tbilisi	Other big cities:		Rest of the Country:	Total Georgia
		Kutaisi, Batumi, Rustavi,		Economically less developed	
		Gori, Poti, Zugdidi		Rural areas and small towns)	
Total at the beginning of 2023	51	23		30	104
Change in 2023	4	0		15	19
Total for the beginning of 2024	55	23		45	123
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

ATMs	Tbilisi	Other big cities:		Rest of the Country:	Total Georgia
		Kutaisi, Batumi, Rustavi,		Economically less developed	
		Gori, Poti, Zugdidi		Rural areas and small towns)	
Total at the beginning of 2023	376	147		145	668
Change in 2023	38	31		12	81
Total for the beginning of 2024	414	178		157	749
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

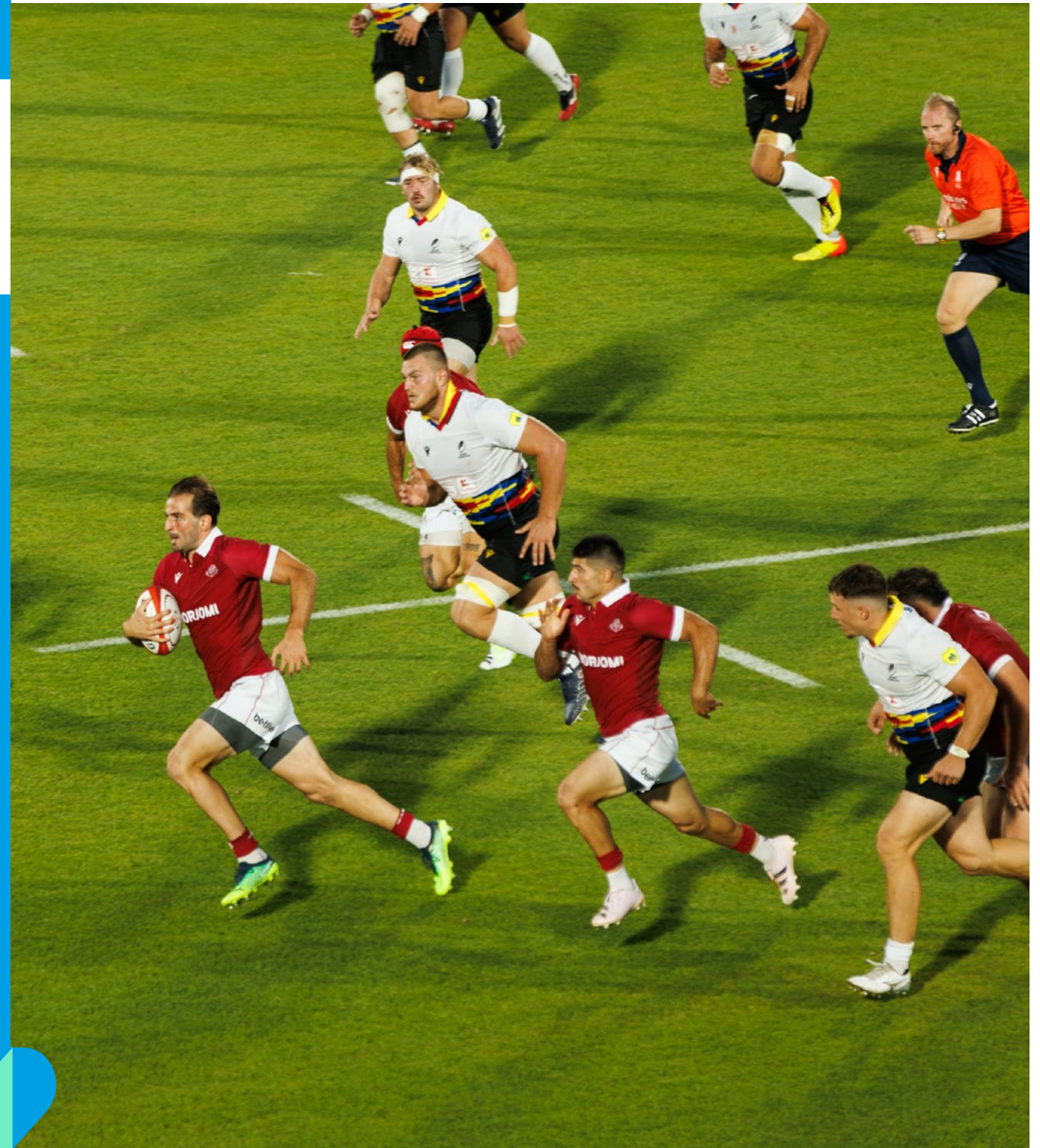
Payment Boxes	Tbilisi	Other big cities:		Rest of the Country:	Total Georgia
		Kutaisi, Batumi, Rustavi,		Economically less developed	
		Gori, Poti, Zugdidi		Rural areas and small towns)	
Total at the beginning of 2023	1,938	1,035		1,042	4,015
Change in 2023	116	27		52	195
Total for the beginning of 2024	2,054	1,062		1,094	4,210
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

*TBC supports Georgian Rugby Union from 2015.*

## GEORGIAN RUGBY UNION

Rugby in Georgia is a sport with old traditions and growing popularity among youth. For TBC, rugby represents set of values that are desirable to be transmitted to the young, namely hard work, team spirit, transparency and honesty, chivalry.

Georgian national team is among the elite in the world and regularly participates in the world cups. In 2023, in relation to the world cup in France, where Georgian team played with best teams from all over the world, TBC created 2 month long campaign, with new slogan “We Will Win Together”, underling the importance of unity, not only among team members but between fans and players and country in general.





# SUBSIDIARIES

## Environmental, Social and Governance (ESG) Strategies in Subsidiaries

- TBC Leasing
- TBC Pay
- TBC Capital
- Space Int.
- UFC
- TNET
- TBC UZ
- TBC Insurance







# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) STRATEGIES IN SUBSIDIARIES

Separate ESG Strategies have been developed and implemented in eight subsidiaries of the TBC Group since 2022.

During the elaboration process of the strategies, individual initiatives and key performance indicators (KPIs) tailored to each subsidiary's business specifics were defined and included in their ESG strategies. Although the ESG Strategies are adapted to each respective subsidiary, their general framework, directions and main targets are the same and comply with the Group's ESG Strategy and its commitment to making a long-term contribution to sustainable development and to being the leading supporter of ESG principles in the country and the wider region.

The ESG strategy of each subsidiary is approved by the management or the respective Board of Directors and, starting from 2023, supervised on a regular basis. The subsidiaries' ESG Strategies define several key areas for the coming years:

- Enhanced governance of ESG and climate-related risks and opportunities
- Impact measurement and reporting
- Supporting the Group's Net-Zero GHG emissions targets.
- Resource and energy efficiency; and
- Employee diversity, equality, and inclusion

These long-term aspirations are supported by different measures outlined in the ESG Strategies for short- and medium-term periods. The initiatives and targets are aligned with each subsidiary's business activity and might differ in each of them. The summary of key components for 2023-2024 are listed below:

Annual targets for sustainable portfolio where relevant

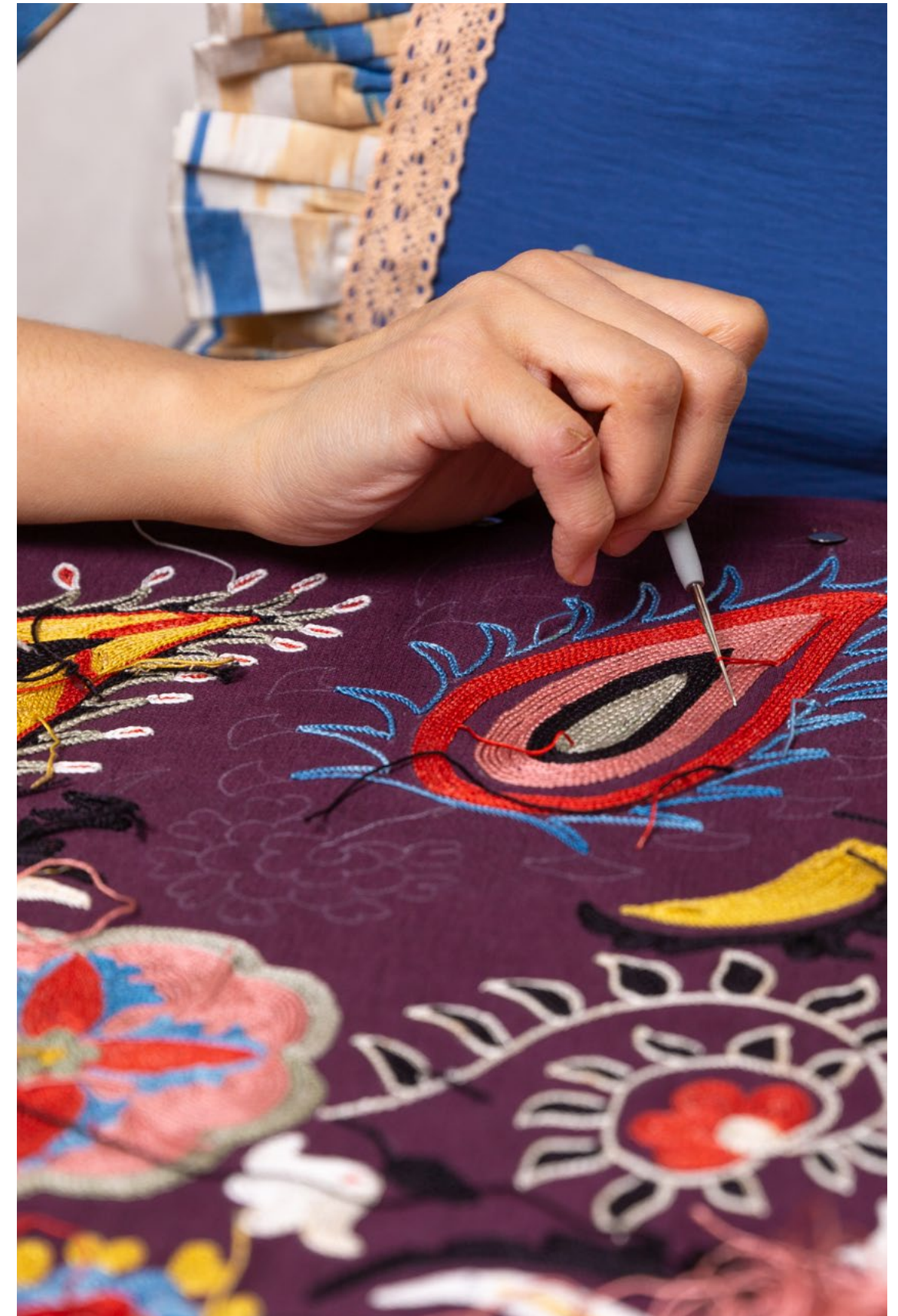
Annual targets for energy and resource consumption

E&S screening of long-term contractors

Implementation of Group policies and procedures

Targets for women in managerial positions

Implementation of ESG-related trainings for all employees





In 2023, we had several achievements towards reaching the goals of the Group's subsidiaries' ESG Strategies:

- Approval of the Group policies such as the Diversity, Equality and Inclusion and the Human Rights Policies;
- Implementation of ESG-related mandatory trainings for staff;
- Workshops for subsidiaries on TBC Group's procedures and policies and capacity-building on ESG-related issues;
- Establishing data collection and regular reporting systems to the Group to monitor the progress and implementation status of ESG Strategies; and
- Conducting monthly meetings with all subsidiaries to coordinate the implementation process of the ESG strategies.

Further information about each subsidiary and its ESG initiatives is provided below.



## TBC LEASING

**A wholly owned subsidiary of TBC Bank, TBC Leasing offers an alternative source of financing to our retail and business clients. As of the end of 2023, it had an 86% share of the leasing market.**

TBC Leasing's technical know-how, specialist knowledge and expertise enable the company to offer its clients all-round asset finance solutions and other complementary advisory services, including financial leasing, operating leasing, sale and leasebacks, all of which are tailored to the individual customer's needs. The company serves both individual customers and businesses operating across Georgia through authorised representative dealerships, vendors, direct sales channels, and TBC Bank branches.

### TBC Leasing's ESG Strategy

TBC Leasing has demonstrated noteworthy progress in its Environmental, Social, and Governance (ESG) strategy, solidifying its commitment to sustainability and responsible business practices. The company's focus on the four pillars of ESG has yielded significant achievements, particularly in terms of social and indirect environmental impact.

Increasing social procurement, a major component of TBC Leasing's ESG initiatives, has surpassed initial targets, showcasing the company's dedication to community engagement and support. Furthermore, achieving the planned milestone of \$31 million in its sustainable lease portfolio highlights TBC Leasing's success in promoting environmentally conscious investments.

These accomplishments not only validate the efficacy of TBC Leasing's ESG strategy but also highlight the importance of such initiatives in fostering long-term sustainability and positive societal impact. Moving forward, TBC Leasing remains committed to further advancing its ESG objectives, driving meaningful change in the financial sector and beyond.

### Financing Green, Renewable and Energy-Efficient Assets

In 2023, TBC Leasing continued its active involvement in the financing of green, renewable and energy-efficient assets through various initiatives, including the following:

- TBC Leasing successfully placed GEL 15 million green public bonds. The placement was the first national currency denominated green issuance on the local capital market among financial institutions. The proceeds from the issuance have been directed to finance growth of TBC's green leasing portfolio. The decision to issue green bonds, along with the financing of energy-efficient assets such as electric vehicles, production equipment, and solar panels, is a core part of the company's goal to help increase the availability of sustainable financing in the country and the development of the local capital market.
- In addition, TBC Leasing commenced a collaboration with the Green for Growth Fund (GGF) to develop a digital platform, which will allow our customers to submit requests for funding for prospective solar photovoltaic projects and obtain quotes from TBC Leasing in a more efficient way. This platform is integrated into TBC Leasing's website and is equipped with a leasing and an impact calculator for solar PV systems – enabling potential clients to estimate the leasing rates from different technology suppliers, including the main impact metrics such as energy and carbon dioxide (CO<sub>2</sub>) emission reduction, savings in monetary terms and estimated payback period.



**TBC PAY**

**TBC Pay is the leading payments provider in Georgia, offering convenient payments solutions to customers via its wide network of self-service terminals.**

TBC Pay was launched in 2008, since when it has established itself as the largest payment service provider in Georgia. Currently, the company operates around 4,500 self-service terminals throughout the country, as well as online and mobile applications.

The company's primary focus is to improve customer experience. In 2023, the company reviewed and improved its service availability, including a full overhaul of its network infrastructure.

In 2024, TBC Pay plans to continue focusing on improving customer experience and system sustainability, achieving high security standards, and diversifying its payment products.

**TBC Pay's ESG Strategy**

Successful implementation of the ESG strategy has become one of the main priority areas for TBC Pay since its development and approval in the beginning of 2023.

In 2023, TBC Pay demonstrated progress in implementing a number of different initiatives in the ESG Strategy:

- An ESG risk appetite was integrated into the risk appetite framework of the company. The types of ESG-related incidents were identified and specific risk metrics for measuring ESG risks were defined, based on the business profile of the company and the available historical data about similar incidents in the past.
- Working towards becoming more energy-efficient and reducing energy and resource consumption within the company was one of the company's main focus areas in 2023. To this end, TBC Pay developed a Standard for Resource and Energy Efficiency, which includes all the initiatives to be taken by the company to reduce its energy and resource consumption in its offices. TBC Pay also implemented a system for the separate collection of plastic and paper, which is sent to external contractor companies for further recycling.
- TBC Pay is aiming to increase its social responsibility through increasing green and social procurement. In 2023, TBC Pay contracted social and small local enterprises to make Christmas presents for its employees, thereby contributing to the development of local production and social entrepreneurship.



**TBC CAPITAL**

**TBC Capital is the leading provider of investment banking services, brokerage and research solutions in Georgia.**

The company offers a full range of financial services from structuring and executing deals to advising on complex corporate transactions. TBC Capital includes four main directions:

- consultation related to capital markets (Debt Capital Market, Asset Capital Market);
- consultation related to corporate finances;
- brokerage; and
- research.

TBC Capital continues to grow by expanding its expertise across a growing number of industries and by completing multiple consulting and valuation projects for private investors, as well as large corporates with international shareholder bases.

**TBC Capital's ESG Initiatives**

Sustainability and ESG topics have become one of the key priority work directions for TBC Capital in 2023, encompassing ESG and sustainability linked bonds and the development of innovative financial products to increase financial inclusion, as demonstrated below:

- TBC Capital acted as a joint lead manager in placing a USD 150 million Sustainability Linked Bond on the Georgian capital market, the largest ever transaction of its kind in the country.
- TBC Capital also participated in a number of ESG bond issues, serving as the placement agent for three ESG bonds, encompassing both green and sustainability-linked initiatives. In two of these bond issues, TBC Capital acted as the sole lead manager, underlying our commitment to promoting ESG bonds in Georgia.
- To increase the general public's access to innovative financial products, TBC Capital developed and added a new investment function in TBC's mobile bank app, which allows retail customers to make investments.

**TBC Capital's ESG Strategy**

At the end of 2023, TBC Capital underlined its dedication to ESG by implementing and approving its ESG Strategy for 2024.

The main goals of the ESG Strategy in 2024 are as follows:

- issuing at least two green bonds;
- carrying out research into climate change and related topics;
- adding an ESG portfolio to the investment section of TBC's mobile bank;
- conducting mandatory trainings for employees on ESG topics;
- approving and implementing TBC Group's ESG policies and procedures; and
- reaching its diversity target of having 50% women in managerial positions.





Space Int.

**TBC Bank Group PLC established Space International with the aim of facilitating the Group's global expansion efforts.**

In 2018, TBC successfully introduced the Space, a pioneering neobank in Georgia. Building upon its success, subsequent efforts were directed towards the launch of a fully digital bank in Uzbekistan, TBC UZ, in 2020. In a significant move towards enhancing its foothold in the Uzbek market, the Group acquired Payme, a prominent local payments provider, in 2023.

Presently, Space International spearheads the provision of cutting-edge technologies and top-tier professional services for TBC Uzbekistan.

**Space's ESG Initiatives**

Space is actively working on implementing a range of different ESG initiatives as part of its ESG Strategy, with the following objectives: to decrease its negative environmental impact and be an environmentally responsible company; to provide a healthy work environment for its staff and support employees' professional development; and to improve the governance of ESG-related issues.

**Healthy workspace and investments into the development of employees**

- As part of Space's strategy to weave continuous development into its culture, the company has invested in a range of learning activities for employees. Remarkably, up to 90% of Space's team members have participated in two or more of these initiatives, which include attending local and international conferences, joining in-office language classes, accessing online learning platforms, sponsoring certificates for hard skills, and attending soft-skill development trainings. These learning opportunities are carefully aligned with the company's performance management system and the individual goals of its employees.
- Space has also taken proactive steps to communicate internally the significance of continuous development and its direct correlation with internal promotion. To further bolster this commitment, the company dedicated a budget of up to 400,000 GEL to support continuous development and nurture a robust learning culture within the organisation.
- To create a healthy, diverse, and inclusive work environment for its staff, Space approved two of TBC Group's policies: the Human Rights Policy and the Diversity, Equality and Inclusion (DEI) Policy. To raise its employees' awareness of gender-related issues, mandatory training was implemented and launched in 2023, in which 351 employees (96%) have participated to date.

**Environmental and Governance Initiatives**

To raise its employees' environmental awareness, Space also conducted mandatory annual training for all staff. 351 employees participated in the training course, 96% of whom completed it successfully.

In 2023, Space approved its ESG risk appetite metrics and framework and integrated them into the company's risk appetite.



**With the widest and most diverse network of card system services in the country, United Financial Corporation currently serves 25 financial institutions in Georgia.**

The objective of United Financial Corporation (UFC) is to offer sustainable, flexible, and secure innovative payment tools to clients and partners through high-tech, internationally certified services. Established in January 1996, it was the first processing centre of its kind in Georgia. The company provides a full range of services in line with the requirements of VISA International, MasterCard Worldwide, UPI (Union Pay International) regulations, and PCI (Payment Card Industry) data security standards.

**UFC's ESG Strategy**

In 2023, UFC made significant steps to move forward the implementation of its ESG strategy. The main initiatives included:

- Taking active measures to reduce its environmental impact through sustainable waste management practices, which include recycling plastic waste alongside paper, which it has been recycling for a long time;
- Integrating an ESG questionnaire for long-term contractors in its procurement procedures;
- Implementing mandatory ESG trainings for staff on environmental and gender-related topics; and
- Implementing the Group's ESG Policies.

In 2024, UFC aims to go further and take more active steps in implementing its ESG Strategy. Specifically, UFC plans to:

- Control and limit its energy and resource consumption growth by keeping to 2023 consumption rates;
- Integrate ESG into risk appetite;
- Reach its diversity targets in non-traditional professions;
- Implement green procurement recommendations; and
- Implement family support and professional development policies and an action plan for Diversity, Equality and Inclusion Policy



**TNET is a leading digital ecosystem in Georgia which integrates 10 different digital platforms and 5 mobile applications, facilitating users to easily access various types of services and products.**

TNET is a leading digital ecosystem in Georgia, which integrates ten different digital platforms and five mobile applications, enabling easy access to a range of products and services. Over the course of 2023, TNET had 1.9 million unique visitors accessing a range of online services across four verticals including lifestyle (ticketing and coupons), auto and real estate classifieds, and e-commerce.

A key milestone was achieved in 2023 with the launch of the TNET super app in March: by the end of the year, the app has had over 52,000 downloads. This marks the start of the process of consolidating TNET's range of online platforms into a unified app with a single user sign in. More than 68,000 products and services became available on the super app by the end of the year. As more platforms are integrated, this will ultimately create a single, go-to online space for a wide range of online products and services.

**TNET's ESG Strategy**

Throughout the year, TNET showed a strong commitment towards the goals set in its ESG Strategy. The main initiatives implemented by TNET in 2023 were related to the reduction of the negative environmental impact caused by the company's direct operations. Specifically, TNET:

- installed a drinking water filtration system at the offices to reduce plastic waste and ensure access to clean water for employees;
- implemented a paper collection and recycling initiative in the office to minimize the environmental footprint of the company from paper waste;
- conducted a dynamic campaign in partnership with TENE to promote waste sorting and recycling practices among employees;
- implemented measures to monitor and reduce electricity usage;
- worked to raise its employees' environmental awareness by creating informational posters to highlight the importance of conservation of energy and resources at the workplace. The posters covered water, plastic, paper, and energy conservation.

**ESG Initiatives in 2024**

In 2024, TNET aims to strengthen its commitment to its ESG goals and to implement initiatives to increase its positive ESG impact. TNET plans to:

- integrate gamification elements and loyalty program in its Suprapp to promote green and social products and services (e.g. women entrepreneurs, social and local entrepreneurship, startups, green and eco products etc.);
- design and attribute features and labels for green and social products and services; and
- integrate services tailored to the specific needs of different customer groups (e.g people with disabilities, parents, and youth).





**TBC INSURANCE**

**TBC Insurance is Georgia’s leading provider of retail non-health insurance with a 36.3% market share as of 31 December 2023.**

TBC Insurance is a wholly owned subsidiary of TBC Bank. It was acquired in October 2016 and is the main bancassurance partner for the Bank, which accounts for around 29% of TBC Insurance’s total gross written premium (GWP) as of 31 December 2023. TBC Insurance provides both retail and corporate insurance in non-health and health insurance segments. TBC Insurance is the market leader in retail non-health insurance with a market share of 36.3% as of 31 December 2023. For the same period, our total non-health insurance market share stood at 23%, corresponding to second place on the market. Our non-health services cover motor, travel, personal accident, life, property, business property, liability, cargo and agro products.

In 2019, we expanded our operations by entering the health insurance market, aiming to target the premium segment through convenient offerings, a best-in-class customer experience, and a strong focus on digitalization. In 2023, the number of our health insurance clients reached 53,000, while our market share in the corporate segment amounted to 14.5%, up by 2.7 pp from the last financial year.

**ESG Strategy in TBC Insurance**

Implementation of ESG Strategy is one of the focus areas for TBC Insurance. The company had several major achievements in 2023 towards reaching the goals defined by its ESG Strategy:

- approval of TBC Group’s Diversity, Equality and Inclusion, Human Rights, and Environmental and Climate Change Policies;
- launching an online training course for its employees about diversity, equality and inclusion topics, which was taken by 100% of its staff in 2023;
- reaching its diversity target of having 50% of women in middle management positions;
- improving its family support policies by offering an additional day off for parents who have three or more children;
- introducing a measures to support women at workplace, for example by providing bathrooms with hygienic pads; and
- implementing environmental initiatives, such as replacing disposable plastic glasses with paper glasses and ensuring the separate collection of paper and plastic waste for further recycling.



**TBC BANK**

**TBC UZ is the first digital bank in the country, with the ambition of transforming traditional daily banking into a much simpler, more transparent, and intuitive experience.**

TBC UZ is a leading digital bank in Uzbekistan and became part of the TBC Group when it entered the Uzbek market in 2019. With a focus on innovation and customer experience, TBC UZ offers a range of digital banking services to its retail customers through an online banking app and more than 100 portable service points around the country.

**TBC UZ’s ESG Strategy**

Recognized as the Best Digital Bank in Uzbekistan in 2022, TBC UZ is committed to promoting ESG values. The Bank supports green initiatives and community support programs and advocates for sustainability both within the company and in the broader community.

In 2023, TBC UZ demonstrated significant progress in implementing its ESG initiatives under the four pillars of its ESG Strategy, including:

- Initiatives to promote sustainable consumption of resources. Since 2022, TBC Bank has contracted a company for paper recycling, delivering over 250 tons of paper for further processing. In 2023, the paper recycling project was expanded to all of the Bank’s regional back office premises, which have paper and plastic recycling suppliers. Moreover, in Q4 2024 TBC UZ plans to contract a company to manage its electronic waste, such as electronic cigarettes.
- Reduction of electricity consumption and renewable energy usage. Energy usage is one of the most significant sources of environmental impact, encompassing electricity consumption for premises and equipment, heating and cooling systems usage, transportation, etc. In 2022-2023, the Bank implemented controls to ensure purposeful and sustainable energy consumption, utilizing energy-efficient LED lighting, efficient heating and cooling systems, and optimizing lighting during non-working hours while reducing branch lighting. In 2023, TBC UZ initiated a project for renewable energy usage at the Head Office, resulting in the installation of 19 solar panels generating 10 kW electricity per month. Additionally, an inventory system was set up in the TBC UZ office, covering a total area of 69 square metres..
- Awareness raising among staff. TBC UZ has implemented a mandatory Environmental Management System (EMS) e-learning course which, in 2023, was successfully passed by 97% of all staff, including senior management. In 2023, the HR Department of the company also implemented a gender-related training course covering four modules: diversity and inclusion, forms of violence, gender stereotypes and sexual harassment.
- Membership of the UN Women’s Empowerment Principles (WEPs). TBC UZ has committed to gender equality by signing the WEPs and integrating them into their gender equality and employee diversity strategy.
- ESG Governance. To ensure the Strategy is implemented across all of Bank’s departments, the Bank established an ESG commission. At present, all of the Bank’s key departments, including the risk, finance, commercial, marketing, HR and other departments, are involved in reaching the targets set by the Bank’s ESG strategy.



## TBC UZBEKISTAN - SOLAR PANELS IN THE HEAD OFFICE

In 2023, TBC Uzbekistan initiated a project for renewable energy usage. Under this project, TBC UZ installed 19 solar panels at the head office in Tashkent, covering 69 square metres of its rooftop. These panels generate 10 kW electricity per month.

*Solar panels at the TBC UZ's head office in Tashkent.*





# GRI CONTENT INDEX





# GRI CONTENT INDEX

This report has been prepared in accordance with GRI Standards. The table below includes the list of standards and specific disclosures referenced in this report and indication of reporting status for each disclosure

Disclosure Number	Disclosure Title	Location within Report (Section)	Page(s)	Omission
<b>GRI 1: Foundation 2021 [GRI 101 does not include any disclosures]</b>				
<b>GRI 2: General Disclosures 2021</b>				
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2-12	Role of the highest governance body in overseeing the management of impacts	06. Governance and Sustainability management	53	
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2-28	Membership associations	01. Who We are	7	
<b>5. STAKEHOLDER ENGAGEMENT</b>				
2-29	Approach to stakeholder engagement	03. Stakeholder Engagement	23	
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<b>MATERIAL TOPICS</b>				
3-1	Process to determine material topics	04. Our Material Topics	33	
302	List of material topics	04. Our Material Topics	33	





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<b>ECONOMIC PERFORMANCE</b>				
201-1	Direct economic value generated and distributed	08. Our Economic Impacts > Direct contribution to economy	73	
201-2	Financial implications and other risks and opportunities due to climate change	08. Our Economic Impacts; 09. Environmental Responsibility	73 83	
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 programme 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.		
201-4	Financial assistance received from government	No financial assistance has been received from government.		
<b>MARKET PRESENCE</b>				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	There is no minimum wage set. For gender pay gap, please see Chapter 10 Responsible Employer	120	
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303-2	Management of water discharge-related impacts	09. Environmental Responsibility	83	
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<b>BIODIVERSITY</b>				
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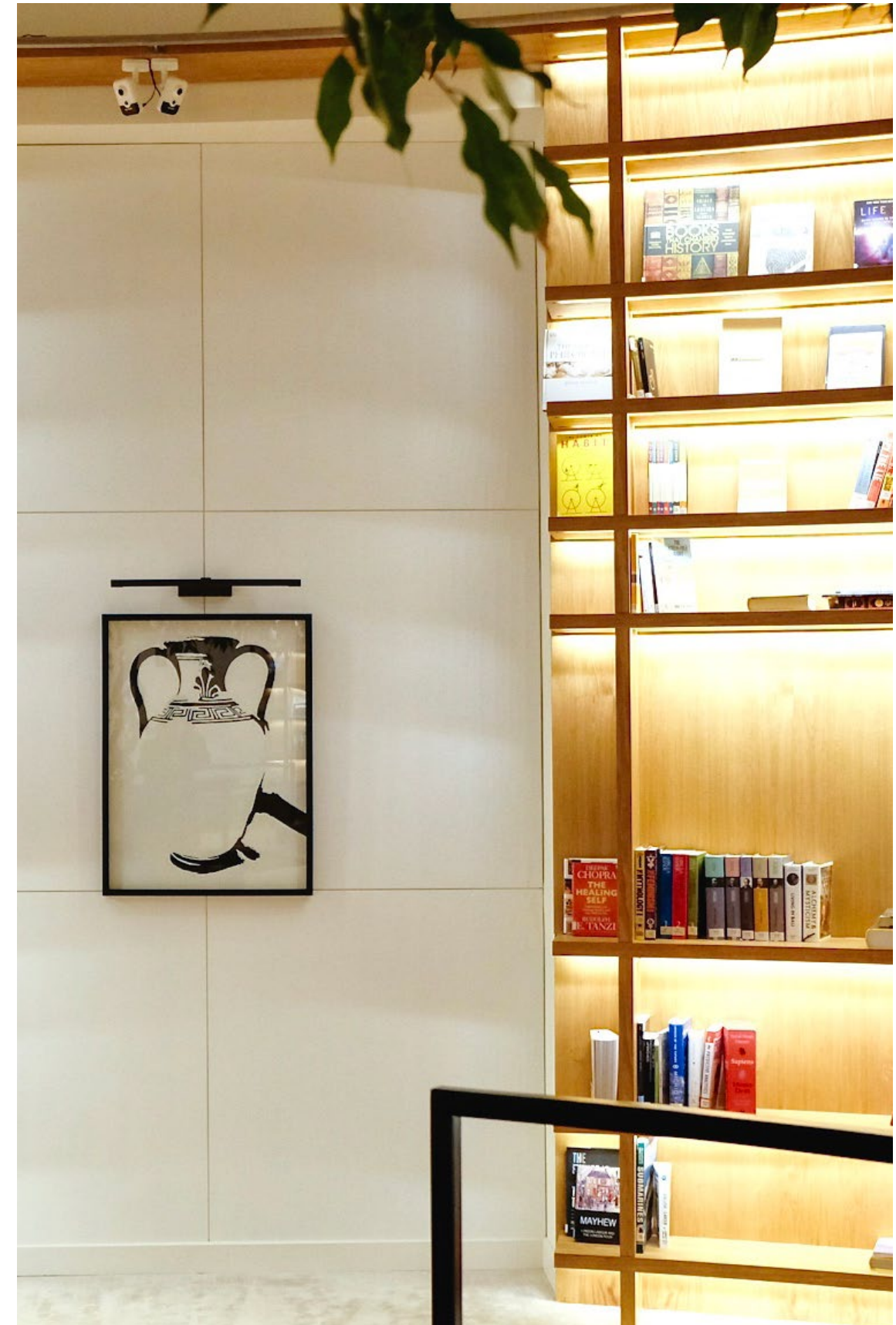
## FORCED OR COMPULSORY LABOR

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# UN GLOBAL COMPACT COP INDEX

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# GLOSSARY

<b>Active customers</b>	Clients who have at least one active product or performed at least one transaction during the last 3 months.
<b>Active retail digital users</b>	Includes unique digital users of TBC Bank, Space app and TBC Pay mobile app, who logged in at least once for the past 3 months.
<b>Active merchant terminals</b>	Active merchant terminals include POS terminals and e-commerce with at least one transaction conducted during the month.
<b>Bank</b>	Joint Stock Company TBC Bank
<b>Board</b>	Board of Directors of TBC Bank Group PLC
<b>Chairperson</b>	Chairperson of Board of Directors of the Company
<b>Code</b>	The UK Corporate Governance Code
<b>Company</b>	TBC Bank Group PLC
<b>Corporate segment</b>	A legal entity/group of affiliated entities with an annual revenue exceeding GEL 12.0 million or which has been granted facilities of more than GEL 5.0 million. Some other business customers may also be assigned to the CIB segment or transferred to the MSME segment on a discretionary basis. In addition, CIB includes Wealth Management private banking services to high-net-worth individuals with the threshold of US\$ 250,000 on assets under management (AUM), as well as on discretionary basis.
<b>Director(s)</b>	Members of the Board of TBC Bank Group PLC
<b>ENPS (Employee Net Promoter Score)</b>	The employee net promoter score measures employee loyalty and reflects the likelihood of our colleagues recommending their workplace to their friends and family
<b>Group</b>	TBC Bank Group PLC and its subsidiary companies
<b>Management Board</b>	Management Board of Joint Stock Company TBC Bank
<b>MSME (Micro, Small and Medium) segment</b>	Business customers who are not included in the CIB segment
<b>NPS (Net Promoter Score)</b>	Net promoter score measures how willing customers are to recommend our products and services to others.
<b>Retail segment</b>	The retail offloading ratios measures the share of transactions conducted in our remote channels, that is outside the branches.
<b>Supervisory Board</b>	Supervisory Board of Joint Stock Company TBC Bank
<b>TBC Bank</b>	TBC Bank Group PLC and its subsidiary companies
<b>TBC Bank Group PLC</b>	A public limited company registered in England and Wales. It is the parent company of JSC TBC Bank (the Bank) and a group of companies that principally operate in Georgia in the financial sector and other closely related fields. TBC Bank Group PLC is listed on the London Stock Exchange under the symbol TBCG.
<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

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**TBC**

