

**HERE.**

**NOW**

**TBC GROUP  
SUSTAINABILITY  
REPORT  
2019**





# CONTENTS

- 06. Who we are – TBC at a Glance
- 12. About this report
- 14. Stakeholder Engagement
- 18. Our material Issues
- 26. Governance and Sustainability Management
- 34. TBC's response to Covid-19
- 44. Ethics & Integrity
- 50. Our Economic Impacts
- 56. Environmental Responsibility
- 68. Responsible Employer
- 82. Treating our Customers Responsibly
- 94. Supporting Communities
- 112. Treating our Suppliers Responsibly
- 120. Responsible Banking
- 124. GRI Content Index
- 133. UN Global Compact COP index



### CEO statement

Since its foundation, TBC Bank always acknowledged its important role in society's development. From the beginning, together with being important player in building the Georgian economy, employing and developing professionals, and contributing to the country's financial stability and international image, TBC had a role in establishing high standards of social responsibility. Over the last three decades, Georgia has made a huge progress towards establishing a democratic, free society and a modern economy, and I proudly attest that TBC has always been sensitive to the needs of the country and society, providing superb banking services and community support. Our current mission states that we are committed to making people's lives easier.

TBC has also always been very attentive to international sustainability standards. TBC Bank supports the principles of the Global Compact with respect to human rights, labor, environment and anti-corruption. We support public accountability and transparency and declare our readiness to stay committed to UN Global Compact and its principles, making them a part of the strategy, culture and day-to-day operations of our company.

We are publishing our first, full-scale sustainability report for the year 2019, in order to bring our reporting standards to the highest international level. We think that reporting not only provides a holistic view of our activities, but also gives us additional lenses for identifying areas of improvement, so that we make progress every year and remain an exemplary company for social responsibility and sustainable business practices in Georgia and the whole region.

This report describes the areas where TBC has an impact. TBC Bank, as the largest financial institution in Georgia, represents the most important credit provider in the country and assumes leading positions across a number of sectors. Overall, TBC's share in total credit disbursed by banking sector as of 2019 stands at 39.5%, amounting to 25.3% of GDP. Thus, we fully understand our influence on various aspects of the Georgian economy: the development of business sectors, improving labor conditions and the diversity of jobs, enabling people and companies to achieve their goals by providing them with access to credit, digital technologies and business expertise. We focus on supporting the MSME sector and, apart from banking products, provide it with free educational programs, where small and medium businesses can train their staff in business skills, which are vital for their growth. We have a dedicated program for startup companies, because we believe that promoting entrepreneurship is vital for making the Georgian economy more vibrant, and for the creation of additional jobs. In order to promote business activity in the country, TBC takes care that local businesses and startups comprise a majority of its suppliers.

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

Taking care of our customers is a daily priority for every employee in TBC. As a financial institution, we fully acknowledge the delicacy of the type of information available about clients in the Bank and appreciate the trust that customers have in our institution. With modern challenges of cyber security and information privacy, we place a high importance on customer data protection policies and procedures. We understand that, in order to fully benefit from the vast variety of financial products that TBC provides, customers need not only superb service processes but also assistance in navigating the terms and conditions of the products to be able to choose the best and most suitable option for them. To assist customers in maximizing their benefits, transparency is a high priority in our relationships with clients. It is vital for us that customers

make informed decisions and that TBC Bank establishes a long-term, mutually beneficial relationship with each customer. TBC cooperates with the National Bank of Georgia in financial education programs and has its own initiatives dedicated to giving more information about various aspects of financial life to a wide audience in Georgia.

The center of our business and its most important asset are our employees. As one of the largest employers in Georgia, we understand that TBC sets employee care standards for the whole country. Apart from financial benefits, we concentrate on creating an environment where people work with passion, have clear career opportunities and want to stay in the TBC family for many years. We promote collaboration and teamwork and provide employees with a fair and safe work environment. TBC pays special attention to anti-discrimination policies and on the creation of equal opportunities, whereby people are promoted solely on the basis of their professional merit. In 2019, we launched a company-wide, agile transformation project that helped us create an even more dynamic and flexible corporate culture, leading to faster time-to-market, more creativity and higher employee satisfaction. In addition to on-job training, we have a dedicated academy where employees can receive education in various business fields that will help their further promotion. TBC provides additional benefits for employees who plan to have a child, supports families with three or more children with financial bonuses, and provides all staff with comfortable leave conditions for newborns parents. Employee benefits include health insurance, but on top of that, we have established a special fund for employees with severe health problems that is financed by TBC staff. I see this as an example of mutual support and one more way of creating a strong bond between employees.

Although this report covers the year 2019, it touches on the Covid-19 crisis that the world is currently facing. From the beginning of the crisis, and in step with the swift and timely measures taken by Georgian government, TBC reacted by remodeling its business practices, to ensure the protection of the health of our employees and customers and enable the continuation of all business processes. In developing our response, we looked at best practices from major global companies as well as organizations like the World Health Organization, and worked in close coordination with National Bank of Georgia. We established safety procedures in the branches and modified them to ensure protection for incoming clients and our team serving them. We moved back office and call center employees from the usual work premises, and let them work from home remotely. Right now, 95% of our back office staff work remotely, from wherever they prefer, feel comfortable and safe. Our well-developed digital services enabled us to serve clients without a need to come to a bank. Since

the provision of superb digital services has been our strategic priority for several years, it helped us to be ready for the crisis. We created a special program, named “TBC For You”, and pledged to invest 2 million GEL in the recovery of the business sector and assistance to the most vulnerable groups. In order to support our customers during the coming difficult months, we have introduced a three-month grace period on principal and interest payments for our entire individual and MSME customers as well as those corporate customers whose business is the most exposed in the current situation. We have also temporarily abolished commission fees, resulting in 3 million GEL savings for our customers, and established a web portal where all our digital services are presented and explained, to help customers to maximally benefit from remote banking in these turbulent times.

We in TBC think that in order for people to work productively and provide a high quality service to customers, they need to feel safe and certain about their future. Thus, TBC declared that it will not lay off staff in 2020, due to COVID-19 and the related economic situation in the country and the world. TBC management also waived its right to receive yearly bonuses.

The initiatives and approaches above are described in more detail in this report. The crisis through which the world is going now, has showed once again the importance of cooperation on global and local levels, responsible business practices and acknowledgement of the fact that every individual and organization, big or small, no matter from what field or profession, is part of a united ecosystem that needs our daily care and nourishment. I want to express my confidence that Georgia and the rest of the world will overcome the current crisis and come out of it even stronger and more empowered than before.

**Vakhtang Butskhrikidze**  
CEO

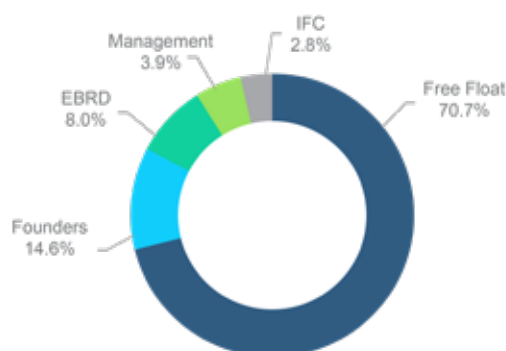


# WHO WE ARE – TBC AT A GLANCE

TBC Bank Group PLC (“TBC PLC”) is a public limited company registered in England and Wales. TBC PLC is the parent company of JSC TBC Bank (“TBC Bank”) and a group of companies that principally operate in Georgia in the financial sector and other closely related fields. TBC PLC also recently expanded its operations in Uzbekistan. TBC PLC is listed on the London Stock Exchange under the symbol TBCG and is a constituent of the FTSE 250 Index. It is also a member of FTSE4good Index Series.

TBC Bank is a leading universal financial group in Georgia, holding 39.5% and 39.0% market shares in total loans and total deposits respectively, as of December 2019. We hold a dominant position in all our major business lines comprised of retail, corporate and micro, small and medium enterprises (MSME). Our fully-fledged financial services include traditional banking offerings as well as the industry’s cutting-edge solutions. We are pioneers in the region in launching the first fully digital bank, Space and the first customer focused digital ecosystems, creating a whole new world of opportunities for our customers.

## TBC BANK GROUP PLC SHAREHOLDING STRUCTURE AS OF 31 MAY 2020



Note: Based on independent research

### OUR MISSION:

**Make Life Easier**

### OUR VISION:

We are TBC, a technology driven company that exists for its users, knows them and cares for them. We have the best team, which is innovative and is not afraid of mistakes. TBC is an important part of people’s daily lives and serves them digitally.



## STRONG FINANCIAL PERFORMANCE, AS OF DECEMBER 2019

€ **545.1 mln**

**+ 19.8% YoY**

UNDERLYING NET PROFIT<sup>1</sup>

€ **540.3 mln**

**+ 23.5% YoY**

REPORTED NET PROFIT

**22.6%**

**- 0.2pp YoY**

UNDERLYING RETURN  
ON AVERAGE EQUITY<sup>1</sup>

**22.4%**

**+ 0.4pp YoY**

REPORTED RETURN ON  
AVERAGE EQUITY

€ **12,662.0 mln**

**+ 22.1% YoY**

TOTAL LOANS

€ **10,049.3 mln**

**+ 7.5% YoY**

TOTAL DEPOSITS

### BEST-IN-CLASS DIGITAL CAPABILITIES

- World's best in mobile banking 2019<sup>2</sup>
- 93% retail offloading ratio

### SUPERIOR CUSTOMER EXPERIENCE

- Best service company in Georgia<sup>3</sup>

### HIGH EMPLOYEE SATISFACTION LEVELS

- 1,76 Employee happiness index<sup>4</sup>

### STRONG BRAND

- 100% Aided brand awareness among Georgian population<sup>5</sup>
- 41% Top of mind in banking sector<sup>5</sup>

<sup>1</sup> More information about underlying measures are given in the Annual Report 2019 at <https://tbcbankgroup.com/media/2072/tbc-bank-group-plc-annual-report-2019.pdf>

<sup>2</sup> Named by Global Finance Magazine

<sup>3</sup> Based on a survey conducted by independent research company IPM among the retail segment in December 2019

<sup>4</sup> The index is measured on a scale from -3 to +3 (with +3 meaning very happy) based on an internal survey, created in collaboration with the world's leading consulting firm, conducted among employees who are part of the agile structure in December 2019

<sup>5</sup> Based on survey conducted by the independent research company, TNS in October 2019

Our Mission

Our Vision

Awards

How we Are  
Different

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

<b>Name of the Organization</b>
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)
German Investment Corporation (DEG)
Export Development Agency (EDA)
Georgia-Uzbekistan Business Association



**RECENT AWARDS /INDICES/RATINGS/CERTIFICATES**

Bank of the Year 2019	The Banker
Best Bank in Georgia 2019	Global Finance
Best Trade Finance Provider in Georgia 2019	Global Finance
The Best Consumer Digital Bank in Georgia 2019	Global Finance
The Best Consumer Mobile Banking App in Central & Eastern Europe 2019	Global Finance
The Best in Consumer Mobile Banking 2019	Global Finance
The Safest Bank in Georgia 2019	Global Finance
World's Best in Mobile Banking 2019	Global Finance
The Best Private Bank in Georgia 2019	Global Finance
The Best Private Bank in Georgia 2019	PWM and The Banker magazines
Trade Finance Award 2019	Commerzbank
Best Bank in Georgia 2019	Euromoney Awards for Excellence
Special Award for Responsible Capitalism in Adversity: Vakhtang Butskhrikidze	FIRST organization



**AWARDS ISSUED IN 2020 FOR 2019 NOMINATION:**

Best Bank in Georgia 2019	EMEA Finance Europe Banking Award
Best Investment Bank in Georgia 2019	EMEA Finance Europe Banking Award
Best Private Bank in Georgia 2019	EMEA Finance Europe Banking Award
Best Broker in Georgia 2019 <sup>1</sup>	EMEA Finance Europe Banking Award
Most Active Issuing Bank in Georgia 2019	EBRD

TBC Bank is a winner of various nominations second year in a row at Meliora – Georgia’s Responsible Business Awards, supported by European Union. In 2018 TBC was named as best company in community support and in 2019 TBC received two additional prizes in Green Initiative and Best CSR communication. Detailed information can be found at [www.meliora.ge](http://www.meliora.ge).

The full list of awards received by TBC Bank is given at: [www.tbcbankgroup.com/about-us/awards/](http://www.tbcbankgroup.com/about-us/awards/)

**SUBSIDIARIES**

Subsidiaries Name	Proportion of voting rights and ordinary share capital held as of 31 December, 2019	Principal place of business or incorporation	Year of incorporation	Industry
JSC TBC Bank	99.88%	Tbilisi, Georgia	1992	Banking
United Financial Corporation JSC	99.53%	Tbilisi, Georgia	1997	Card processing
TBC Capital LLC	100.00%	Tbilisi, Georgia	1999	Brokerage
TBC Leasing JSC	100.00%	Tbilisi, Georgia	2003	Leasing
TBC Kredit LLC	100.00%	Baku, Azerbaijan	1999	Non-banking credit institution
Banking System Service Company LLC <sup>2</sup>	N/A	Tbilisi, Georgia	2009	Information services
TBC Pay LLC	100.00%	Tbilisi, Georgia	2009	Processing
TBC Invest LLC	100.00%	Ramat Gan, Israel	2011	PR and marketing
Index LLC	100.00%	Tbilisi, Georgia	2011	Real estate management
BG LLC <sup>1</sup>	N/A	Tbilisi, Georgia	2018	Real Estate
JSC TBC Insurance	100.00%	Tbilisi, Georgia	2014	Insurance
Redmed LLC	100.00%	Tbilisi, Georgia	2019	Insurance
TBC International LLC	100.00%	Tbilisi, Georgia	2019	Asset management
Swoop JSC	100.00%	Tbilisi, Georgia	2010	Retail Trade
Online Tickets LLC	55.00%	Tbilisi, Georgia	2015	Computer and Software Services
TKT UZ	75.00%	Tashkent, Uzbekistan	2019	Retail Trade
My,Ge LLC	65.00%	Tbilisi, Georgia	2019	E-Commerce
Mypost LLC	100.00%	Tbilisi, Georgia	2019	Postal Service
Billing Solutions LLC	51.00%	Tbilisi, Georgia	2019	Software Services
Vendoo LLC (Geo)	100.00%	Tbilisi, Georgia	2019	Retail Leasing
Allproperty.ge LLC	90.00%	Tbilisi, Georgia	2013	Real estate management
F Solutions LLC	100.00%	Tbilisi, Georgia	2019	Software Services
Inspired LLC	51.00%	Tashkent, Uzbekistan	2011	Processing
VENDOO LLC (UZ Leasing)	100.00%	Tashkent, Uzbekistan	2019	Retail Leasing

<sup>1</sup> The Group had de-facto control over the subsidiary (control without legal form of ownership). The company was acquired and subsequently legally merged with Bank in 2019.

<sup>2</sup> The company was merged to United Financial Corporation JSC in 2019.

**HOW WE ARE DIFFERENT****BEST-IN-CLASS DIGITAL CAPABILITIES**

- > Our digital solutions offer an unrivaled customer experience and represent the core of our distribution platform, accounting for 93% of all transactions in 2019;
- > We have industry-leading internet and mobile bank applications, having won the world's 'Best in Mobile Banking Award 2019' together with multiple regional and country digital awards from Global Finance Magazine.

**ADVANCED DATA ANALYTICAL CAPABILITIES**

- > 4 data analytical projects implemented and scaled up, 5 underway;
- > GEL 8.9 million extra profit generated in 2019;
- > Institutionalizing capability building by setting up a data analytics academy called Avalanche.

**SUPERIOR CUSTOMER EXPERIENCE**

- > "The customer comes first" approach – we place our clients at the center of all our activities and services;
- > Striving for continuous improvement through innovation, investment in digital channels and infrastructure with cutting edge technologies;
- > Maintaining the highest satisfaction scores<sup>1</sup> in Georgia's banking sector for many years in a row.

**STRONG BRAND AND REPUTATION**

TBC is a well-established brand in Georgia, known for its credibility, excellence, innovation and community service.

- > Our aided brand awareness stands as high as 100%<sup>2</sup> among the Georgian population;
- > The highest top of mind rating in the banking sector of 41%<sup>2</sup>;
- > Recipient of 38 awards for "Best Bank in Georgia" since 2002 from the world's leading financial magazines<sup>3</sup>

**FIRST NEOBANK IN GEORGIA, SPACE**

- > Launched in May 2018, Space is a cutting-edge mobile application for managing daily finances, which challenges and re-defines the traditional banking experience by offering a unique customer experience through simple procedures and products, intuitive design and instant delivery.

**FIRST DIGITAL ECOSYSTEMS IN THE COUNTRY**

- > This year, we started to develop the first customer focused digital ecosystems in the country, offering a complete suite of interconnected services as one integrated experience;
- > We have already launched payments, housing, e-commerce ecosystems and are actively developing auto ecosystems.

**STRONG CORPORATE CULTURE**

- > Corporate culture centered on collaboration and commitment;
- > Continuous investment in our employees, focusing on their professional development, satisfaction and wellbeing.

**EXPERIENCED MANAGEMENT TEAM AND HIGH QUALITY OF CORPORATE GOVERNANCE**

- > We have a highly qualified and diverse board of directors with a strong commitment to the highest standards of corporate governance and business transparency;
- > Excellent ISS corporate governance score<sup>4</sup>, which stood at 3.0 as of 02.07.2020;
- > Listing on the premium segment of London Stock Exchange, in full compliance with the UK Corporate Governance Code.

**EFFECTIVE RISK MANAGEMENT**

- > A sophisticated risk management system which ensures the Group's sustainability and resilience;
- > Our prudent approach translates into low cost of risk, sound asset quality and strong capital and liquidity positions.

1 Based on survey conducted by independent research companies IPM and ACT

2 Based on survey conducted by the independent research company, TNS in October 2019

3 The Banker, EMEA finance, Euromoney, Global Finance

4 The ISS scores indicate decile ranking relative to index or region. A decile score of 1 indicates low governance risk, while a 10 indicates higher governance risk





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.

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 2019. The report presents our endeavors for creating value for our employees, clients, suppliers, partners and society as a whole.

#### **BEGINNING OF OUR SUSTAINABILITY REPORTING JOURNEY**

This is our first sustainability report. Up to now, information regarding our activities social, economic and environmental impact, has been provided in parts, in various reports and documents: The Annual Report, financial statements, CSR Reports, Global Compact Communication on Progress (COP). You can see those reports on the following webpages:

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

The motivators behind the decision to start sustainability reporting are following:

Our business is developing and becoming more and more diversified. We enter new markets, new customer segments. We are also listed on the premium segment of London Stock Exchange and our investors expect us to comply with global standards of a sustainability. All said above, gave us clear incentive to start sustainability reporting.

#### **Reporting period**

Report covers period from January 1st to December 31, 2019.

#### **Scope of the report**

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

#### **Reporting framework**

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



This report does not fully comply with the GRI core format. Our goal for the 2019 report was to prepare a GRI referenced report, addressing the majority of the core option requirements and reporting management approach for all material topics applying GRI 103: Management Approach standard. Please see the list of referenced GRI standards attached at the end of the report: GRI Content Index, pg.124 Here, interested parties can easily find specific data related to the GRI Standards).

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

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





As we aim to create value for all our stakeholders, we actively engage with them in order to incorporate their needs and expectations into our strategy, purpose and values.

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





During 2019, the Board introduced a stakeholder impact analysis for all proposals brought to the Board and will consider an analysis in the annual strategy plan review. These actions assist the Directors in performing their duties under section 172 of the Companies Act 2006 and confirms to the Board that the impact of business plans on all stakeholders is being considered by management when developing initiatives for Board approval.

Throughout the year senior management attend the Group's board meetings to present key development and investment projects to the Board. All presentations made to the Board consider both the benefit to shareholders of the proposal and the impact on other key stakeholders, including employees. The Remuneration committee considers remuneration and incentive plans across the whole business at each level.

One non-executive director has been appointed to be responsible for staff engagement. It is intended that this role will be rotated periodically.

Our goal is to develop a strategy that is mutually beneficial to all our stakeholders and helps them achieve their aspirations. To measure our progress in this regard, we use a set of well-balanced performance measures that comprise both financial and non-financial metrics and are closely linked to our executives' remuneration.

The following table describes how our Directors have engaged with our key stakeholders during the year and the impact of this engagement when making key decisions as a Board.

STAKEHOLDER GROUPS	OUR GOALS AND ASPIRATIONS	OUR ENGAGEMENT
Our shareholders and fixed income investors	Generate long-term sustainable value	<p>The Group has an active investor relations programme, to enable shareholders to engage with the Company and the Board, not only on business issues but also to raise any governance concerns that they might have.</p> <p><b>Investor meetings</b> The Chief Executive Officer, the Chief Financial Officer and Director of International Media and Investor Relations maintain very close engagement with our major investors by:</p> <ul style="list-style-type: none"> <li>&gt; Communication at quarterly financial results calls;</li> <li>&gt; Participating in roadshows after every quarterly results announcement;</li> <li>&gt; Regularly attending investor conferences across numerous geographic locations to promote the awareness and understanding of the Group's business.</li> </ul> <p>During the last year, these key executives met with approximately 200 investors in the UK, Continental Europe, the US, Canada and the United Arab Emirates.</p> <p><b>TBC Capital Markets Day</b> All of the Bank's senior executives are involved in hosting an annual capital markets day in London. They are also available for calls with key investors and face-to-face meetings with investors visiting Georgia.</p> <p><b>Investor Relations website</b> The Group also has a dedicated investor relations website, which contains detailed information about the company.</p> <p><b>AGM</b> All shareholders are welcomed at the AGM where all directors are available to discuss any issues that they might raise.</p>

Our customers	Make the life of our customers easier	<p>The Group's business depends on continuously improving the customer experience, with tailored products and improving services which provide well-suited solutions and a superior customer experience for customers. Client feedback is regularly reviewed, and concerns are analysed in detail.</p> <p>The Group ensures that its financial products are easily accessible to people living in remote areas through the Bank's wide network of self-service terminals and is also committed to support financial inclusion by developing various affordable offerings to micro businesses along with the Georgian population who do not have bank accounts.</p> <p>To better understand our customers' requirements and develop well-suited solutions, we actively interact with them via various channels including:</p> <ul style="list-style-type: none"> <li>&gt; Communication via branches, VIP service areas, the call center and digital channels;</li> <li>&gt; Regular customer satisfaction surveys by independent research companies;</li> <li>&gt; Active interaction via social media.</li> </ul>
---------------	---------------------------------------	--

STAKEHOLDER GROUPS	OUR GOALS AND ASPIRATIONS	OUR ENGAGEMENT
Our colleagues	Create the best working environment for our colleagues, in which people feel motivated, valued and safe	<p>In order to better understand our employees' needs, we use different online channels including the intranet, a Facebook group and informal meetings with members of top management to keep our colleagues up-to-date with the Group's progress and strategy. Employees are also encouraged to share their views through internal forums.</p> <p>We also run an annual employee feedback survey in partnership with the leading international universities and research firms. The results are carefully analyzed by the Board and taken into consideration. In case a more detailed survey of employee opinion is needed, we form focus groups to understand the particular challenges of the department.</p> <p>Tsira Kemularia is the non-executive director who has taken responsibility for engaging with employees across the Group, by meeting with key senior staff and at key staff briefing events. She reports back her meetings to the Board.</p>

Our community and environment	Support the community through a wide range of CSR activities and actively manage our environmental and social impact	<p>As the largest bank in Georgia, we feel a responsibility to our community and strive to support areas which are key for the country and its future through a wide range of CSR activities. We also strive to preserve Georgian cultural heritage and environment by conducting business in responsible and sustainable manner.</p> <p>In order to better understand the social challenges in our community, we conduct regular surveys among the Georgian population and, based on the results, plan respective CSR activities.</p> <p>We also actively cooperate with different educational institutions to support talented young people in their professional development.</p> <p>In terms of business development, we actively engage with entrepreneurs and business owners via our full-scale business support platform (<a href="http://www.tbcbusiness.ge">www.tbcbusiness.ge</a>).</p>
-------------------------------	--	--



KEY TOPICS DISCUSSED 2019	OUR RESPONSE AND IMPACT ON BOARD DECISIONS
<ul style="list-style-type: none"> <li>&gt; Marco-economic developments in the country, the political situation and the regional outlook, as well as the banking sector outlook and regulatory changes;</li> <li>&gt; New strategic objectives including the development of ecosystems and international expansion;</li> <li>&gt; Business performance and outlook;</li> <li>&gt; The existence of a proper ESG system within the Company;</li> <li>&gt; Matters related to TBC's founders, as described on page 101.</li> </ul>	<p>In our quarterly financial results presentation and report, we have substantially increased disclosure on our ecosystems.</p> <p>We have also increased the coverage of our macro-economic research, which provides regular updates on recent macro developments in the country.</p> <p>With regards to the matters relating to our founders, we proactively approached key shareholders, analysts and other market participants to clarify the situation and answer any related questions. We also focused on better communicating our corporate governance structure and its development over the last 10 years.</p> <p>Our dividend policy aims to pay out dividends based on a pay-out ratio of 25-35% of the total consolidated net profit each year.</p>

Feedback from our customers reflected their wish to see more personalised, digital and integrated solutions that are delivered in a fast and convenient way.

Customers living in remote areas are also looking for financial products that are easily accessible.

As a result of the feedback received from our customers, we are:

- > Developing customer focused digital ecosystems, which provide a wide range of interrelated services and products to customers in the most simple and seamless way possible.
- > Fine-tuning our internet and mobile banking applications with more intuitive and useful features.
- > Actively developing our newly launched fully-digital Bank, Space for our digitally savvy customers.
- > Harnessing our big data analytics to develop ever more customized solutions for our customers.
- > Further increasing our wide network of self-service terminals to remote areas.

KEY TOPICS DISCUSSED 2019	OUR RESPONSE AND IMPACT ON BOARD DECISIONS
<p>The key topic raised during the year was the need for better communication about the Group's strategic priorities and initiatives, because as our Group continues to grow, employees can at times feel less connected to the Company.</p> <p>Many employees mentioned during informal meetings with management that, with the high pace of innovation and digitalization within the Group, a more informal environment with less bureaucracy and strict boundaries would be welcomed.</p>	<p>In order to raise our colleagues' awareness and understanding of the Group's key strategic initiatives, we have developed special introductory programs in relation to two of our important ongoing initiatives: the company wide agile transformation and the data management principle.</p> <p>We also increased internal communication by involving the CEO to ensure employees feel as connected as possible to the Company. Every Friday, he meets with different departments informally and discusses the Group's strategy and goals with them. In addition, top management also holds regular meetings with employees regarding strategic initiatives.</p> <p>This year, we started an agile transformation project within the Group. This is a huge transformation in the bank culture, which aims to simplify processes and reduce bureaucracy as well as boost employee commitment and creativity.</p>

The key issues raised through our various interactions with our community are the lack of free educational resources for the young generation, especially in STEM fields, limited support for entrepreneurs and the shortage of jobs in the economy.

In order to address the existing challenges in our community, we run several initiatives, including partnerships with different educational institutions as well as organizing wide-scale donation programmes, to support talented young people from vulnerable families.

We also continue to actively enrich our business support platform with more useful business tools to support businesses to grow and prosper, which in turn will create new job openings.

How Did We Define  
Our Material Issues  
And Report  
Contents

Materiality  
Matrix

Our Contribution To  
UN Sustainable  
Development Goals



# OUR MATERIAL ISSUES

The term Material Issues is one of the key terms in various sustainable development reports, including GRI report.

Every organization, through its activities and decisions, impacts lives of people - be it the organization's employees, customers, suppliers or other members of society. It also impacts partner or competitor organizations, environment, social and economic systems of the countries. The impact can be positive as well as negative. Deriving from the specifics of organization, in certain fields of activity the impact can be insignificant, while in others - it can be substantial. In terms of GRI report, material issues are those, that have the most significant social, economic and environmental impact, both positive and negative; Also, issues that are important to stakeholders and can have substantial impact on their opinion or decisions, are considered as material.

Based on the GRI standard, our GRI report structure is based on material issues.

## HOW WE DEFINE OUR MATERIAL ISSUES AND REPORT CONTENT

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

- > We considered the Global Reporting Initiative (GRI) Standards and G4 Financial Services Sector Disclosures; Other international and sector-specific standards, such as: SASB Standards, UN Global Compact ten principles, information requirements for environmental, social and governance (ESG) ratings, questionnaires and recommendations of the main sustainability indexes, such as FTSE4Good.
- > Performed multiple researches and inquiries in 2019 with our clients and employees; permanent communications were also held with other stakeholders, to understand their concerns and needs, what is important for them and on which matters they would like to have more information.
- > We held a workshop with the representatives of company's middle and upper management. During which the main impacts of the company and an extended list of material issues were defined.
- > Afterwards, based on individual face to face interviews with middle and top management representatives, we rated these topics and significance of their impact.



Based on identified and prioritized material issues, we defined the content of this report and information to be included in it. Particularly, we structured the report contents based on the following GRI principles: Sustainable Development Context; Materiality; Completeness; Stakeholder Inclusiveness. Those issues that were evaluated as important based on these four principles, were included in the report.

However, similar to any other organization, not all the issues identified as material are of equal importance to us. Respectively, within this report, our special focus and volume of data provided on certain issues, reflects the significance of this topic to our company and its stakeholders.

At the same time, as mentioned above, this is the first GRI based sustainability report produced by us. At this stage, the presented information, in certain cases, is limited due to the lack of the tailored data analysis and reporting systems for the particular set of information.

### **MATERIALITY MATRIX**

We have grouped our material sustainability topics according to the core sustainability impacts of our operations.

Detailed information on our material issues, their relative significance and boundaries, also how we respond to them, is available

in the table below. The last column of the table presents report sections and chapters, where the particular information can be found.

### **OUR CONTRIBUTION TO UN SUSTAINABLE DEVELOPMENT GOALS**

On September 25th, 2015 UN member countries agreed on the new agenda of sustainable development “Transformation of our world: 2030 agenda on sustainable development”, that includes 17 global goals. These goals aim at reaching long term and sustainable results in economic, social and environmental areas, such as reduction of poverty, inequality and injustice, protection of environment and minimization of climate change. Every sector of the economy and every organization has its specific, significant role in implementing the 2030 agenda.

At this stage, our company does not have a dedicated sustainable development strategy and particular action plan. It is our future challenge to develop it and enable our more tangible input in reaching the sustainable development goals. Currently we operate multiple social and environmental protection programs, through which we already contribute to the 2030 agenda implementation.

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

**MATERIALITY MATRIX**

Material issue	Importance (High/medium/low)	The Boundary for the material topic
<b>CORPORATE GOVERNANCE, ETHICS AND FAIR OPERATIONS</b>		
Anti-corruption, Ethics, & Countering money laundering	High	Within/external
Good Corporate governance	High	Within
Risk management and social and economic compliance	High	Within/external
<b>ECONOMIC IMPACTS</b>		
Financial performance	High	Within/external
Responding to macroeconomic 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 & 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

**Relevant GRI Standard in the report**

**CORPORATE GOVERNANCE, ETHICS AND FAIR OPERATIONS**

205. Anti-corruption; 206. anti-competitive behaviour;  
102. General disclosures (102:16; 102:17)

102. General disclosures (4. Governance)

307. Environmental compliance; 419. Socioeconomic Compliance; 102:30 Effectiveness of risk management processes

**ECONOMIC IMPACTS**

201. Economic performance

201. Economic performance

201. Economic performance

201. Economic performance. 203. Indirect economic impacts  
204. Procurement practices

**EMPLOYEE RELATIONS**

401. Employment

405. Diversity and equal opportunity; 406. Non-discrimination

404. Training and education

403. Occupational health and safety

**CLIENTS AND SERVICES**

417. Marketing and Labeling; 418. Customer privacy

417. Marketing and Labeling

418. Customer privacy

413. Local Communities; 418. Customer privacy; Financial Services Sector Disclosures: FS 16: Initiatives to enhance financial literacy

**PROMOTING SOCIETY WELL-BEING**

413. Local communities

Financial Services Sector Disclosures: FS13: Access points in low-populated or economically disadvantaged areas; FS16: Initiatives to enhance financial literacy

413. Local communities; 203. Indirect Economic Impacts

**DIRECT ENVIRONMENTAL FOOTPRINT**

301. Materials; 306. Effluents and Waste

302. Energy

305. Emmissions

**INDIRECT SOCIAL AND ENVIRONMENTAL IMPACTS OF OUR OPERATIONS**

203. Indirect Economic Impacts; 204: Procurement Practices; FS7- FS8: Financial Services Sector Disclosures (Aspect: Product Portfolio)

102-9 Supply chain; 204: Procurement Practices

**How we are addressing the issue (report section)**

Ch.5 Governance and Sustainability Management Pg.26

Ch.8 Our Economic Impacts Pg.50

Ch.10 Responsible Employer Pg.68

Ch.11 Treating our Customers Responsibly Pg.82

Ch.12 Supporting Communities Pg.94

Ch.9 Environmental Responsibility Pg.56

Ch.13 Treating our Suppliers Responsibly Pg.112

How did we define our material issues and report contents

Materiality matrix

Our contribution to un sustainable development goals

MAPPING OUR ACTIVITIES TO SDG GOALS

UNSDG	HOW WE CONTRIBUTE	REPORT SECTION
SDG 1: No Poverty	- through our community programs and social investments; -through our SMSE development program	Ch.12 Supporting Communities Pg.94
SDG 3: Good Health and Wellbeing	- through ensuring social protection and occupational health and safety to our employees	Ch.10 Responsible Employer Pg.68
SDG 4: Quality Education	- through our community programs oriented at education; -through providing educational opportunities to our employees	Ch.12 Supporting Communities Pg.94
SDG 5: Gender Equality	-through our employee diversity programs; -through our credit lines designed for women	Ch.10 Responsible Employer Pg.68
SDG 7: Affordable and Clean Energy	- through financing energy efficient projects and renewable energy	Ch.9 Environmental Responsibility Pg.56 Ch.13 Treating our Suppliers Responsibly Pg.112
SDG 8: Decent Work and Economic Growth	-through ensuring good work and development environment to our employees; - through internship programs for youth; - through community programs oriented at education; - through supporting digital innovation and promoting entrepreneurship; - through including local suppliers in our supply chain	Ch.10 Responsible Employer Pg.68 Ch.12 Supporting Communities Pg.94 Ch.11 Treating our Customers Responsibly Pg.82 Ch.13 Treating our Suppliers Responsibly Pg.112



**MAPPING OUR ACTIVITIES TO SDG GOALS**

UNSDG	HOW WE CONTRIBUTE	REPORT SECTION
SDG 9: Industries, Innovation and Infrastructure	-through programs promoting entrepreneurship and supporting startups - through financial products designed specifically for MSMEs (Financing micro-enterprises, SMEs) thus increasing their access to finances -through Youth Support Program, offering affordable credit to the youth	Ch.12 Supporting Communities Pg.94
SDG 13: Climate Action	- 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; - through reducing our direct carbon footprint	Ch.9 Environmental Responsibility Pg.56 Ch.13 Treating our Suppliers Responsibly Pg.112
SDG 16: Peace, Justice and Strong Institutions	- through our anticorruption and anti-money laundering policies and practices; - 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	Ch.5 Governance and Sustainability Management Pg.26



# /05

## Governance & Sustainability Management





# CONTENTS

## **Corporate Governance Framework**

The Board Of Directors

Board Committees

Annual Board Effectiveness Evaluation

## **Risk Management Model**

Risk management Framework

Governance

## **Managing Conflicts Of Interest**

## **Compliance With Laws And Regulations in The social And Economic Area**

## **Sustainability Governance**

## **Comment On Investigative Case Involving TBC Bank Founders**

Corporate Govern-  
ance FrameworkRisk Management  
ModelManaging Conflicts  
Of InterestCompliance With  
laws and Regula-  
tions In The Social  
And Economic AreaSustainability  
GovernanceComment On  
Investigative Case  
Involving TBC Bank  
Founders

# GOVERNANCE AND SUSTAINABILITY MANAGEMENT

## CORPORATE GOVERNANCE FRAMEWORK

We believe, that the highest standards of governance should be respected while doing business and that a good corporate governance framework is vital to ensure that our business functions effectively and creates sustainable value, that we protect our internal and external stakeholders. Through practicing good corporate governance, we show respect towards our corporate values, principles of transparency, fairness, accountability and corporate responsibility.

Along with local legislation on corporate governance, as a London stock exchange listed company, we adhere to the UK Corporate Governance Code (hereinafter "Code").

### The Board of Directors

The Board of Directors (hereinafter "Board") is collectively responsible for promoting the Group's purpose, culture, values and 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 the decision-making body in relation to all matters that are significant to

the Group. The matters exclusively reserved for the Board's approval include, among other things, approval of the Group's strategy, long-term objectives, risk appetite, the annual operating and capital expenditure budgets, changes to the Group's capital, share buybacks, major acquisitions and/or mergers, annual reports and accounts.

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

In accordance with the Code, the majority of the Board are independent non-executive Directors. Non-executive Directors constructively challenge and scrutinize the performance of management and help develop proposals on strategy. All Directors are subject to annual re-election by shareholders at the Annual General Meeting, in accordance with the Code. Details of the individual Directors and their biographies are set out on pages 136-139 of the Annual Report published on the company's website: <http://www.tbcbankgroup.com>



There is a clear division of responsibilities between the Chairman, the Chief Executive Officer and the senior independent non-executive Director. As Chairman, Nikoloz Erukidze is responsible for leading the Board to ensure that the Board as a whole performs a full and constructive role in the development and determination of the Group's strategy and overall commercial objectives. He also oversees the Board's decision-making processes. The Chief Executive Officer, Vakhtang Butskhrikidze, is responsible for the Company's day-to-day management and has the principal responsibility of running the Group's business. He is responsible for proposing, developing and implementing the Group's strategy and overall commercial objectives, which is done in close consultation with the Chairman and the Board. In addition, the Board has appointed, in line with the requirements of the Code, Nicholas Haag as the new senior independent non-executive Director, who provides a sounding board for the Chairman. He serves as an intermediary for the other Directors where necessary and meets with investors to discuss the Group's corporate governance matters.

The Board recognizes the importance of ensuring diversity and sees a significant benefit to our business in having a Board and management team that is drawn from a diverse range of backgrounds, since

this brings the required expertise, cultural diversity and different perspectives to the Board discussions and helps to improve the quality of decision making.

#### **Board Committees**

The Board is supported by its committees (the "Committees") and delegates a broad range of responsibilities to them, while maintaining the effective links between the Committees and the Board where required. The Board has four Committees: (i) the Audit Committee; (ii) the Remuneration Committee; (iii) Corporate Governance and Nomination Committee; and (iv) the Risk Committee. The chair of each Committee reports matters of significance to the Board after each meeting. Each of the Committees is made up of independent non-executive Directors, apart from the Corporate Governance and Nominations Committee and the Remuneration Committee, where the Chairman, who was independent on appointment, is also a member.

All Committees undertake an annual review of effectiveness and a review of their terms of reference.

Corporate Governance Framework

Risk Management Model

Managing Conflicts Of Interest

Compliance With laws and Regulations In The Social And Economic Area

Sustainability Governance

Comment On Investigative Case Involving TBC Bank Founders

### Annual Board Effectiveness Evaluation

An internally facilitated annual Board performance evaluation was conducted in 2019, following an externally evaluated review undertaken by Independent Audit Limited in 2018 (IAL). The review was carried out at the initiative and with the participation of the Company's Corporate Governance and Nomination ("CGN") Committee. Questionnaires were distributed to all Board directors for their response and comment. The results were discussed at three levels: (i) among the members of the CGN Committee; (ii) between Tsira Kemularia (as Chairman of the CGN Committee) and Nikoloz Enukidze (Chairman of the Board); and (iii) among the members of the Board as a whole. Following the review the SID met with all the Board members individually to consider the Chairman's performance. The comments received were fed back to him at a subsequent meeting.

Board performance was deemed to be satisfactory. At its February 2020 meeting, the Board agreed on action plan for 2020 that would allow the Board to continue developing its involvement in reviewing and considering the management's strategy proposals and to take into account stakeholder considerations; and to ensure that all Board and Committee meetings remain focused and efficient. New initiatives will be introduced to support director training, and the CGN Committee will continue to review senior management succession plans in great detail.

As a result of the 2019 action plan, approved by the Board in February 2019, following the external evaluation by IAL, the Board noted that its members had spent more time considering the Group's strategy plan and investment proposals arising from it, and more focus has been made on succession planning for senior executives. In addition, information flows to both the Board and its Committees had been improved and a restructuring of Committee memberships had assisted in this.

The Company undertakes regular performance evaluations of the Board in line with the requirements of the UK Corporate Governance Code. An externally facilitated review is planned for 2021.

### RISK MANAGEMENT MODEL

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

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

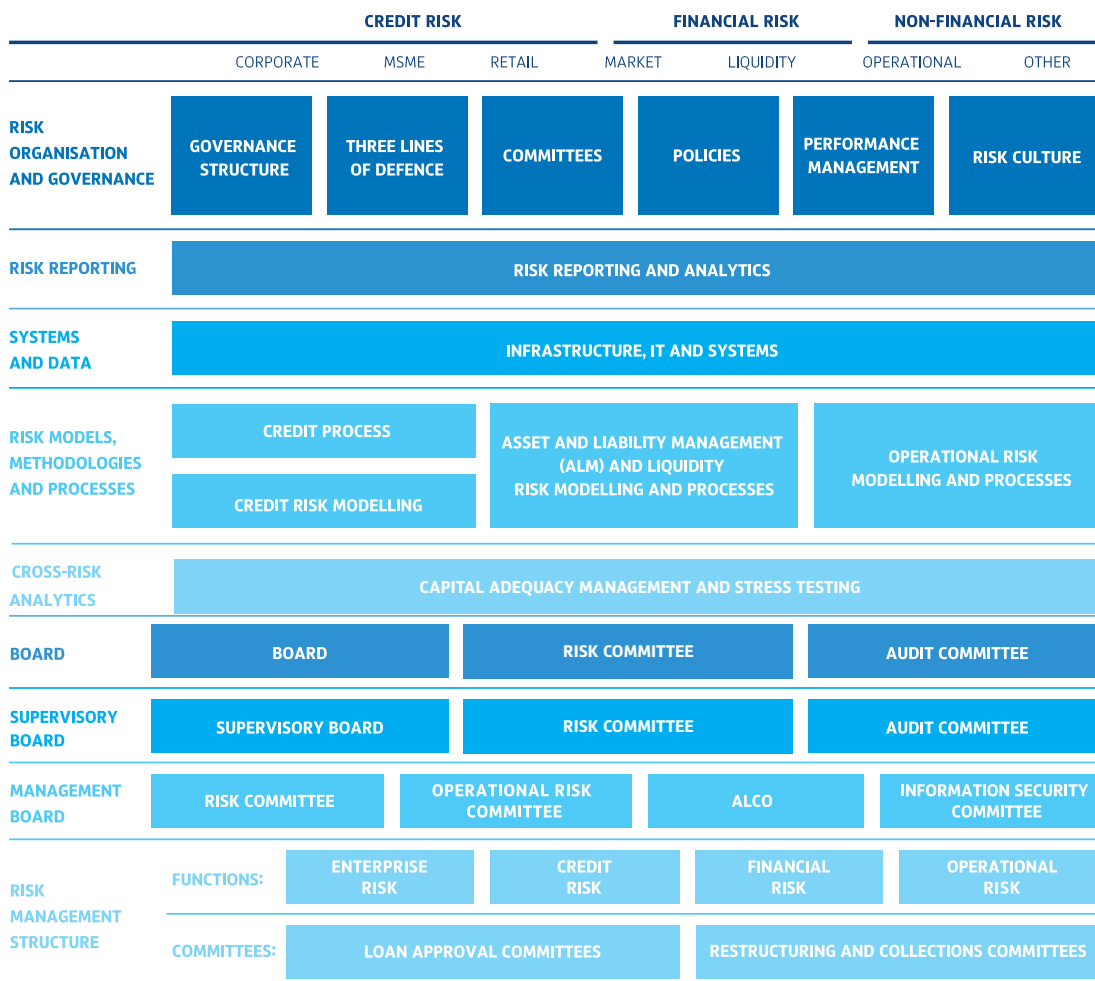
### Risk management framework

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

The following diagram depicts the risk management framework:

# ENTERPRISE RISK MANAGEMENT

► RISK APPETITE ► RISK STRATEGY ► BUSINESS PLANNING



## Governance

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

and sound risk management. The Group’s governance structure ensures adequate oversight and accountability, as well as a clear segregation of duties.

The Board and the Supervisory Board have joint overall responsibility to set the tone at the top of the Group and monitor compliance with the established objectives, while the Management Board governs and directs the Group’s daily activities.



Corporate Governance Framework

Risk Management Model

Managing Conflicts Of Interest

Compliance With laws and Regulations In The Social And Economic Area

Sustainability Governance

Comment On Investigative Case Involving TBC Bank Founders

The risk governance structure consists of three board levels, including the Board, the Supervisory Board and the Management Board. All three boards have dedicated risk committees. The Board and the Supervisory Board each have a Risk Committee that supervises the risk profile and risk governance practices within the Group, as well as an Audit Committee that is responsible for implementing key accounting policies and facilitating internal and external auditor activities.

The Management Board's Risk Committee was established to guide the Group-wide risk management activities and monitor major risk trends to ensure that the risk profile complies with the established risk appetite. The Management Board's Operational Risk Committee makes decisions related to operational risk governance, while the Assets and Liabilities Management Committee (ALCO) is responsible for the implementation of asset-liability management policies.

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

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

The daily management of individual risks is based on the three lines of defense principle. While business lines are the primary owners of risks, respective risk teams act as the second line of defense by sanctioning transactions, tools and techniques for risk identification, analysis, measurement, monitoring and reporting. The committees established at operational levels are charged with making transaction-level decisions as part of a framework comprised of clear and sophisticated delegations of authority, based on the "four-eyes" principle. All new products and projects pass through risk teams to ensure that the risks are comprehensively analyzed.

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

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

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

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

## MANAGING CONFLICTS OF INTEREST

We qualify conflicts of interest as a case when personal (or related) interests of an employee can be satisfied at bank's or bank's client's cost, which can harm one or both parties. This definition is based on National Bank Regulation, UK Listing Rules and IAS standards. Identification and prevention of the potential conflict of interests, especially at 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. Code of Conduct, that includes the definition of a conflict of interest and defines standards of acceptable conduct.
2. Related Party Transaction Policy, that defines conflicts of interest management process, according to the National Bank of Georgia "Conflicts of Interest Management Provisions" document, UK Chapter 11 Listing Rules and DTR.7.3.

3. Each member of management is responsible to disclose information about their related parties immediately after changes and on quarterly bases.
4. Each member of management is responsible not to take part in transactions where conflicts of interest could potentially exist.

In accordance with the requirements of the Companies Act 2006 and the Company's articles of association (the "Articles of Association"), the Company requires Directors to declare actual or potential conflicts of interest that could interfere with the interests of the Company. The Directors are required, prior to Board meetings, to declare any conflict of interest they may have in relation to the matters under consideration and if so, abstain from voting and decision-making, in relation to the matter in question. Directors have a continuing duty to notify the Chairman and Company Secretary as soon as they become aware of any potential or actual conflicts.

The Related Party Transaction Policy was implemented in Bank since 2001 and renewed in 2015, according to the requirements of NBG „Conflict of Interests Management Provisions” . The last update was applied in September 2019. The revision of policy is done annually and amendments to it are approved by the Supervisory Board.

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

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

The National Bank of Georgia regulation, "Conflict of Interest Management Provisions", sets limits above which, 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 monthly bases. We report to NBG on related party transactions and provide them with up-to-date list of related parties on a monthly basis.

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

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

Compliance with law is the foundation on which our company activity is based. The Compliance, Human Capital and Risks Management Departments are responsible for the compliance with laws and regulations in the social and economic areas. Company has created sound monitoring mechanisms to ensure legislative compliance.

In 2019 no fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area have been identified.

## SUSTAINABILITY GOVERNANCE

Our principles of ethics and principles of doing business define our approach towards sustainable development issues.

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

Corporate Governance Framework

Risk Management Model

Managing Conflicts Of Interest

Compliance With laws and Regulations In The Social And Economic Area

Sustainability Governance

Comment On Investigative Case Involving TBC Bank Founders

of responsibility, and strongly supports the development of society. This is a technologically advanced and environmentally aware bank, that is trusted by society.

In line with the development of the bank and increased expectations of our shareholders, we pay more attention to sustainable development issues. We understand that the aim of doing business responsibly should underline every decision and action. We work to implement responsible and sustainable development-oriented approaches at all levels of our activities.

Currently sustainable development policy and management structures are represented in various policy document and management domains. TBC has developed several thematic policies and codes, that regulate various social and environmental protection issues of company activity (e.g. Code of Ethics, Incident Management Policy, Anti-Corruption Policy, Personal Data Protection Policy, Conflict of Interests Management Policy, Green Purchase Recommendations etc; these documents are described in detail in respective chapters).

However this year we aim to start systematizing the existing policies under one umbrella, as well as implementing sustainable development management structures and procedures and harmonize them group wide.

The first important achievement in this direction was the development and implementation of the Environmental Policy in 2019. This policy significantly extends a company's responsibility towards the social and environmental impact of its business operations. Several departments and company management were involved in the process of creating this policy.

Compliance with the Bank's Environmental and Social Risk Management Policy is closely monitored by the Environmental and Social Risk management group. The policy implementation progress is regularly reported to top management and respective divisions. Implementation of other related policies are managed by various departments, who are also responsible to report on the progress to top management.

## COMMENT ON INVESTIGATIVE CASE INVOLVING TBC BANK FOUNDERS

In 2019 the Bank was subject to an inspection by the NBG in connection with certain transactions that took place in 2007 and 2008.

The inspection alleged that these transactions between the Bank and certain entities were not in technical compliance with the Georgian law regulating conflicts of interest. In February 2019, the Company, the Bank and the NBG issued a joint statement confirming the settlement of this investigation and stating that the Bank fully complies with the economic normative requirements and limits set by the NBG. In response to the regulatory review and investigations, the founding shareholders stood down from their roles at both the Group and the Bank. The Board has reviewed the governance structure of TBC PLC and the Bank, taking into consideration the feedback from shareholders, IFI partners and other key stakeholders. Taking into account all feedback, as well as its experience of the benefits in having the same individuals in non-executive roles for both TBC PLC and the Bank, the Board has introduced a "Mirror Board" governance structure whereby:

- all non-executive members of the Board are also members of the Supervisory Board
- the Chairman of TBC PLC also serves as the Chairman of the Bank; and
- the Senior Independent Director ("SID") of TBC PLC is also the SID of the Bank

We consider that these changes will maximise efficiencies in the management and supervision of the Group's business and will add stability to the Group's governance. The Board's structure is consistent with the requirements of the UK Corporate Governance Code, including with respect to the independence of its Chairman and having a majority of independent non-executive Directors on the Board.

In addition, the Bank, with the assistance of external advisers, undertook a review of the Bank's relevant internal controls systems. Although these reviews did not identify any material deficiencies in the Bank's existing internal controls and compliance systems, they did make certain recommendations for further technical improvements for the Bank, which are being implemented. In parallel, the Georgian Office of Public Prosecution launched an investigation into the same matter and has charged the founders. The court case with the founders is ongoing. However, the founders have stood down from their positions at the Group and the Bank.







# TBC'S RESPONSE TO COVID-19

Like the rest of the world, the spread of Covid-19 has had a negative impact on the economy of Georgia as well. The necessary measures to prevent the spread of the virus have led to economic losses; they have radically changed the lifestyle, priorities and needs of both the country as a whole and of each citizen.

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

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

TBC's initial step was to offer a three-month grace period on loan payments to individuals, owners of micro, small and medium-size businesses and to all major businesses which operate in tourism, food and industries that require social gatherings. The grace period applied to both down payments and interest rates. Clients received detailed information individually via remote channels, without having to visit branches.

Later, the grace period was extended for three more months for clients who were most heavily affected by the crisis.

TBC, as one of the largest companies in the region, has taken into account the recommendations of the World Health Organization regarding the current situation and has shifted to remote working as much as possible. Right now, around 95% of our back office staff work from home. TBC cares for its employees and customers and at the same time takes full responsibility for the smooth running of the company.

The company is constantly calling for and encouraging customers to make the most of the remote channels through which almost all banking services are available.

In recent years, the company's strategy has been to develop and digitize remote channels. 93% of all transactions were already conducted online. That is why TBC has been fully prepared for new challenges; the changes implemented for the safety of its employees and over 2 million clients have not caused any delays in terms of services and operations. Despite a drastic increase in the flow of customers in remote channels (Please see the numerical information provided on pg. 35), well-developed digital capabilities have helped the company to support clients without impediments.



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

Along with the steps taken in the banking and financial sector, TBC moved forward with its corporate social responsibility and supported and implemented many interesting and necessary ideas.

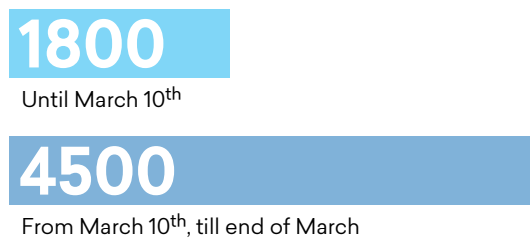
TBC has created a program to support the population of Georgia called TBCforyou, which combines all the projects initiated by TBC to reduce the damage caused by COVID-19.

5 million GEL was allocated to overcome the challenges. The support program consists of two components: 2 million GEL for social assistance initiatives, focusing on promoting distance education, helping the elderly and spreading digital technologies; and over 3 million GEL to alleviate the commission costs for both individuals and businesses during two months.

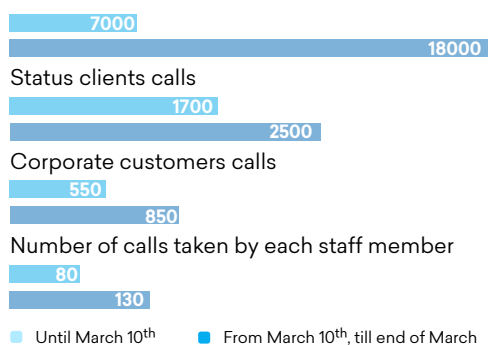
At the same time, the online platform - [www.tbcforyou.ge](http://www.tbcforyou.ge) has been launched, gathering all digital services of TBC and its partners, in order to help users access digital services. The focus is on supporting the population and businesses, distance education, online commerce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

Cooperation between the state and the private sector has a crucial role to play in overcoming the challenges facing the country. TBC shares this responsibility and cooperates with the government to address the needs of the country. Healthcare is the primary sector in need of support in this situation. Based on consultations with the government, TBC purchased 10,000 COVID-19 rapid tests worth 352,000 GEL and handed them over to the Ministry of Health.

**Number of online chats during the day**



**Total number of incoming calls**



In addition, in order to further simplify the lives of consumers, individuals using remote channels enjoyed the following conditions during the first two months of the outbreak of the virus.

## TBC For You



Today, the group at highest risk of infection with the virus is the elderly. It is crucially important to take care of those people who have the greatest difficulty adapting to the new reality. It is important to provide them with the minimum necessary for subsistence and to support them in a way that they do not have to go out.

As part of one of the initiatives of the #TBCforyou program, more than 1,000 elderly people living in the capital and regions received food, medicine and personal hygiene items worth 100,000 GEL. TBC helped those beneficiaries in cooperation with 14 large and small charity funds.

In order to prevent the spread of coronavirus, all educational institutions in Georgia have switched to online learning. In the current reality, digital education is simultaneously a challenge and a new opportunity for the next generation. It is important that all students are given the opportunity to continue studies and to receive an education without any hindrances. That is why TBC has purchased laptops for 161 socially vulnerable students at six universities. The total cost of the project was 140,714 GEL.

For this initiative, students, whose families, did not own a personal computer, causing their learning processes to be delayed, were selected. Most of the selected young people benefit from university funding or grant programs and are successful students.

Also, with the involvement of TBC staff, laptops were distributed to 100 socially vulnerable senior-grade students residing in different regions of Georgia. TBC doubled the amount voluntarily collected by TBC workers and gathered a total of 95,614 GEL. In order for students to be able to study remotely, their monthly internet fee will also be covered until the end of the school year.

The collaboration and joint initiatives between TBC and its corporate partners play an important role in overcoming the challenges facing the country. In addition to the public sector, TBC is actively cooperating with the business sector, implementing a number of projects in collaboration with various companies. For example, "Georgian Beer Company", with the support of TBC, provided food to all staff of all the checkpoints that operated in Georgia during lockdown. TBC's contribution to the project is 25,000 GEL.

In addition, TBC started to collaborate with the supermarket chain and meat production company "Nikora" under the "Unity" platform, as a result of which 300 socially vulnerable families were provided with food product baskets. TBC also provided the volunteers who distributed baskets to families with special needs with all relevant safety measures, allocating a total of 7,140 GEL for the required equipment and products. The social platform "Unity" [www.1anoba.ge](http://www.1anoba.ge)

unites volunteers and companies who have the means and desire to coordinate and mobilize common resources to help those who need it most.

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

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

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

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

Digital services are very important for adapting to the current conditions and for further business development. TBC and VISA have launched an initiative for compa-



nies called “Create your own online store”. Businesses can create their own online stores in the shortest time, through which they will be able to sell and deliver products throughout Georgia. The project aims to help businesses transform digitally and deal with the challenges they face.

200 Georgian companies can get this service free of charge. At this stage, 110 companies operate with new online shops. The monthly website service fee has been waived for these businesses until the end of the year. The development of innovative products and services is a priority for TBC, especially in the current reality. Under another joint cooperation between TBC and VISA, customers are offered the first digital card in Georgia. A digital card is a digital analogue of a physical plastic card and has the same features as a debit card.

TBC also now offers an innovative distribution card to distribution companies. Previously, distributors and retailers had to conduct payment in cash when receiving products; now, they can replace the cash payments with a safe alternative - card payments.

In the current reality, it is of no less impor-

TBC For You

tance for TBC to ensure that consumers can spend the lockdown period in an interesting and productive way. TBC Status has provided the means to diversify their knowledge. In early 2019, an educational platform - TBC Status Meetings - was created, where successful people from various fields can meet with the TBC status clients, share their knowledge, experience and ideas on topics that are equally as important in the work environment as in everyday life.

In the current situation, meetings have now moved to the online space of Zoom. All the thematic videos tailored to audience interests and needs are available on Facebook, Instagram and the Status Meeting website - [https://www.statusevents.ge/ and social media platforms](https://www.statusevents.ge/and-social-media-platforms)

People can choose their topic of interest, be it various fields of art, psychology, business, parenting, etc.

In parallel with online meetings with various speakers, TBC Status also shares blogs on a variety of topics.

Since TBC Group is an ecosystem that unites several companies along with TBC Bank, it was important for each of them to assume their share of responsibility and to take effective steps to support the country and the population in accordance with their own profile.

In the current situation, medical staff working in the high risk zones needs special support - their role and involvement is

invaluable. All doctors and nurses who fight for the health of Georgian citizens while risking their own health and that of family members, will receive up to 10,000 GEL from TBC Insurance if they become infected with COVID-19.

The TBC Insurance Special Fund has been set up as part of the #TBCforyou program; it is designed for physicians and nurses who are directly treating patients infected with COVID-19 at medical facilities and who themselves are at high risk due to close contact with patients. 90 medical staff members have already received this benefit.

As part of the #TBCforyou, the "Startuperi" program and the new courier company "Mimo", part of the TBC ecosystem, have launched a joint initiative with start-up businesses. As part of the offer, the first 100 startups that will become customers of "Mimo" will receive courier services for one month completely free of charge.

The digital courier company "Mimo", which appeared on the market recently, offers customers high quality services, controlling orders online and fast delivery services throughout Georgia.

It is also important for TBC to support citizens' self-development during the period of self-isolation. That is why e-book house Saba offered users one month of free access to more than 6,000 e-books. Along with the Literary Award Saba, the House of





Electronic Books was founded in 2012 by TBC. The Saba Electronic Library combines more than 6,000 books, including audio, podcasts, and lectures.

In parallel with a number of initiatives for customers and the country as a whole, TBC is constantly caring for its employees who work remotely or in branches.

The company shifted pregnant and risk-category employees to a remote working regime in the very first days of the pandemic. Currently, about 2,400 TBC employees are working remotely. The branches have moved to an updated work schedule, and 900 out of 3,548 workers continue to work at TBC branches on a daily basis. The necessary staff work on a 1-week schedule at the branch. Branch employees who could be transferred to a remote working regime are working from a distance: Status bankers, MSME direction. Thermo-screening of both employees and customers is implemented in all branches.

To create a safe work environment, an anti-virus strategy has been devised with an epidemiologist who provides TBC's relevant team with information on the dynamics of the virus in Georgia and the best practices in combating it. 141 TBC facilities are disinfected daily; in total, 64,000 square meters of TBC network are disinfected every week; protective glass partitions have been installed in 115 branches; 850 disinfectant solution dispensers and containers have been installed in all branches and

the head office - a total of 158 locations; front-line workers of the branches have been given 1,100 disinfectant solutions for individual consumption, the supplies of which are periodically updated; 3,900 employees received protective masks at the branches and the cash registers; employees are provided with gloves and facemasks; daily, 126 cash registers are equipped with the necessary equipment; meetings of the staff of the cash registers and branches with the epidemiologist were held; information stickers are placed at the front of the facilities, urging users to keep their distance and at the same time determine the parking locations; the cashiers have been equipped with protective suits and hats. TBC has introduced an appropriate cleaning standard adapted to the challenges of the virus period.

TBC takes care that all employees have a sense of stability, so management periodically arranges remote meetings with them to discuss the company's plans and strategy. At these meetings, employees receive answers to interesting and topical questions from the directors.

During this period, a one-time bonus was transferred to 3,754 employees. These employees are: employees of the branches, who, despite the situation in country, continue to work as usual and have to communicate directly with clients; employees of the Distribution Services Division; employees of the cash register and collection department; IT staff and employees of the

Logistics Department.

TBC For You

The most important asset for TBC is its team members. No COVID-19 related redundancies are planned in 2020. Executive Directors of TBC Bank Group PLC and Top Management of JSC TBC Bank have volunteered to waive all their rights to potential bonuses and long-term incentive plan grants for 2020, which usually represents the majority of their total compensation.

*“Now, we are carrying out an unprecedented digital transformation, which was part of our pre-existing strategy but has been accelerated by the current reality.*

*I am sure that we will come out of this crisis together more flexible and stronger.”*

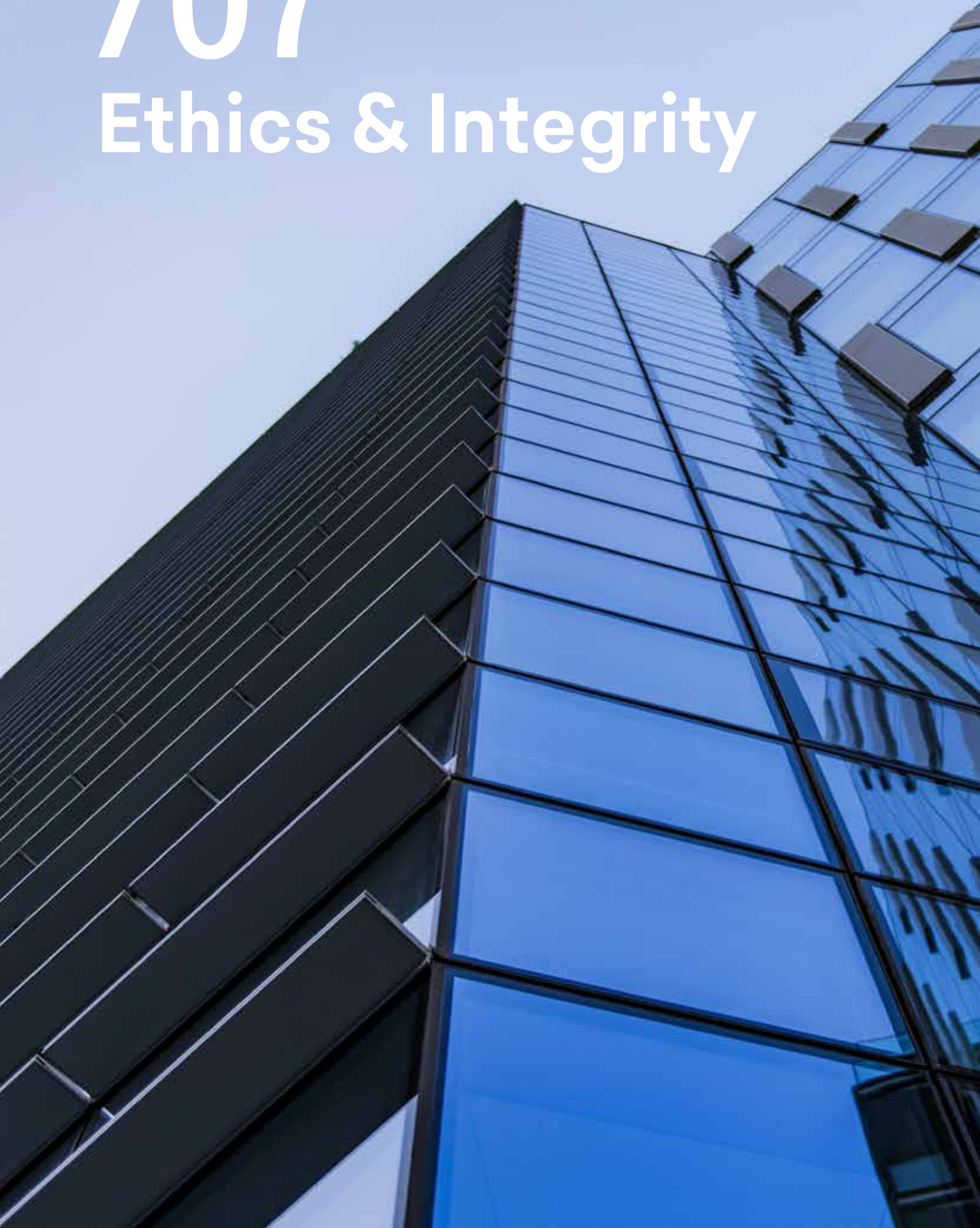
*Vakhtang Butskhrikidze,  
General Director of TBC.*





# /07

## Ethics & Integrity



# CONTENTS

## **Business Ethics and Ethical Conduct**

TBC Code Of Ethics

Ensuring Implementation Of The Code of Ethics, Monitoring And Response Mechanisms

Informing Employees On The Code Of Ethics

Informing External Stakeholders On Code Of Ethics

Code Of Conduct

Informing Employees On Code Of Conduct

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

Company Anti-Corruption Policies And Procedures

Anti-Corruption Policy Implementation, Monitoring And Response

Informing Employees About Anti-Corruption Policies And Procedures

Operations Assessed For Risks Related To Corruption

## **Incident Management Policy / Whistleblowing And Non-Retaliation Policy**

Ensuring Policy Implementation

Complaints And Response Mechanisms

## **Public Policy And Government Relations**

Business Ethics And  
Ethical Conduct

Anticorruption,  
Countering  
Bribery And Money  
Laundering

Incident  
Management Policy /  
Whistleblowing  
And Non-Retaliation  
Policy

Public Policy  
And Government  
Relations



# ETHICS & INTEGRITY

## BUSINESS ETHICS AND ETHICAL CONDUCT

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

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

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

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

### TBC Code of Ethics

The TBC Code of Ethics document represents our vision and values, establishes the ethical principles for professional and

personal conduct that we expect from all employees. It is applied to the whole group. The Code of Ethics considers local regulations, international standards and best practices.

The initial version of the code was developed in 2013. It has been regularly updated based on various legislative changes or internal policy amendments. The latest revision of 2019 reflects the changes deriving from the National Bank of Georgia regulation on "Principles of Ethics and Professional Code of Conduct for Commercial Banks". The Code of Ethics has been approved by the TBC Supervisory Board.

### Ensuring implementation of the Code of Ethics, monitoring and response mechanisms

We understand the importance of efficiently controlling the implementation of the Code of Ethics, timely identifying violations and responding to them.

In order to efficiently implement the Code of Ethics and raise awareness on its principles, we annually develop an action plan. The action plan 2019 included:

- > Implementation of the Code of Ethics on the group level
- > Sharing information about Code of Ethics updates among all employees



- > Amending learning materials
- > Implementing reporting process on breaches of Code of Ethics requirements to National Bank of Georgia
- > Updating approach to complaint analysis

The action plan has been implemented fully. Implementation monitoring is executed by the Compliance Department team. Top management is closely steering the process through quarterly reports on code implementation and breach. Breach incidents related to non-ethical behavior, are reported both to the Board of Directors and to the Supervisory Board.

Incidents concerning a breach of the Code of Ethics can be revealed through various sources, such as client complaints, openly or anonymously provided information by employees, internal audit findings or various exercises of internal monitoring and control. The response procedure includes the following key phases – Inquiry, Analysis, Receiving Employee Explanation, Action Plan Development, Action Plan Fulfillment, and Control. Based on the severity of breach, procedure may consider escalation of the case and application of various disciplinary measures towards the employee.

In 2019 – 35 incidents of the Code of Ethics breach were identified through various inputs, such as client complaints, internal control processes and anonymous hotline

calls. In certain cases, employees received a warning, in other cases they were dismissed and their employment contract was terminated.

### **Informing Employees on the Code of Ethics**

It is of utmost importance to ensure that all employees have received comprehensive information about the Code of Ethics and understand it. In order to reach this efficiently, we have implemented various initiatives:

- > Video – as a result of Compliance Department and Marketing team cooperation, TBC developed a video where top management presents core principles of the Code of Ethics and emphasizes the importance of ethical behavior to employees
- > Informing bank employees: Human Capital division ensures that all new employees receive a Code of Ethics. Also, any updates are distributed to all employees of the Bank
- > Informing group employees: Compliance Department team provided the information on the Code of Ethics to the group companies' employees
- > Compliance Department team developed a Code of Ethics training module for trainers, as well as for the whole staff and delivered the trainings according to the plan
- > Code of Ethics topics were included in the following training modules:
  - Training for existing employees and internal trainers
  - Welcome trainings and information package for new employees, where Code of Ethics and Code of Conduct are included
  - TBC academy training programs
  - Various specialized training modules such as Sales and Customer Service

### **Informing External Stakeholders on Code of Ethics**

TBC Code of ethics is publicly available at the following address in English <https://www.tbcbankgroup.com/about-us/governance/group-policies/>

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

Business Ethics And  
Ethical Conduct

Anticorruption,  
Countering  
Bribery And Money  
Laundering

Incident  
Management Policy /  
Whistleblowing  
And Non-Retaliation  
Policy

Public Policy  
And Government  
Relations

**In 2019, 60 trainings on the topic of the Code of Ethics were conducted for new employees.**  
**By the end of the year, 4,518 employees were trained and tested in the Code of Ethics and the Code of Conduct topics via distant learning platform.**  
**5,270 employees received whistleblowing policy training as well.**

This is often a part of our communication activities.

The fulfillment of the Code of Ethics by third parties cooperating with us is not binding, however our cooperation agreements include clauses that consider ethical conduct requirements such as fight against corruption, fight against tax avoidance, confidentiality requirements and others.

#### **Code of Conduct**

One of the instruments for implementing the Code of Ethics in TBC is the Code of Conduct, which is a mandatory document for every employee and breach of which may be followed by various disciplinary



actions.

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

The last update of the Code of Conduct was implemented in 2019, regular revisions are done annually. All amendments to the Code of Conduct are approved by the Board of Directors.

The code of conduct is available both for internal usage in intranet and for public access at the following address:  
[https://www.tbcbankgroup.com/media/1950/code-of-conduct\\_13-august-2019.pdf](https://www.tbcbankgroup.com/media/1950/code-of-conduct_13-august-2019.pdf)

The Human Capital Department is responsible for implementing the Code of Conduct among employees. Internal audit, security, operational risk and compliance teams are to execute regular monitoring of the code of conduct fulfillment.

### **Informing Employees on Code of Conduct**

The Code of Conduct is an indispensable part of the labor agreement. In the process of new employee onboarding, every new team member gets acquainted with it. We distribute the Code of Conduct via welcome e-mail to new employees, their welcome training includes the Code of Conduct issues. At the end of the training they take a test, through which we check how well they understood and remembered the topic. At regular intervals, employees receive push message reminder from intranet portal – with the recommendation to review the Code of Conduct document and refresh the information.

## **ANTICORRUPTION, COUNTERING BRIBERY AND MONEY LAUNDERING**

### **Company anti-corruption policies and procedures**

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

The TBC Anti-Corruption Policy is presented as anti-bribery, anti-corruption and prevention of the facilitation of tax evasion policy, publicly available at:

<https://www.tbcbankgroup.com/about-us/governance/group-policies/>

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

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

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

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

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

### **Anti-Corruption Policy Implementation, monitoring and response**

Compliance Department is responsible for implementing and renewing the anti-corruption policy. The policy is approved by the Supervisory Board.

The coordination of anticorruption policy implementation is done on group level. It is shared with the respective positions of each company in the group, who are further responsible to implement the respective procedures.

## Business Ethics And Ethical Conduct

Anticorruption, Countering Bribery And Money Laundering

Incident Management Policy / Whistleblowing And Non-Retaliation Policy

Public Policy And Government Relations Policy

The monitoring actions for anticorruption policy violation are included in various internal control processes, internal audits and also clients' complaints' management.

Quarterly report to the Supervisory Board Risk Committee covers anti-corruption topics if any. The response for anti-corruption policy violation differs by the severity of the breach. The sanctions are described in the internal Code of Conduct in detail.

### Informing Employees about Anti-Corruption Policies and Procedures

The organization's anti-corruption policies and procedures have been communicated to 100% of employees, including all members of the governance bodies.

New employees receive Anti-Corruption Policy as a part of their welcome package, that includes all policies and procedures. They are trained in anti-corruption matters.

The Anti-Corruption policy is also a part of the Compliance Department trainings that is delivered to those employees, who due to their activity specifics are more exposed to risk. Employees periodically have online trainings and testing on the subject.

### Operations Assessed for Risks Related to Corruption

The Bank has identified high risk activities, such as third party relations and has implemented dedicated actions to minimize the risks (such as, gifts and hospitality procedure, agreement with third parties template, trainings, process escalation rules, etc).

The policy is applied to the whole group, which is publicly available on our website: <https://www.tbcbankgroup.com/aboutus/governance/group-policies/>

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

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

### INCIDENT MANAGEMENT POLICY / WHISTLEBLOWING AND NON-RETALIATION POLICY

One of the instruments for implementing ethical principles and anti-corruption policy in our everyday operations is our Incident Response Policy/Whistleblowing and non-retaliation policy that enables us to efficiently reveal cases of a breach of the Code of Ethics, Code of Conduct or Anti-Corruption Policy.

The aim of the Incident Response Policy is to ensure responsible and honest conduct within the Bank, as well as to promptly identify and respond to potential breaches that may jeopardize employee work effectiveness, the Bank's reputation and the Bank's business.

The Policy ensures whistleblower protection from the immediate supervisor or other employees or from the imposition of any other sanctions. The Policy supports employees in the due reporting of any suspected violations and concerns.

Incident response policy is applied to the whole group and each employee is responsible to comply with the requirements of this policy.

According to this policy the employee is obliged to raise an alarm (speak up, blow whistle) in case of employee oppression, bullying, employee entering a corrupt/fraudulent scheme, etc. All employees are obliged to speak up and affix the problem for its timely resolution. Employees can communicate the problem openly or anonymously.

Last update of the Incident Response Policy was done in September 2019. It is renewed annually. The policy is applied to the whole group and is publicly available on our website: <https://www.tbcbankgroup.com/aboutus/governance/group-policies/>



### Ensuring Policy Implementation

The policy and its amendments are approved by the Supervisory Board

The Compliance Department is responsible for:

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

Every quarter the department provides information on incidents to Risk Committee of the Supervisory Board. Each company in the group is responsible for the implementation of this policy. They report about incidents to TBC bank.

### Complaints and Response Mechanisms

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

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

Anonymous communication web-site:  
<https://www.tbcbank.ge/web/ka/web/guest/anonymous-hotline>

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

The anonymity is preserved in the following ways:

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

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

The response to complaints is the following anonymous complaints are received by two employees of the compliance Department, (Head of the Compliance Department and Head of the Compliance and Controlling

Unit). If the issue concerns fraudulent operation by employees, Operational Risk Department is involved in the process of the inquiry. If the matter concerns employee oppression, bullying or discrimination, the Human Capital Department is involved. In the rest of the cases, the Compliance Department manages the process.

In 2019, 41 complaints were received from employees group-wide through these mechanisms. Out of these 18 were anonymous.

### PUBLIC POLICY AND GOVERNMENT RELATIONS

According to company policy, financing or lobbying political parties, as well as publicly expressing political view of the company's management is prohibited. The Company has a clearly apolitical and neutral position.

As one of the largest financial institutions, we understand the scale of influence on economic and social systems, therefore we very strictly restrain from using this power for any kind of political influence.

TBC holds a constructive dialogue with the government in relation to various economic and social issues that are directly linked to company's activity.

Introduction

Direct Contribution  
To The EconomyIndirect Impact On  
The EconomyFinancial  
TechnologiesMSME Financing,  
Trainings, Projects,  
Startup ProgramsPromoting Georgia  
Internationally

Research



## INTRODUCTION

Georgia's financial sector is dominated by the banking sector, as other sources of financing are relatively limited in size. Thus, as in most small economies similar to Georgia, the banking sector plays a crucial role in facilitating the allocation of financial resources between different sectors. Overall, domestic credit provided by the banking sector relative to the GDP amounts to 63.9% as of 2019.

TBC Bank, as the largest financial institution in Georgia, represents the most important credit provider in the country and assumes leading positions across a number of sectors. Overall, TBC's share in total credit extended by banking sector as of 2019 stands at 39.5% amounting to 25.3% of GDP. In terms of segments, TBC accounts for 38.9% of loans to legal entities and 40.0% of retail lending, significantly contributing to investment and consumption activities in each of these segments. TBC is especially active in housing finance, with a 45.3% share in retail mortgage portfolio; the bank represents the

first choice for homebuyers in Georgia.

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

2019 was marked by closing three Euro-bond transactions in the role of joint lead manager, which was hugely important for Georgia in terms of reaching international capital markets and for TBC Capital to gain the unique experience of working with the largest investment banks, rating agencies and legal advisors on transactions with a total value of 625 million USD. Apart from the abovementioned Eurobonds, TBC Capital acted as a sole lead arranger and placement agent on two public corporate GEL denominated bond placements along with a small private placement at the end of the year.





## DIRECT CONTRIBUTION TO THE ECONOMY

### Economic Impact: Value Generation and Distribution

	GEL'000	2019	2018	2017
<b>Direct Economic Value Generated</b>				
Net Interest Income		801,539	778,022	604,015
Non-Interest Income		326,704	309,446	256,970
<b>Non Operating Income</b>		<b>1,128,243</b>	<b>1,087,468</b>	<b>860,985</b>
Administrative and other operating costs		140,190	139,861	120,485
Depreciation and Impairment charges		152,734	215,978	141,677
<b>Direct Economic Value Generated</b>		<b>835,319</b>	<b>731,629</b>	<b>598,823</b>
<b>Direct Economic Value Distributed</b>				
Shareholder (dividends and comprehensive income attributable to non-controlling interests)		111,049	91,161	80,400
Governments (income tax expense)		45,184	72,764	34,750
Employees (salaries and bonuses)		247,803	220,354	203,100
Community (Community Investments)		1,990	1,074	1,045
<b>Direct Economic Value Distributed</b>		<b>406,026</b>	<b>385,354</b>	<b>319,295</b>

### International Fund Raising

TBC Bank directly promotes lending and economic growth through its investment of borrowed funds to the productive sectors of the economy. In 2019, TBC invested 479 million USD or 2.7% of GDP through the issuance of Eurobond worth 300 million USD, additional tier 1 instrument of 125 million USD as well as through the borrowings from international financial institutions such as EIB and EBRD. Given the limited

availability of local currency funding on the domestic market, TBC Bank also stepped up its efforts to provide additional GEL funding to borrowers and reduce the FX exposure to firms and individual entities. In 2019, TBC's efforts attracted 175 million GEL in domestic currency funding.

USD	2019	2018	2017
External Funding	478,984,000	478,581,656	231,205,484
% of GDP	2.7%	2.7%	1.4%

Introduction

Direct Contribution To The Economy

Indirect Impact On The Economy

Financial Technologies

MSME Financing, Trainings, Projects, Startup Programs

Promoting Georgia Internationally

Research

In many cases, external funding is directed to specific groups of borrowers with the aim to promote social and environmental goals as well as to support small and medium enterprises to obtain funding for growth and development. For example:

- > In December 2019, TBC Bank has signed three loan agreements totaling 23 million USD with the European Bank for Reconstruction and Development (EBRD). Funding was available for investments in green technology, especially in climate adaptation and mitigation technologies. The financial package included a comprehensive technical advisory package co-financed by the Green Climate Fund (GCF) and supported by the Austrian Federal Ministry of Finance, which will help to originate and verify green investment opportunities. Funding was disbursed in January 2020 (63.7 million GEL and 1 million USD)
- > In December 2019, TBC Bank has signed a loan agreement in an amount equivalent to of 26 million EUR with the European Investment Bank (EIB). The funds are available to draw either in EUR, USD or GEL. The five year loan facility will be used primarily to finance micro, small and medium size businesses in Georgia and support the development of private February 2020 (28.3 million EUR) and in April 2020 (18.6 million USD).

**TBC Impact through taxes**

TBC creates substantial value via its tax contributions. In 2019, total income tax expenses amounted to 45.2 million GEL, which made up 5.2% of the total income tax collected by the state budget. Over the last three years TBC's contribution to income tax revenues amounted to 152.7 million GEL or 6.5% of the total income tax revenues over the given period.

Income tax payments by TBC (GEL'000)	2019	2018	2017
Governments (income tax expense)	45,184	72,764	34,750
% of total income tax revenues of state budget	5.2%	9.9%	4.6%

**TBC impact through employment**

TBC represents one of the largest employers in Georgia with total of 7,654 employees as of 2019. TBC is considered as one of the most attractive employers on the domestic market and boasts high employee satisfaction with a competitive compensation package.

	TBC Bank Group		
	2019	2018	2017
Number of employees in TBC Bank Group	7,654	7,252	7,084
Total salaries paid (GEL'000)	201,344	190,304	182,784

(See chapter 10 for more details)

**TBC impact through suppliers**

TBC Bank recognizes that it has a considerable impact on the economy through its procurement activities. With its purchasing volume of 140.2 million GEL and 4,928 unique suppliers in 2019, TBC Bank is one of the largest purchasers in Georgia. Moreover, by procurement procedures we ensure inclusion of a wide range of suppliers in our supply chain and, consequently, we are cooperating with small startups, large companies, as well as individual providers. 78% of the total volume was purchased from the local suppliers, who represented 90% of all the suppliers contracted by the TBC Bank in 2019. All this underscores TBC Banks's contribution to stimulate the economy by boosting local procurement and encouraging local business development (see Chapter 13 for more details).

**INDIRECT IMPACT ON THE ECONOMY**

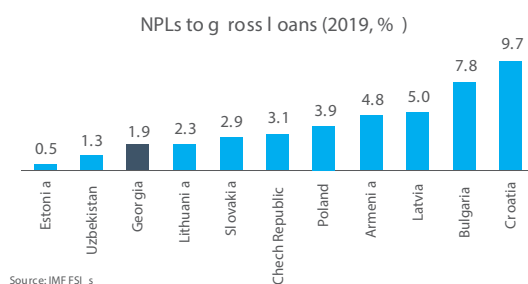
**Advanced resource allocation practices**

A core function of the bank lies in the identification of productive investment opportunities and allocation of depositor resources to the sectors that make the most out of it. TBC has been actively increasing its loan portfolio over the last couple of years, the growth of loan book amounted to 17.1% in 2017, 15.0% in 2018 and 17.9% in 2019, excluding the FX effect. At the same time, given the systemic importance of the bank, it is important to invest client deposits responsibly and without excessive risk-taking. Solid portfolio quality performance over the

last couple of years is an indicator of sound risk management practices, which have been the defining feature of the bank. Aside from the direct positive impact of advanced risk management concerning TBC's clients, its economy-wide effects are also considerable as investments flow to the most productive sectors evidenced by the low level of problem loans. Georgia demonstrates low NPL levels compared to its Central and Eastern European peers – which not only indicates a healthy banking sector, but also that it is a significant component of overall macroeconomic stability.

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

% of Gross Loans	2019	2018	2017
Market	4.4%	5.6%	6.0%
TBC	3.1%	3.6%	3.2%
Other lenders (market w/o TBC)	5.3%	6.8%	7.7%



**FINANCIAL TECHNOLOGIES**

TBC is constantly striving to improve its payment technologies and offer advanced online banking services to its customers. With currently 93% of transactions being made outside its branches, TBC significantly contributes to the improvement of productivity in the economy through lowering transaction costs. Distance banking solutions have become particularly important in the face of COVID-19 outbreak to ensure smooth delivery of banking products to our clients.

**MSME FINANCING, TRAININGS, PROJECTS, STARTUP PROGRAMS**

Small and Medium Enterprises (SMEs) play a major role in the Georgian economy as they contribute to job creation and economic development. In 2019, SME accounted for 64% of employment and 61% of production value created by all enterprises in Georgia. At the same time, access

to finance is a key constraint to the growth of the SME sector, which emphasizes the responsibility of financial institutions in its development. As of 2019, TBC Bank serves 147,418 MSME customers and is continuously designing and developing products and services specially adapted for their needs. Moreover, TBC is willing to share knowledge and expertise to help the SME sector. In 2017 we launched a new program aimed to help SME – “Startuperi”, and for now over 34,800 startups have been registered in the program’s various activities. Favorable startup loans, in the total amount of 247 million GEL, have been issued to over 691 startups. (see Chapter 12 for more details).

**PROMOTING GEORGIA INTERNATIONALLY**

TBC bank also directly contributes to the economy through its active involvement with existing and potential investors and serves as the first point of contact for many investors interesting in various opportunities in Georgia. TBC Bank regularly performs roadshows with significant part of the discussion and analytic materials devoted to the Georgian economy. Widely spreading the word about the domestic economy and its future potential with investors from various parts of the world significantly enhances the chances for the country to attract additional investments and accelerate economic growth domestically.

**RESEARCH**

TBC Research, a joint initiative of TBC bank and TBC Capital’s sector research team, serves to provide interested parties with in-depth macro and sector research. Without any subscription fee or other charges, TBC Research reports are aimed to provide insights and projections on the key economic parameters to enable better-informed decision making processes for TBC’s corporate as well as retail clients. In addition, TBC research reports and conferences held regarding a number of macro and sectoral topics have facilitated the discussion among different business and public sector representatives, materially contributing to the decision making process on both fronts.

/09

# Environmental Responsibility



# CONTENTS

## **Environmental policy and management approach**

Policy

Management Approach

Risk Management and  
Legislative Compliance

Employee Involvement in  
Implementing Environmental  
Policy

## **How do we manage our environmental impact**

Material Usage - Paper

Energy Usage

Water

GHG Emissions

Waste

Environmental  
Policy and  
Management  
approach

How We Manage  
Our Direct  
Environmental  
Impact



# ENVIRONMENTAL RESPONSIBILITY

## ENVIRONMENTAL POLICY AND MANAGEMENT APPROACH

### Policy

In 2019 TBC implemented a new Environmental policy which governs our Environmental Management System (EMS) within the group and ensures that we comply with applicable environmental, health and safety and labor regulations and use sound environmental, health and safety, and labor practices, as well as take reasonable steps to make sure that our customers also fulfill their environmental and social responsibilities. Our Environmental Policy is fully compliant with Georgian environmental legislation and follows international best practices.

The Environmental Policy:

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

- > Promotes sustainability finance among our clients.

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

Our EMS is based on four directions/pillars:

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

The policy defines our environmental values, system, goals and tasks and was developed in accordance with the local legislative requirements as well as ISO 14001:2015 standards.

The policy was developed by the Environmental and Social Risk Management Group, with the active participation of Corporate Lending, Small and Medium Enterprise





Credit Risk Management, Logistics, Operational Risks and Compliance Department teams. Top management was also actively involved in the process and has reviewed and approved it.

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

Our Environmental Policy is publicly available at:  
<https://tbcbankgroup.com/responsibility/our-environmental-policy>

### **Management Approach**

In order to efficiently implement the Environmental policy, we have developed an environmental management system based on ISO 14001:2015 standards.

The Environmental and Social Risk Management Group is directly responsible for policy implementation group-wide and is subordinated to the Corporate and SME Business Credit Risk Management domain.

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

Our top management is actively involved in implementation of the Environmental Policy. The Environmental Committee meets a minimum three times a year and at least one representative of the Board of Directors always participates in it. In 2019, four committee meetings were held.

At the group level, environmental topics and policy implementation are coordinated through production of the annual greenhouse gases emission report. Based on the results, respective action plans regarding resource usage and decreasing direct impact on environment are elaborated.

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

**In 2020 TBC plans certification according to ISO 14001:2015 standards**

Environmental  
Policy and  
Management  
Approach

How We Manage  
Our Direct  
Environmental  
Impact

**Risk Management and Legislative Compliance**

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

TBC regularly monitors compliance of its activities with legislative requirements. Annually, compliance is assessed based on the mandatory Environmental Legal Check document. This document describes all those environmental issues that are specific to company business activity and regulated by legislation.

The Environmental and Social Risk Management group is responsible for document renewal and process control.

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

In 2019, the company had no fines or non-monetary sanctions for non-compliance with environmental laws and regulations.

**Employee Involvement in Implementing the Environmental Policy**

TBC employees have the greatest scope to efficiently implement the policy. It is very important to ensure their motivation, involvement and participation. In order to raise employee awareness, our Environmental and Social Risk Management Group regularly holds trainings and discussion meetings.

TBC Bank’s Environmental and Social Risk Management Group regularly conducts trainings about TBC Bank’s Environmental Management System. In 2019, 12 extensive training sessions were held for SME and Corporate credit staff.

Furthermore, the entire staff of TBC Bank had digital training and testing in environmental issues.

Information about environmental activities and news is available for each employee via the internal network (TBC Intranet) and email.

**HOW WE MANAGE OUR DIRECT ENVIRONMENTAL IMPACT**

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

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

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

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

**Calculation methodology**

For GHG inventory the following step has been set: organizational boundaries, operational boundaries, gathering data and calculation of carbon dioxide (CO2) equivalent. This report describes all emission sources required under the Companies Act 2006 (Strategic Report and Directors’ Reports)<sup>1</sup> Regulations 2013 (Scope 1 and 2) and additionally 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 (tCO2\*/MWh) were used. The required data was collected and a report developed for the boundaries of TBC PLC’s main activities, as follows:

<sup>1</sup> For more information, please see Strategic Report on pg. 2–123 and Directors Report on pg. 131 – 135, in 2019 Annual Report.

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

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

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

**Material Usage - Paper**

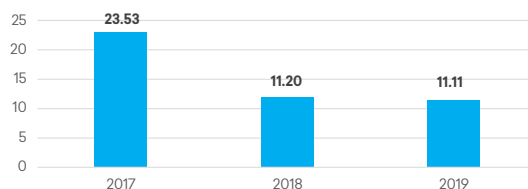
Based on the specific company activity, a significant share of materials used is represented by paper usage. TBC strives to decrease its impact through various initiatives.

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

A test regime for the Follow-Me Printing Initiative is in progress. Also, the Bank collects used paper, which is further produced into books.

In 2019, 6 new subsidiaries joined TBC Group, however the entire group still managed to decrease paper usage by 0.8%.

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



**0.8% decrease from 2018 to 2019**



**Target: for the year 2020 decrease paper usage by 3%**

**Consumption data**

Energy Consumption 2019	Measured in	Bank	Group
Total electricity consumption	kW/h	15 434 372	16 781 373
Total heating consumption	kW/h	6 529 139	7 142 939
Total cooling consumption	-	-	-
Total steam consumption	-	-	-
Total energy consumption	kW/h	22 324 168	24 292 581

Environmental  
Policy and  
Management  
Approach

How We Manage  
Our Direct  
Environmental  
Impact



### Energy Usage

Energy usage is one of the most significant sources of our environmental impact. It is represented by electricity consumption for premises and equipment, the usage of heating and cooling systems, transportation and more.

In 2019, along with the implementation of the environmental policy, the controls on purposeful and sustainable consumption of energy were implemented by the Bank.

In TBC Bank, we use energy-efficient LED lighting and operate energy efficient heating and cooling systems in our offices. This has helped us to reduce the consumption of energy in the previous and current years.

The TBC Bank fuel operated car pool was substituted by electro and hybrid vehicles.

**Target:**  
**for the year 2020**  
**it is planned to**  
**decrease energy**  
**usage by 4%**

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

Energy consumption was reduced by 1,903,392 kW/h for the whole group in 2019 - including electric energy, heating systems, fuel for generators and transport.

## Water

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

Water consumption in 2019 reached 101,016 m<sup>3</sup> group wide (TBC Bank -89,889 m<sup>3</sup>; subsidiaries – 11,127 m<sup>3</sup>).

In order to implement the efficient and sustainable consumption of water, various initiatives were launched in cooperation with different departments. Awareness raising activities were held. We plan to implement pressure reducers, through which we expect to decrease consumption by an additional 6%.

Despite the fact that in 2019 six subsidiaries joined the group, we still managed to decrease water consumption per employee by 12%.



**Target:**  
in 2020 the Bank  
plans to install water  
pressure reducers  
through which a 6%  
decrease in water  
usage is expected.



Environmental  
Policy and  
Management  
Approach

How We Manage  
Our Direct  
Environmental  
Impact

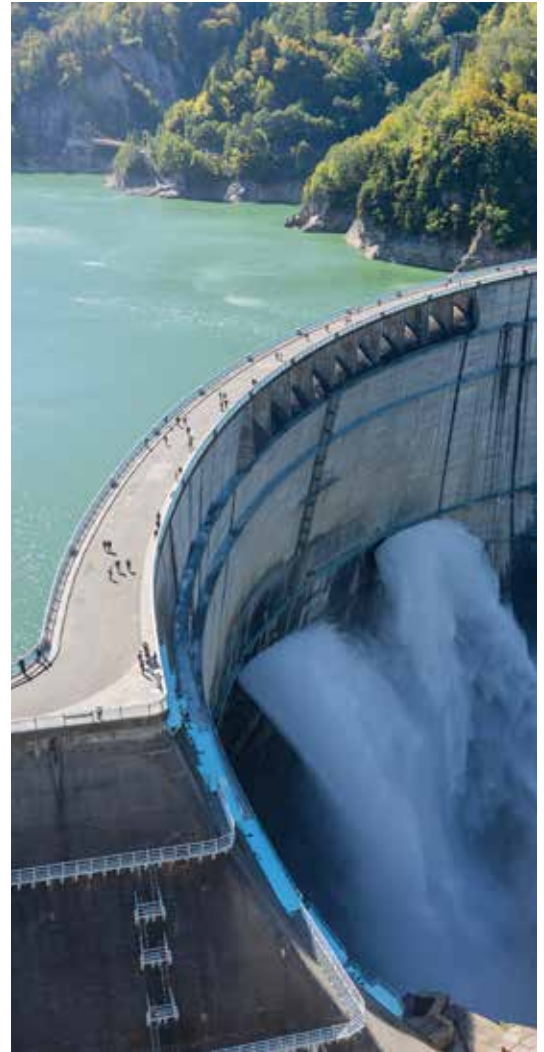
**GHG Emissions**

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

TBC 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.

As a premium-listed company trading on the LSE, TBC Bank is required to calculate and report upon the greenhouse gas (GHG) emissions stemming from its direct operations. For this purpose, TBC Bank has established a comprehensive internal systems to manage its GHG emissions within the Group and is committed to reducing its GHG emissions by closely monitoring its consumption of fuel, gas and electricity. TBC Bank also commissioned an independent Health, Safety, Environment (HSE) consulting company to verify the measurements of its GHG emissions.

A Greenhouse Gas Emissions Report is produced annually Group-wide and is verified by an independent auditor. Based on the report, goals and annual action plans aimed at decreasing GHG are being developed.



**Scope 1 Emissions**

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

TBC's direct GHG emissions in 2019 amounted to 3,164 tons of CO2.

CO2 emissions from vehicle fuel consumption tripled in comparison to 2018; 72% of total CO2 emissions were generated by subsidiaries and 36% by the Bank.

This increase was attributed to TBC group member company TBC Pay purchasing an additional 100 cash transportation vehicles, quadrupling the size of the car pool compared to the end of 2018. The need to purchase additional cash transporters came from the payment network development.

Direct GHG emissions metric tons of CO2 equivalent	Group
Gross direct (Scope 1) GHG emissions	3,164
Emissions in the base year (2018)	2,584

### Scope 2 Emissions

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

TBC's gross market-based energy indirect GHG emissions reached 1,260 tons of CO<sub>2</sub>. Emissions in the base year equaled 1,391 tons of CO<sub>2</sub>.

Total electricity consumption of TBC Group decreased by 9% in 2019, compared to the planned target of 5%. The main driver of this result was TBC Bank, which generates 86% of the total electricity consumption of the Group.

Energy indirect GHG emissions, metric tons of CO <sub>2</sub> equivalent	Group
Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO <sub>2</sub> equivalent. Gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO <sub>2</sub> equivalent	1,260
Emissions in the base year 2018	1,391

### Scope 3 Emissions

Scope 3 - includes emissions from air business travels (short haul, medium haul, long haul and international haul); it should be noted that information on the travel class was considered and an "economy class" conversion factor has been used for the emissions calculation from the following link: <https://www.Atmosfair.De/en/offset/flight>

Total scope 3 emissions constituted 697 tons of CO<sub>2</sub> (the gases included in the calculation were CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>).

Base year emissions made 644 Tons CO<sub>2</sub>.

Total flight emissions in 2019 versus 2018 remained almost the same for TBC Bank (-2%) while they increased by 65 Tons of CO<sub>2</sub> for the Group. Analysis shows that, due to the Group's development and expansion, staff needed more business travel to participate in the international conferences, workshops and board meetings.

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

Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source - <https://www.Atmosfair.De/en/offset/flight>

Other Indirect Scope 3 Emissions:

Other indirect (Scope 3) GHG emissions metric tons of CO <sub>2</sub> equivalent	Group
Gross other indirect (Scope 3) GHG emissions	697
Emissions in the base year (2018)	644

# 109

## Environmental Responsibility

Environmental Policy and Management Approach

How We Manage Our Direct Environmental Impact

Overall, in 2019, 6 new subsidiaries joined the group. GHG emissions increased by 502 tons of CO2 group-wide and decreased by 384 tons of CO2 bank wide.

A reduction took place in the following scopes:  
Group-wide Scope 2 electricity, water and printing paper consumption.

Bank-wide Scope 1 fuel consumption (heating, vehicles, and generators), Scope 2 electricity consumption and Scope 3 international flights.



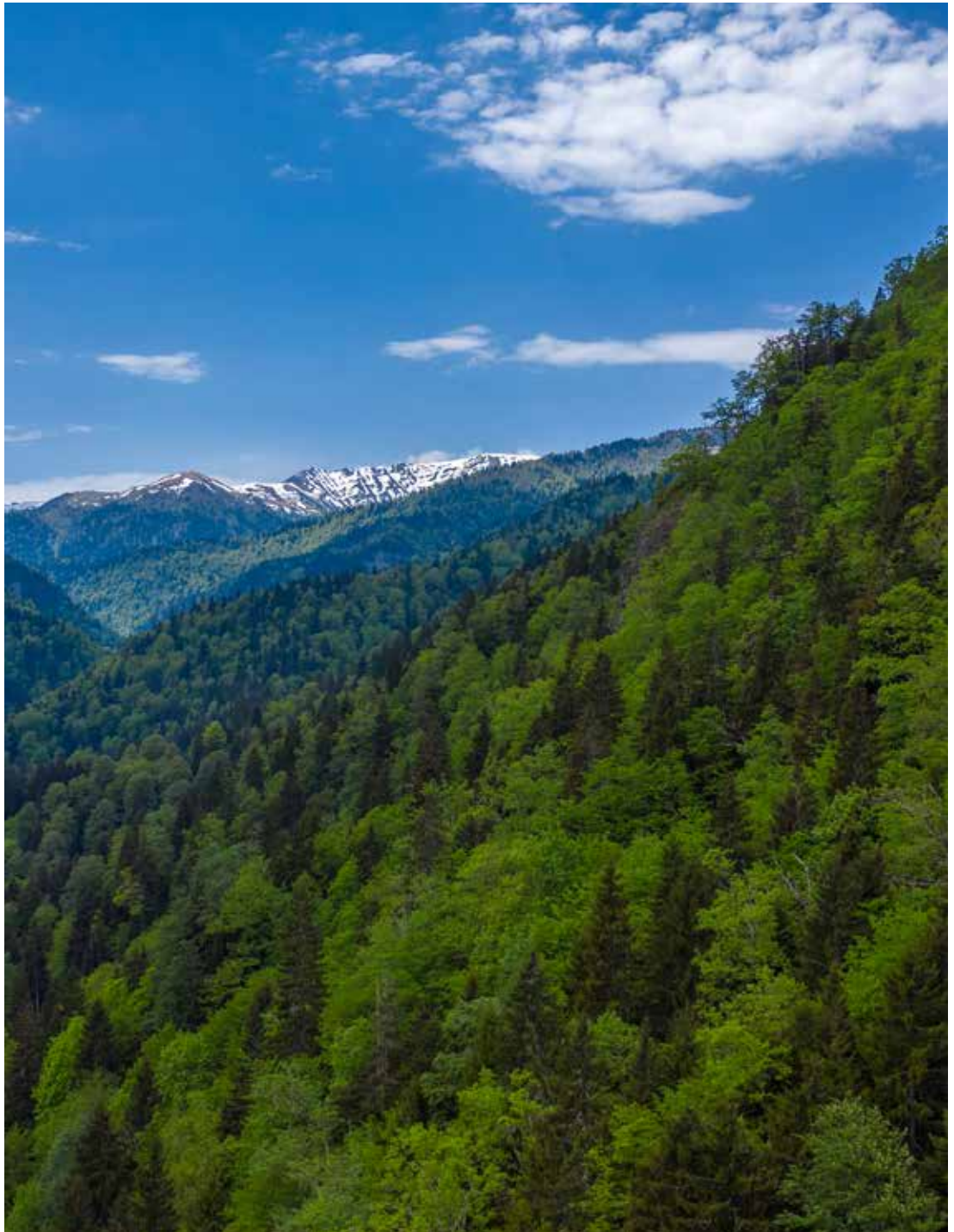
### Reducing Consumption Targets 2020

Group

Fuel consumption	7%
Electricity consumption	4%
Water consumption	6%
Paper consumption	3%
Total greenhouse gas emissions	5%
Per employee greenhouse gas emissions	5%







### **Waste**

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

Waste separation is not a mandatory requirement in the country; however, as an environmentally responsible company, TBC Bank has implemented a waste separation practice in head office premises. In 2020, the Bank plans to export this practice from Head Office to its branches.

In 2020, TBC Bank also plans to install special bins for electronic and hazardous waste management.

A long, straight concrete walkway between two rows of white storage units under a clear blue sky. The perspective is from the end of the walkway, looking down its length. The units are on the right, and the sky is on the left. The walkway is made of concrete slabs.

**/10**

**A Responsible  
Employer**

# CONTENTS

## **Policy and Management Approach**

- Management Systems
- Grievance Procedure
- Informing Employees on Grievance Procedure
- Submitting complaints/grievances
- Investigation in HR
- Number of incidents

## **Our Employees**

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

- Salary, bonuses and other benefits
- "Tibiselebi" Fund – Employees supporting each other
- Family Friendly Bank
- Parental Leave
- Families with multiple Children
- Marriage and first child support

### **Employee safety and health, professional and occupational sickness prevention**

- Drivers
- Cash Collection
- Front Office Staff

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

- Employee Satisfaction Research

### **Talent Management**

#### **(Trainings, professional development and leadership)**

- Performance Review
- Employee Trainings, Learning and Development
- Digital Learning
- Outsourced trainings/learning financed by company for employees
- TBC Academy
- Financing studies abroad
- Trainee programs
- Agile transformation
- Career development
- Startup-leave
- The process

### **Diversity and equal opportunities**

- New employees

# /10 A Responsible Employer

Policy and  
Management  
Approach

Our Employees

Salary and Benefits,  
Employee Social  
Protection

Employee Safety  
and Health,  
Professional and  
Occupational  
Sickness Prevention

Work Climate,  
Employee  
Motivation and  
Engagement

Talent Management  
(Trainings,  
Professional  
Development and  
Leadership)

Diversity and Equal  
Opportunities



# A RESPONSIBLE EMPLOYER

TBC bank is one of the largest employers in the country, as of the end of 2019 TBC bank employed 6,301 people. We understand how our corporate culture and employment policy impacts the well-being of our employees, their families and society as a whole.

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

We treat our employees with the utmost responsibility and strive to offer them a fair and diverse environment, where people feel valued and are motivated to realise their full potential and perform to a high standard.

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

## POLICY AND MANAGEMENT APPROACH

Relationships at work are regulated based on our Code of Ethics and various human resource policies and procedures.

Policies: Remuneration Policy, Human Rights Policy, Disciplinary Sanctions Policy, Employee Confidentiality Policy, Anti-Harassment Policy, Complaint Policy, Incident Management Policy.

Procedures and instructions: New Employee Hiring Procedure, Vacation Procedure, Procedure on Engaging in Other Business Activities, Parental Leave Procedure, Employee Learning Co-Financing Procedure and others.

These policies and procedures ensure that employee relationships are aligned with local legislation, as well as international standards and best practices.

Most of the policies apply to the Bank. TBC Bank's human capital management team works to ensure that similar policies and procedures are developed across the whole TBC Group.



## The challenge for the 2020 is to harmonize all policies and procedures group-wide.

### **Management System**

Our management system aims to create mechanisms that efficiently comply with company policies as well as relevant legislation. The monitoring of incidents and non-compliance is conducted through a range of channels and tools.

Because our company is constantly evolving, more and more information needs to be processed and consolidated. Therefore from 2018, a new Human Resource Management System (HRMS) was implemented, through which the Bank would be able to collect, store and process larger amounts of information.

HRMS is a new automated, modern software platform that features advanced

reporting and data analysis capabilities. It is an integrated system that provides information used by Human Capital Department in decision making. This software allows the company to keep track of all its employees and employee data, as well as information on benefits, such as enrollment and status changes. Because data is stored in one place, reporting can be more efficient. This software is also fully integrated with payroll and the company's Intranet. HRMS was chosen in order to optimize HR Business processes, which helps human capital management enhance productivity.

### **Grievance Procedure**

We have implemented a Grievance Procedure and provided a grievance mechanism to employees to raise workplace related concerns. This procedure is linked to the Bank's Code of Ethics and Code of Conduct, as well as its Incident Management Policy.

According to policy clauses, every employee is eligible to openly or anonymously provide information about incidents, including any kind of harassment, be it moral, physical or psychological.

### **Informing Employees on the Grievance Procedure**

The Incident Management Policy and the Grievance Procedure are mandatory documents and every employee has to get acquainted with them. We ensure this through the following actions:

1. Every new employee welcome package includes these documents, together with other important policies and procedures.
2. New employees have classroom trainings where one of the topics is the Incident Management Policy and the Grievance Procedure.
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.

Policy and Management Approach

Our Employees

Salary and Benefits, Employee Social Protection

Employee Safety and Health, Professional and Occupational Sickness Prevention

Work Climate, Employee Motivation and Engagement

Talent Management (Trainings, Professional Development and Leadership)

Diversity and Equal Opportunities

**Submitting complaints/grievances**

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

The anonymous channels for submission are:  
Anonymous Hotline: +995 32 2 27 27 27 \*1998

Anonymous website: <https://www.tbcbank.ge/web/ka/web/guest/anonymous-hotline>

Anonymous letter: [Incident\\_Compliance@tbcbank.com.ge](mailto:Incident_Compliance@tbcbank.com.ge)

Incidents related to money laundering, terrorism financing, related party transactions, trades based on insider information, Code of Ethics breaches and legislative regulation breaches are reviewed by the Compliance Department.

If an incident relates to employee harassment, physical, moral or psychological pressure, the HR team manages the case, in cooperation with the Compliance Department.

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

**Investigation in HR**

The investigation process will begin immediately after an incident is detected. When a case is anonymous, the sender cannot be contacted; however, in non-anonymous cases the employee is contacted in order to specify details and in certain cases is informed about the decision.

The HR Manager and/or HR Senior Staff together with the complainant’s Line Manager (unless the complaint was made against the immediate line manager or the complainant objects to the involvement of the line manager) investigate the complaint (be it harassment or other) with utmost confidentiality.

The purpose of the initial assessment is to establish that the allegations are founded and that there potentially could be a case.

If the complaint is unfounded or unsustainable, the complainant will be informed accordingly and disciplined by HR for unnecessarily bringing a charge against another employee.

If there is a case, HR in liaison with the complainant's line manager will decide on further actions in the Grievance Committee together with the employee or their representative. Depending on the severity of the case, matters may be brought to the attention of the Top Management, if this occurs, a management representative will participate in the Grievance Committee. When complaints are anonymous, HR in liaison with HR Business Head / Deputy CEO will decide on further actions.

Actions could take the form of a verbal warning, a written warning or other disciplinary actions including dismissal.

**Number of incidents**

There were a total of 34 incidents in 2019, 17 of which were anonymous. They were all related to breaches of the Code of Ethics and Code of Conduct, and all of them were reviewed and decided upon. Depending on the incident's severity, the Bank took a range of measures: in some cases, this took the form of a discussion with the employee and rotation to another position, while in other cases stricter disciplinary measures were applied.

To support our corporate culture, TBC Bank has implemented a whistleblowing policy, which is available to all employees. The policy identifies the rules and conduct requested of all individuals working for the Group and defines employee rights and responsibilities. For more information, see Chapter 7 Ethics and Integrity.

**OUR EMPLOYEES**

TBC Bank is one of the largest employers in the country. At the end of 2019 the Bank employed a total of 6,301 people.

*Number of Employees, gender breakdown*

Employees	%	Number
Total	100%	6,301
Female	71%	4,448
Male	29%	1,853

*Number of Employees, contract type and gender breakdown*

Employees	%	Number
Short term contract		1,143
Female	80%	918
Male	20%	225
Long term contract		5,158
Female	68%	3,530
Male	32%	1,628

*Number of Employees, full time/part time employment breakdown*

Employees	%	Number
Full time		6,146
Female	70%	4,299
Male	30%	1,847
Part time		155
Female	96%	149
Male	4%	6

*Number of Employees, Tbilisi/Region breakdown*

Employees	%	Number
Total	100%	6,295
Tbilisi	77%	4,822
Outside the capital	23%	1,473

**SALARY AND BENEFITS, EMPLOYEE SOCIAL PROTECTION**

We believe that one of the most important issues that defines an employee's well-being is fair remuneration and social protection. Our employees should have adequate remuneration and envisage their future with feelings of hope and stability.

TBC is one of the best employers in the country. We offer a competitive remuneration package which includes a monthly salary and a performance - driven bonus. We also provide an attractive benefits package.

**Salary, bonuses and other benefits**

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

**The "Tibiselebi" Fund – Employees Supporting Each Other**

The "Tibiselebi" Fund was founded in 2009 and currently counts TBC Bank and six subsidiaries as members. The fund aims to support TBC employees in case of health problems. Its source of financing is employee contributions, equaling 1% of their monthly salary.

The Fund is managed by the Fund Board and Board Secretary. Any employee can submit an application to the fund and request financial support for themselves or a direct family member. The amount requested in the application must exceed 15% of the employee's monthly salary.

**TBC Employee Fund**

Number of applications received	300
Share of applications supported	100%
Support amount (GEL)	989,749

The Fund provides financing to support cases where sickness represents a danger to health or life, or to purchase additional hearing aids, wheelchairs, special nutrition or artificial insemination.

Decisions are made by the Fund Board by majority voting.

**Family Friendly Bank**

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

**Parental Leave**

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

	Parental Leave	Number
Policy and Management Approach	Employees who became parents in 2019	457
	Female	372
	Male	85
Our Employees	Employees who received parental leave pay	297
	Female	296
	Male	1
Salary and Benefits, Employee Social Protection	Employees who returned to work from parental leave	282
	Female	282
	Male	0
Employee Safety and Health, Professional and Occupational Sickness Prevention	Employees that returned to work after parental leave ended who were still employed 12 months after their return to work	426
Work Climate, Employee Motivation and Engagement	<b>Families with Multiple Children</b>	
	In order to support employees who have multiple children, the Bank has introduced a special program, according to which every employee who becomes a 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.	
Talent Management (Trainings, Professional Development and Leadership)	<b>Multi-Child support 2019</b>	
	Number of employees who got a 4th and/or 5th child	8
Diversity and Equal Opportunities	Number of employees who received bank support	8
	Total support in GEL (Gross)	102,040

#### Marriage and first child support

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

**Total value of financial assistance in 2019 for marriage and first child support program amounted to GEL 248,980**

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

Since employees are our most valuable asset, protection of their life, health and safety is our obligation. 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 an 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 HSE policy and strategy.

Once these documents are developed, hazard identification, risk assessment and incident investigation systems will follow. Once a risk assessment is carried out, respective action and learning plans will be produced and implemented. Risk assessments will be updated every three months.

#### Drivers

Bank drivers constitute a group of employees that falls under special health and safety risks.

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

#### Cash Collection

Due to the specific nature of cash collection activities, cash collectors represent the employee segment, who are at highest health and safety risk. Two types of cash collection activities are performed in the bank:

1. ATM cash collection is done by a Bank cash collector, who is escorted by security police;



2. Branch network and client cash collection is done by security police who train with the Ministry of Internal Affairs.

All cash collectors of the Bank receive regular safety training.

### Front Office Staff

Since the most important health and safety related risks in the financial sector are aggressive customers, attacks and robberies, the Bank conducts special learning activities to front-office staff in regard to workplace safety.

Every branch employs several security administrators who ensure the timely and efficient identification of risks and their prevention. As a result, only two cases of attempted robbery have taken place in TBC Bank over the last 17 years of operation.

We also have a contract with security police, who attend to any incident as soon as it is identified.

In 2019, only one workplace-related, low impact incident took place.

### WORK CLIMATE, EMPLOYEE MOTIVATION AND ENGAGEMENT

To improve internal communication and enhance healthy lifestyles and team spirit, we have created several clubs for employees.

In TBC group, any employee can join clubs based on their interests and hobbies and participate in any of the planned programs.

In 2019, more than 2,000 employees participated in TBC club activities. We conducted championships in football, basketball, rugby and table tennis. The hiking club organised several hiking tours. TBC's intellectual club participates in various inter-bank intellectual games organized by the National Bank of Georgia, and won the inter-bank competition in 2019.

We also operate dedicated clubs for employees who have worked for more than 10 years with TBC and who also have many children.

We operate an informational intranet platform that publishes special offers and discounts for employees.



# /10

## A Responsible Employer

Policy and Management Approach

Our Employees

Salary and Benefits, Employee Social Protection

Employee Safety and Health, Professional and Occupational Sickness Prevention

Work Climate, Employee Motivation and Engagement

Talent Management (Trainings, Professional Development and Leadership)

Diversity and Equal Opportunities

The TBC brandshop offers employees clothes and accessories at special prices.

We distribute branded presents to school pupil children of our employees every year.

In 2019, we implemented a campaign in support of Georgian rugby, during which 4000 employees received rugby branded t-shirts and watched a rugby game live in their offices.

TBC conducts monthly masterclass sessions, where speakers of various professions share their knowledge and experience with group employees. In 2019, up to 3,000 team members attended masterclasses.

### Employee Satisfaction Research

We started to monitor staff engagement in 2012. Every year a special survey is conducted, in partnership with leading international universities and research firms. The survey provides a clear picture of our strengths and weaknesses as perceived by our employees.

In 2019 a bank wide survey was conducted by Amsterdam University, in which 3,429 employees; representing 54% of the total

workforce, participated.

The research results are presented to management every year. Work teams are established to review the research results, analyze the problems and develop action plans. The HR annual action plan includes activities that respond to the challenges revealed by the research.

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

We understand that our success derives from our employees - how we manage to attract and keep the best of them, and how we support their professional growth and motivation.

We believe that our approach has been successful in attracting, retaining and developing our employees despite strong competition. This process is dynamic and we have to continuously enhance our human resources management system to attract and maintain top talent.

Talent management is regulated based on the Bank's Code of Conduct, the Learning and Qualification Development Procedure and Testing Instructions.



## Performance Review

Performance reviews and regular feedback are the basis for efficient professional development. We manage different assessment systems for front and back office staff. Every employee has an individual career development plan.

Our performance appraisal system is closely linked with the overall objectives of the Group and is based on three core principles: clarity, fairness and integrity. We make sure that our colleagues have a clear understanding of their role in the company and are actively engaged in setting their personal goals. Employees are also given appropriate coaching by their supervisors to help them achieve these goals. Regular employee feedback and constructive dialogue are an important part of our performance appraisal system.

We use different assessment systems for front and back office staff, which vary depending on the positions held. We assess our back office staff with the management-by-objectives (MBO) system, a personnel management technique where managers and employees work together to set, record and monitor goals for the financial year. Goals are written down annually and are continually monitored by managers to check progress, including semi-annual direct feedback from supervisors. Rewards are based on the achievement of goals. We have a uniform scoring system for all employees within the MBO, which ensures fairness throughout the organization.

For our middle managers, as well as employees who are part of the agile structure, we also run a 360-degree feedback system that provides each employee with the opportunity to receive performance feedback from their supervisor, peers and subordinates. The 360-degree feedback allows our employees to understand how their performance is viewed by others and it helps them to better identify their strengths and weaknesses as well as to develop new skills.

For front-office employees we use a target-based performance assessment system, wherein performance is linked to specific KPIs, including quantitative and qualitative components. Within the target-based system, employees are assessed

monthly, quarterly or annually, depending on their positions.

Performance Review, Promotion 2019	Number
Employees who had a regular performance review	
Female	3,462
Male	1,504
Front Office	3,078
Back Office	1,888
Employees promoted	621
Female employees promoted	411

## Digital learning

We are proud to operate an efficient digital learning system, through which employees are trained in, and tested on, issues such as operational risks, IT security and compliance. In 2019, a total of 5,100 employees received digital trainings.

Employees Trained in 2019	Number
<b>Total</b> (Hired before 2019)	<b>520</b>
Female	364
Male	156
<b>Total</b> (New employees)	<b>1,680</b>
Female	1,176
Male	504

Training Hours 2019	Hours
Existing employees	315
New employees	255
Front Office	415
Back Office	300

## 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 2019, we financed trainings in banking products, coaching and talent development, and the agile work system. Employees also received financing to complete international certification programs such as ACCA, CFA, and PMP.

Policy and Management Approach

Our Employees

Salary and Benefits, Employee Social Protection

Employee Safety and Health, Professional and Occupational Sickness Prevention

Work Climate, Employee Motivation and Engagement

Talent Management (Trainings, Professional Development and Leadership)

Diversity and Equal Opportunities

**Employees who received financing**

Total Number	1600
Female %	68%
Male %	32%

**TBC Academy**

In 2011 we established TBC Academy to provide learning programs to any employee of the group. The academy unites several schools – a business school, Agile Academy and Avalanche Academy.

In 2019, a total of 1,150 employees participated in various learning activities in TBC Academy.

The most frequently addressed training topics were:

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

**Financing studies abroad**

In 2012 we established the TBC Scholarship Fund, which provides co-financing to our top employees for studying 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, 40 employees received financing and co-financing to study abroad from the Bank.

**Trainee Programs**

Since 2011, we have also run a wide-scale internship programme for the best students from Georgia’s leading universities to give them an opportunity to gain experience and expand their knowledge. This programme has been very successful, helping

us to identify new talents who are part of our team today. This year, 80 students were selected for an internship and 47 were employed in various departments including finance, risks, corporate, marketing, IT and data analytics. The biggest demand was for IT and data analytics specialists, given our strategic focus on digitalization and data analytics.

**Agile transformation**

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

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

The agile system has been implemented in the world’s leading organizations. It contributes to both employees’ professional growth and achieving the best results. In our company, the agile working principle is creating teams of various competencies around particular projects, focusing on tasks and more independence. When working with the agile approach, routine tasks and bureaucracy are minimized, employees get more self-realization opportunities and the working process is more engaging and diverse.

Instead of the standard hierarchical structure of directors, departments and divisions, we have created leagues, teams and legions.

Leagues define business directions and represent the largest structures in the agile organization, represented by 50-150 people.

Teams are independent, self-organized entities, created with to reach a particular



goal. They are made up of 9 members. Team members represent multiple competencies and create business value that relates to reaching the strategic goals of an organization.

A legion is a group of competency specialists, made up of 5-10 members who are responsible for developing and standardizing particular competencies within the organization. At the same time, legion members are also members of teams.

We believe that agile transformation will help us to reach our goal of becoming a more flexible, innovative company while also increasing employee engagement and happiness.

### **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 2019, 621 employees were promoted, 66% of whom (411 employees) were women.

This year, another important initiative was to conduct an intensive, custom-designed strategic session for the top management and selected members of middle management at Stanford University Graduate School of Business. The program was specifically designed around TBC's long-term priorities with a focus on ecosystems, agile transformation and managing people. It aimed to help TBC's management to view the business from a variety of perspectives and generate new ideas.

### **Startup-leave**

Startup leave is an innovative project, that aims at promoting entrepreneurship and innovation among employees, as well as supporting the development of a startup eco-system in the country in general.

Any employee who has worked with TBC Bank for more than 18 months is eligible to participate and to submit a business idea. Twice a year, an independent jury reveals the most innovative business idea authors

# /10

## A Responsible Employer

Policy and Management Approach

Our Employees

Salary and Benefits, Employee Social Protection

Employee Safety and Health, Professional and Occupational Sickness Prevention

Work Climate, Employee Motivation and Engagement

Talent Management (Trainings, Professional Development and Leadership)

Diversity and Equal Opportunities

and gives them a chance to use fully remunerated Startup leave for up to 6 months, to develop their startup. At the same time, Startup leave employees can use “Startuper” services - a special package of offers developed by our Bank for startups.

### The process

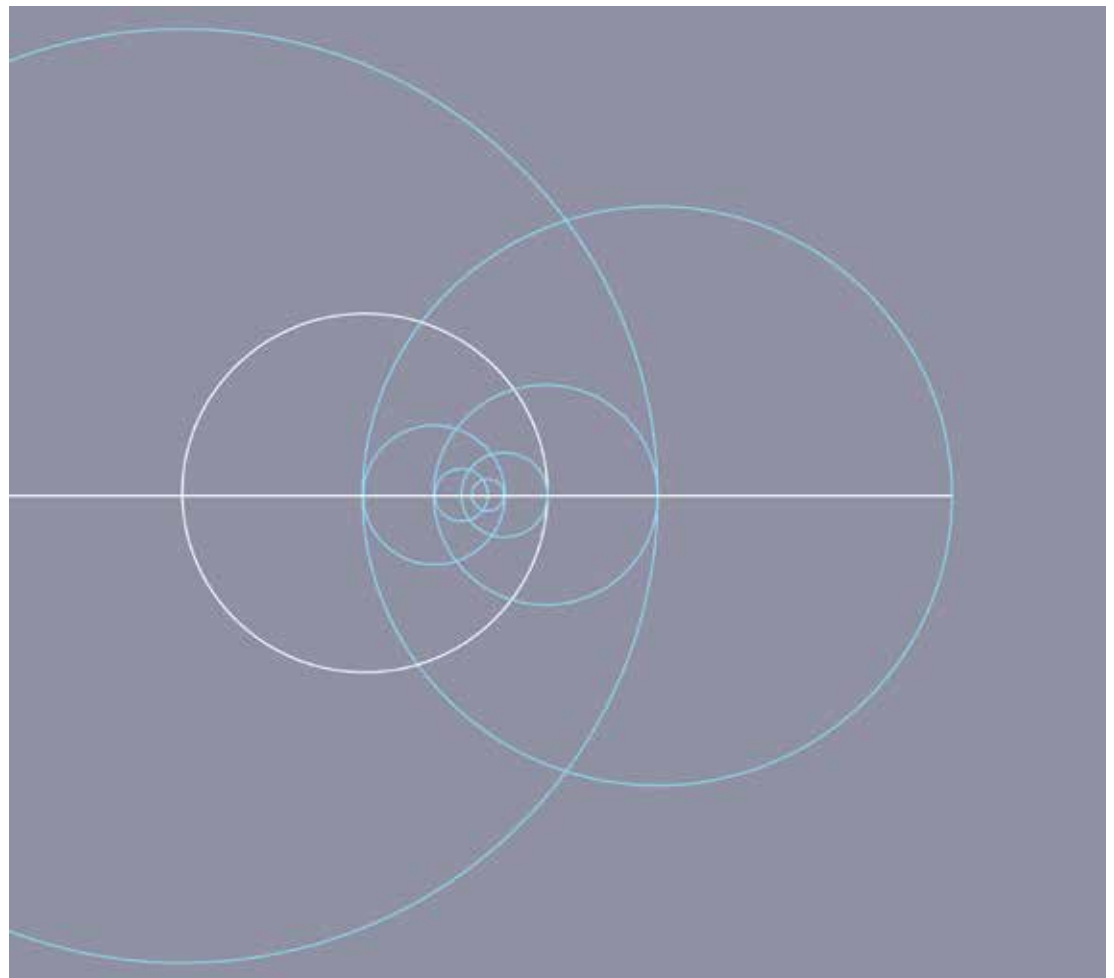
- > In the first round, electronic applications are submitted
- > An independent jury draws up a short list
- > In the second round, teams have to pitch their idea
- > Evaluation criteria are predefined in the program charter
- > The number of potential winners is not limited

In 2019, 24 applications were submitted to the Startup leave project, and three employees received Startup leave compensation.

### DIVERSITY AND EQUAL OPPORTUNITIES

We believe that diversity and inclusion is the key to the success of any company. In our company each employee is treated equally regardless of gender, marital status, age, race, ethnicity, religious and political beliefs or disability.

Ensuring equal opportunity in all key areas of human resources management such as selection, promotion, training and development are critical to retaining employee engagement and satisfaction across our workforce.



*Gender diversity in governance bodies*

Governance Bodies	Female	Male
Supervisory board	33%	67%
Supervisory board audit committee	50%	50%
Supervisory board risk, ethics and compliance committee	50%	50%
Supervisory board The corporate governance and nomination committee	25%	75%
Supervisory board remuneration committee	25%	75%

*Age Diversity - Supervisory Board*

Age	Percent
20-30	0%
30-50	30%
>50	70%

*Age Diversity - Board of Directors*

Age	Percent
20-30	0%
30-50	100%
>50	0%

*Gender Diversity – Various Staff Categories*

Staff Categories	Female	Male
Front office	78%	22%
Back office	62%	38%
Middle Management	36%	64%
Technical Staff	3%	97%

*Age Diversity – Various Staff Categories*

Staff Categories	20-30	30-50	>50
Front office	68%	31%	1%
Back office	50%	45%	5%
Middle Management	7%	89%	4%
Technical Staff	53%	38%	9%

*Mean Gender Pay Gap in hourly pay, %*

Bank Total	44%
Middle Management	-7.3%
Back Office	21.80%
Front Office	50.20%

*Mean Gender Pay gap %*

Top Management	57%
Middle Management	-40%
Back Office	30.50%
Front Office	66.50%

**New Employees**

*In 2019 we hired 1,352 people, 21% of total staff*

Age Diversity	20<	20-30	30-50	>50
Number	28	866	129	2
Percent	2%	85%	13%	0.01%

Gender Diversity	Female	Male
Number	623	402
Percent	61%	39%

Regional Diversity	Tbilisi	Regions
Number	849	176
Percent	83%	17%



/11

Treating Our  
Customers  
Responsibly



# CONTENTS

## **Customer Privacy and data protection**

### **Personal information protection policies**

### **Identifying and addressing data security risks**

- Data Security
- Cyber Security
- Business continuity
- Physical security
- Informing and training employees in security issues and related risks
- Informing and educating employees

### **Protecting customers personal information**

### **Business integrity in client relationships**

- Responsible and fair marketing and sales activities

### **Clients' complaints management**

### **Responding to our customers' needs**

- Ensuring client satisfaction

### **Digital innovation**

# /11

## Treating Our Customers Responsibly

Customer Privacy and Data Protection

Personal Information Protection Policies

Identifying and Addressing Data Security Risks

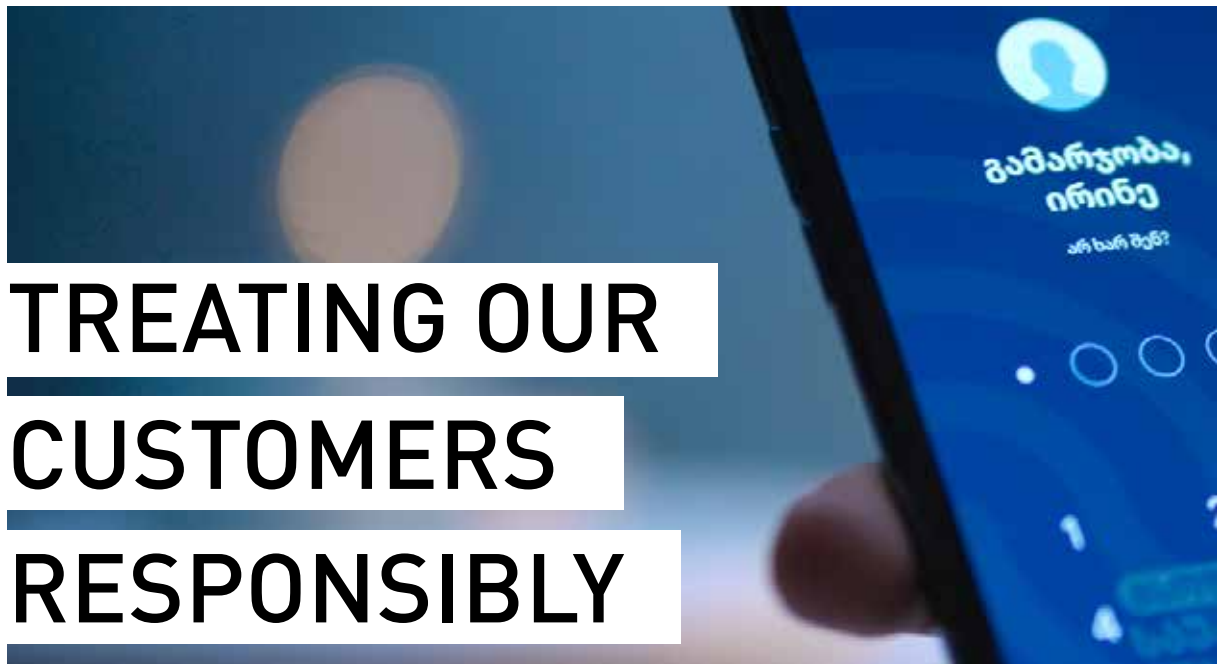
Protecting Customers Personal Information

Business Integrity in Client Relationships

Clients' Complaints Management

Responding to Our Customers' Needs

Digital Innovation



# TREATING OUR CUSTOMERS RESPONSIBLY

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

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

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

TBC Bank is a leader in the retail banking segment in Georgia, serving 2.5 million clients, which is 90% of the adult population of the country. Of those, 82,540 are affluent customers.

We have a well-diversified loan portfolio, serving 3,232 corporate clients across all major sectors of the economy. 2019 was a strong year in terms of client acquisition and portfolio growth, especially in the mid-corporate sub-segment.

TBC Bank is the number one partner bank for micro, small and medium enterprises (MSMEs) in the country. We serve 147,418 MSME customers. In 2019, 62% of newly registered legal entities chose TBC Bank.

### CUSTOMER PRIVACY AND DATA PROTECTION

In the digital era, dependence on information systems is growing rapidly, creating a need for technological improvement and proliferation in everyday life. With the increased use of technology and data, cyber security issues also rise. Intelligently defending cyber systems, together with providing superb customer service, is one of the most important tasks in the 21st century.

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

Personal data protection is a very important topic for our customers and is connected to the Bank's reputational, operational and financial risks. TBC works constantly on mitigation of cyber risks and treats information security as one of its key tasks.



Information security management is based on formal rules and procedures that comply with international requirements.

### PERSONAL INFORMATION PROTECTION POLICIES

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

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

TBC activities are also regulated by the Cyber-Security Frame Document, adopted by the National Bank of Georgia, which has been mandatory for all commercial banks since 2019.

### IDENTIFYING AND ADDRESSING DATA SECURITY RISKS

Company policies and information security

initiatives are based on threat analysis held on regular basis. At least once a year, an information security and cyber security threat analysis is carried out, taking into consideration, the relevant regional and sector specific perspectives. An external consultant is invited to perform the analysis based on a broad range of available information.

Information security and data protection is under the responsibility of the Information Security Department, whose main objective is to minimize information security related risks. The department reports to the Chief Risk Officer and the Information Security Steering Committee, which elaborates policy and approves new regulations. The committee consists of several directors (Chief Executive Officer, Chief Risk Officer, and Chief Information Officer) and members of various departments.

The Information Security Management System is based on international information security management standard ISO27000. Certification according to the standard is one of the future goals of the company. The management system is already mostly based on the standard and consists of five components:

**Data Security** – The Following information security controls have been implemented: control to access, cyphering, reserve copies and more. Everything is implemented on the level of concrete data points, to ensure their protection from unauthorized access and modification.

**Cyber security** – IT systems security. Critical information systems, which are used to access information and manage various processes, are protected from compromising data and unauthorized use.

**Business continuity** – Comprises Bank's readiness to restore processes quickly in case of a major halt and ensure business process continuity in force-majeure situations.

**Physical security** – In data centers and offices, physical security controls are used to protect hardware from physical hazards.

**Informing and training employees in security issues and related risks.**

The Information Security Management System is based on a continuous improvement

## Treating Our Customers responsibly

### Customer Privacy and Data Protection

### Personal Information Protection Policies

### Identifying and Addressing Data Security Risks

### Protecting Customers Personal Information

### Business Integrity in Client Relationships

### Clients' Complaints Management

### Responding to Our Customers' Needs

### Digital Innovation

cycle. The information security program's effectiveness is assessed regularly. Based on assessments, amendments in the existing program are done at the end of each quarter and the following year's program is prepared before the current year end. While preparing for the next year, current shortcomings are taken into consideration and improvements planned.

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

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

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

During 2019, "phishing" activities against bank clients increased. The Bank established 24/7 monitoring of such activities and has elaborated reaction mechanisms in cooperation with the National Bank of Georgia and the Banking Association.

In 2019, In TBC Bank, no major information security incident has been detected.

#### Informing and educating employees

Staff play a crucial role in information security. Employees are the first line in a multi-layer information security system. In order to inform them thoroughly, a knowledge improvement program is implemented in the Bank. It consists of the following:

- > Training new employees
- > Distance learning
- > Learning simulations
- > Quarterly information letters

Training is held for each new employee,

informing them about the rules and procedures in the Bank.

Each employee is obliged to enroll in distance learning course and receive certification on information security issues. In 2019, 98% of TBC Bank employees were enlisted in the course.

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

Once a quarter, employees receive an information email on important topics.

#### PROTECTING CUSTOMERS' PERSONAL INFORMATION

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

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

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

The Policy and procedures are defined for ensuring the proper involvement of third parties with bank data. It considers the legal and operational risks and limitations and ensures that only risk free information transfers can be done to any third party.

In 2019, in TBC Bank, no personal data leak was detected, nor was any customer report of such a case received.



## BUSINESS INTEGRITY IN CLIENT RELATIONSHIPS

### Responsible and fair marketing and sales activities

By treating customers fairly we mean that:

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

- > Customers do not face unreasonable post-sale barriers imposed by firms to change product, submit a claim or make a complaint.

Regulators require that clients be provided with full information before making a decision on a financial product purchase. The Bank practices full compliance with regulators' demands. There was only one case when the Bank was fined for not providing its client with sufficient information. Marketing communications fully comply with regulators' requirements and no incidents in this regard were identified in 2019.

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

Another document regulating transparent and fair relationship practices with customers is the Code of Ethics, which covers financial products' transparency, is based on best practices defined by law and covers the whole TBC Group. The document is available publicly at <https://www.tbcbank.ge/web/en/code-of-ethics>

# /11

## Treating Our Customers responsibly

Customer Privacy and Data Protection

Personal Information Protection Policies

Identifying and Addressing Data Security Risks

Protecting Customers Personal Information

Business Integrity in Client Relationships

Clients' Complaints Management

Responding to Our Customers' Needs

Digital Innovation



### CLIENTS' COMPLAINTS MANAGEMENT

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

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

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

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

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

In 2019, TBC Bank received 3,355 complaints. The breakdown according to content is as follows:

- > Quality of Service **33%**
- > Negotiation related to credit product terms **19%**
- > Product terms and contract details **16%**
- > Correction of commissions, penalties, interest rates **8%**
- > Transaction related **4%**
- > Demand for additional information or document **7%**
- > Other **13%**

100% of complaints were analyzed and addressed. Client claims were satisfied in 35% of the cases.

## RESPONDING TO OUR CUSTOMERS' NEEDS

### Ensuring client satisfaction

One of the most important values for TBC Bank, as a service company, is customer care, well-being and satisfaction. We regularly request feedback from our clients and use this information to analyze their needs and fine-tune our value proposition accordingly. We regularly measure customer satisfaction levels based on various surveys conducted by independent third party companies and maintain the highest scores in the Georgian banking sector. We also hold the leading position among the whole retail industry in the country. In order to reinforce our customer-centric culture, this year we conducted a bank-wide survey and identified employees who demonstrated exceptional customer care. These employees were recognized as service leaders and were awarded with special gifts.

Our service quality assurance approach is described in the Service Standards and Code of Ethics documents, which cover fairness and transparency issues. At the level of the head office, service quality is controlled based on service quality parameters defined for head office departments and monitored monthly. These parameters are given on the Quality Map and cover service level agreements (SLA) and customer satisfaction research results.

Service quality evaluation is based on international level SLA and metrics and client satisfaction survey results where internationally recognized customer experience parameters like NPS, CSAT, CES are

calculated. Base line quality standards are elaborated based on client needs. Concrete quantifiable KPIs apply to concrete processes, such as waiting time.

The Quality Map is drawn every month. It contains statistical data from all departments that have a direct or indirect connection with clients: SLAs, Satisfaction Survey results, various parameter targets with results falling into “fail”, “bellow target”, “on target” zones. Subsequently, parameters that have unsatisfactory results are discussed with related departments, and actions for improvement are planned.

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

- > Advance Service Skills Training – for front and back office department employees
- > Service leader – for discovering special customer experience cases and ensuring recognition
- > Voice of internal customer – for head office departments, evaluating each other's service and support for colleagues

We dedicate significant time and effort to explore our clients' banking needs and preferences and to constantly transform our products and services in order to deliver an outstanding experience in all our channels. Our customers' interests are our top priority and we are committed to making their lives easier by acting as their trusted partner, who is always ready to help.

### OUR RESEARCH SYSTEMS TO MONITOR CUSTOMER SENTIMENT:

Name of Research	Who conducts the field	Frequency in 2019	Target segment and number of respondents
CSAT Dual Customers	Independent Research Agencies	Twice	TBC and Bank of Georgia dual users. 1,000 respondents
CSI Operational	TBC Call Center	Monthly	TBC clients. 1,500 respondents
CSI Credit	TBC Call Center	Monthly	TBC clients. 1,500 respondents
CSI Channels and Products	TBC Call Center	Monthly	400-400 TBC clients per product/channel
NPS Status	TBC Call Center	Monthly	TBC affluent clients, 2200 respondents
Mystery Shopper	Independent Research Agency	Monthly	400 observations

# /11

## Treating Our Customers responsibly

Customer Privacy and Data Protection

Personal Information Protection Policies

Identifying and Addressing Data Security Risks

Protecting Customers Personal Information

Business Integrity in Client Relationships

Clients' Complaints Management

Responding to Our Customers' Needs

Digital Innovation

### DIGITAL INNOVATION

Today, TBC is not only a financial institution, but also a digital service company, setting general digitalization as its strategy. This is the brand's long-term strategic move in order to simplify people's lives with online services.

Our digital solutions are very simple and easy to use and allow our customers to conduct most of their daily banking operations comfortably online.

In addition, digital offerings increase financial inclusion, since it allows people from remote areas of Georgia, with no access to physical branches, to do banking remotely without any need to travel.

Currently, the main recommendation to stop the spread of Covid-19 is to reduce physical contact, thus there is an increased demand for remote services and digital products.

TBC has successfully adapted to a new reality, which turned out to be both a challenge and an opportunity. TBC has boldly urged people to stay home, as the company has enabled customers to receive any banking service from a distance, in a safe environment over the past few years.

In order to reduce the risks for consumer safety and increase the consumption of digital products in the community, TBC cancelled the fee for digital products for 3 months.

In 2019, Global Finance, an international financial publication, named TBC Mobile Bank as the best in the world. TBC Mobile Bank is a very modern, comfortable and convenient app that allows more than half a million customers to use banking services quickly and without leaving home. The app is tailored to the customer as much as possible, through voice commands, design and its ability to support different operating systems.

With the help of TBC Internet and Mobile Bank, users are able to view their balance sheets; create a bank statement; transfer money to their own, someone else's or a company's account; top up their mobile balance; pay fines and utility bills; manage deposits and loans; view exchange rates and convert currencies; purchase banking products online and open a deposit.

With the help of TBC Business Internet Banking, business people can control their company's revenue, expenditure and analyze their own activities.







On the online loan platform:

[www.tbccredit.ge](http://www.tbccredit.ge), customers are able to obtain a loan remotely and easily. It takes only a few minutes to complete the application. The user receives an answer immediately. Through the app, income confirmation is simplified and available online. TBC customers can make various payments in Georgia, be it utilities or loans, all in one place - [tbcpay.ge](http://tbcpay.ge) - and it takes only a few minutes.

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

Banknotes were named as one way Coronavirus is spread, which is why the possi-

bility of making contactless payments has become especially important in this new reality. One such tool is Pay Sticker, which allows customers to make payments on POS terminals with a sticker attached to their mobile phone.

Another way to make contactless payments is with a TBC wallet - an app designed for Android phones that allows customers to add any TBC Bank card and make a transaction on their mobile phone without using a card. Half a year ago, Apple Pay became available for iPhone, Apple Watch, iPad and Mac users.

For those who do not want to pay with either an e-wallet or a card, TBC created a bracelet. The bracelet is an environmentally friendly, waterproof, heat and frost durable product and the customer no longer needs to carry extra items while using it. Payment is especially comfortable when traveling, skiing, swimming or exercising at the gym.

Another way of contactless payment is the QR payment. In any facility where the QR code is located, it is possible to scan the QR code from Mobile Bank and pay without cash.



# /11

## Treating Our Customers responsibly

### Customer Privacy and Data Protection

As part of the development of contactless payments, TBC created the first digital card, which is a digital analogue of a physical plastic card and has all the features of a standard debit card.

### Personal Information Protection Policies

TBC offers a digital kit designed for those who use banking products on a daily basis, those who actively consume non-bank products and offers, and those who prefer to manage their finances and banking operations independently without a personal banker. Customers can take advantage of its lifestyle-friendly offerings, discounts at shopping facilities, and special conditions at various events. The Status Concierge helps them to fulfill various requirements.

### Identifying and Addressing Data Security Risks

### Protecting Customers Personal Information

### Business Integrity in Client Relationships

Similar to the Bank, all companies belonging to the TBC Group ecosystem serve to save customers' time and to make their lives easier.

### Clients' Complaints Management

The online platform for purchasing tickets, TKT.ge, is a TBC subsidiary company. TBC also launched this platform in Uzbekistan. The number of loyal users of the platform is 400,000. Since its inception, it has sold tickets to over 3,000 events.

### Responding to Our Customers' Needs

### Digital Innovation

TBC Group has created a digital real estate ecosystem in Georgia, Livo.ge, where anyone interested in purchasing real estate can search, evaluate, receive funding, re-register, plan repair and cleaning works without leaving home.

TBC Group also promotes the development of e-commerce. On the digital shopping platform, Vendoo.ge, customers have the opportunity to easily purchase and receive the desired products within 24 hours without leaving home.

TBC Group includes the Georgian e-commerce platform, My.ge, which in turn combines myauto.ge, myhome.ge, mymarket.ge and myjobs.ge. The group's websites have 1.7 million unique users each month.

TBC is the first company in the region to offer customers a fully digital banking service, Space. It is a digital bank with the ambition of transforming the traditional daily banking approach. It changes the way people handle their daily banking needs

through a fusion of technology and design. In short, Space is for saving people's time by simple, mobile-only banking. We do not see digital as an adjunct or addition, but as a core or fundamental value. Space is a kind of re-engineered bank, which is 100% customer-aligned and has fully digital processes.

It means that zero time is spent on branch visits or interactions with the banking clerk. Instead, financial services are delivered through a mobile app, with a pleasant design and dramatically better functional UX.

Space offers: full digital onboarding, 24/7 fast loans, online installments, instant money transfers, debit cards with unique loyalty programs and free delivery, flexible savings pots, bills and other service payments.

The aim of Space bank is to deliver a full daily banking mobile service with superior customer experience by putting a special focus on differentiating by design, customer care, price transparency and instant service delivery.

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



**VISA**

SPACE

SPACE

**VISA**

9:41



+

1200.00€

-

# /12

## Supporting Communities



# CONTENTS

## **Introduction**

- Long term
- TBC knowledge and expertise
- Co-participation not just funding

## **Financial inclusion and access to services**

### **Mortgage loans with delayed payments**

### **Financial literacy**

### **Supporting small business and entrepreneurship**

### **TBC „Startuperi “**

### **Business award**

### **Special online platforms for small and medium enterprises**

### **Business education**

## **Supporting youth**

- TBC scholarship for school children

## **Meet some of our celebrity scholarship beneficiaries**

## **Supporting stem education**

## **Statusdonates.ge**

## **Supporting art**

- Exhibition and research of famous Georgian artist and scholar, David Kakabadze’s artwork

## **Wintering Over is Over**

## **Art galleries**

## **Georgian literature and writing**

- SABA literary award

## **E-books house SABA**

## **Write in Georgian**

## /12 Supporting Communities

Introduction  
Financial Inclusion  
and Access to  
Services

Mortgage Loans  
with Delayed  
Payments

Financial Literacy

Supporting Small  
Businesses and  
Entrepreneurship

TBC "Startuperi"  
Business Award

Special Online  
Platforms for Small  
and Medium  
Enterprises

Business Education

Supporting Youth

Meet Some of  
Our Celebrity  
Scholarship  
Beneficiaries

Supporting Stem  
Education

Statusdonates.ge

Supporting Art

Wintering Over is  
Over

Art Galleries

Georgian Literature  
and Writing

E-books House  
SABA

Write in Georgian



### INTRODUCTION

TBC supports the development and well-being of society in two ways: by making people's lives easier through providing modern, digitalized financial services and comfortable products on the one hand, and through involvement in social projects, sponsorships and community support on the other. The main areas of action for community support are:

- > Promoting entrepreneurship and MSME support
- > Financial education and financial inclusion
- > Youth support and education
- > Maintenance of cultural heritage by making it relevant in modern times for new generations through digitalization and new forms of communication

Within the aforementioned areas, TBC has implemented multi-year initiatives that aim at sustainably empowering different groups of society.

TBC is always working to increase its positive impact on society. We try to define possible areas of impact improvement through dialogue with various stakeholders, research and analysis. TBC is part of CSR club, which is a local initiative uniting companies and organizations to enhance dialogue around social responsibility and

define important areas where the commercial sector can contribute. TBC also carries out countrywide research once every two years to assess citizens' sentiments and understand what the main areas of concern for Georgian people are and where they deem support most important. Apart from the public, TBC consults with its corporate partners to define key areas for business and economic development.

TBC, as an institution with a major social and economic impact, contributes to the development of areas defined as crucial by the countries' public sector and cooperates with the National Bank of Georgia and other government institutions in key areas like financial education, job creation, investment attraction, etc.

Apart from information gathered from external sources, TBC assesses its own strength and competencies and chooses areas of involvement accordingly. We have several principles that guide the choice of initiatives to be implemented. Each project has to be:

- **Long term.** Having potential of growth, increasing its positive impact on society and country.
- **TBC knowledge and expertise.** Before getting involved in a certain area, TBC builds expertise in it by increasing its knowledge internally and collaborating



with external stakeholders that can contribute to the process with their experience.

- **Co-participation not just funding.** TBC works with partners, supporting them not only by funding specific projects, but also by sharing expertise in communication project management and more.

### FINANCIAL INCLUSION AND ACCESS TO SERVICES

Access to financial services is important for the financial stability of the country and for giving people the opportunity to better manage their income and expenses and plan their financial future.

To have a modern and transparent economy, the country needs well-established, accessible financial services, with the strong digital as well as physical infrastructure that TBC provides.

Being a leader in the financial sector, TBC ensures that its branch, ATM and payment box network covers the whole country, including both economically important centers and remote areas with less commercial activity.

Though having a well-established physical network, which gives access to a whole

spectrum of financial services to the population of Georgia, TBC's main strategic direction is the constant development of digital financial services. TBC Mobile Banking was named as the best mobile bank application in the world by Global Finance in 2019. The Bank offers contactless payment services and serves clients through a call-center and chat-bots. Up to 95% of operations were done remotely during 2019 by TBC Bank clients. TBC is developing its digital footprint on a group level as well: TBC Insurance provides clients with online insurance products; Vendoo offers an online shopping experience, customized for local needs. Citizens can also read or listen to literature, buy real estate, order goods delivery – all by using TBC group companies.

TBC Bank balances economic rationale with the responsibility of giving access to financial services to the whole country, creating good coverage of economically



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

	Branches	Tbilisi	Other big cities: Kutaisi, Batumi, Rustavi, Gori, Poti, Zugdidi	Rest of the country: economically less de- veloped rural areas and small towns)	Total Georgia
Introduction Financial Inclusion and Access to Services	Total at the beginning of 2019	67	22	47	136
Mortgage Loans with Delayed Payments	Change in 2019	0	+2	-2	0
Financial Literacy	Total for the beginning of 2020	67 (49%)	24 (18%)	45 (33%)	136
Supporting Small Businesses and Entrepreneurship	Population of Georgia (according to 2014 census of National Statis- tics Agency)	1,108,717 (30%)	558,183 (15%)	2,046,905 (55%)	3,713,804
TBC "Startuperi" Business Award					
Special Online Platforms for Small and Medium Enterprises	ATMs	Tbilisi	Other big cities: Kutaisi, Batumi, Rustavi, Gori, Poti, Zugdidi	Rest of the country: economically less de- veloped rural areas and small towns)	Total Georgia
Business Education	Total at the beginning of 2019	302	84	92	478
Supporting Youth Meet Some of Our Celebrity Scholarship Beneficiaries	Change in 2019	+16	+25	+69	+110
Supporting Stem Education	Total for the beginning of 2020	318 (54%)	109 (19%)	161 (27%)	588
Statusdonates.ge	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
Supporting Art Wintering Over is Over					
Art Galleries					
Georgian Literature and Writing	Payment Boxes	Tbilisi	Other big cities: Kutaisi, Batumi, Rustavi, Gori, Poti, Zugdidi	Rest of the country: economically less de- veloped rural areas and small towns)	Total Georgia
E-books House SABA	Total for the beginning of 2020	1,391 (45%)	828 (27%)	884 (28%)	3,103
Write in Georgian	Population of Georgia (according to 2014 census of National Statis- tics Agency)	1,108,717 (30%)	558,183 (15%)	2,046,905 (55%)	3,713,804



advanced as well as less prominent regions.

**Access to new housing:**

**630,398 GEL**

Amount disbursed for acquiring new housing to clients

**4,853**

Number of households that benefited from funding

**MORTGAGE LOANS WITH DELAYED PAYMENTS**

TBC does not evict any problematic debtors from their primary residence, preventing situations where family units with any kind of vulnerability find themselves with nowhere to live.

In other situations, the Bank approaches each customer on a case-by-case basis offering them various opportunities to extend liability and loan repayments, using a real estate realization measure, as the ultimate measure.

The Bank enables debtors to use real estate even after it is transferred on to the Bank balance, before it is acquired by a new owner.

The Bank always negotiates directly with the debtor, to achieve a mutually beneficial agreement on a real estate sale, before ensuring a transfer of the real estate through formal measures.

	Amount GEL		Number	
Repossession through formal auction	19,642,360	32%	332	48%
Repossession through negotiation with clients	41,631,943	68%	362	52%
<b>Total</b>	<b>61,274,302</b>		<b>694</b>	

## /12 Supporting Communities

Introduction  
Financial Inclusion  
and Access to  
Services

Mortgage Loans  
with Delayed  
Payments

Financial Literacy

Supporting Small  
Businesses and  
Entrepreneurship

TBC "Startuperi"

Business Award

Special Online  
Platforms for Small  
and Medium  
Enterprises

Business Education

Supporting Youth

Meet Some of  
Our Celebrity  
Scholarship  
Beneficiaries

Supporting Stem  
Education

Statusdonates.ge

Supporting Art

Wintering Over is  
Over

Art Galleries

Georgian Literature  
and Writing

E-books House  
SABA

Write in Georgian



### FINANCIAL LITERACY

As the biggest financial institution in the country, TBC contributes to the improvement of financial literacy among Georgia's population through its customer service frontline employees as well as mass communication. TBC cooperates with the National Bank of Georgia and Junior Achievement Georgia jointly offering financial education projects for youth.

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 the past five years. In 2019, our main activities were:

- > Cooperation with Junior Achievement Georgia and the National Bank of Georgia in organizing a financial literacy contest for schoolchildren to promote financial literacy as a must-have skill for future generations. Over 50 schools participated throughout Georgia, with over 100 children participating in the final contest.
- > Cooperation with the National Bank of Georgia, organizing a contest for over 500 children on financial literacy.

- > Launching Facebook webpage Edufin, which is designed to promote financial literacy through interactive posts, videos and blogs, attracting respectable authors, well known in Georgian society, to contribute to the page and thus make financial literacy an attractive topic.

### SUPPORTING SMALL BUSINESSES AND ENTREPRENEURSHIP

Small and medium business represents the backbone of the global economy. In order to address the social and economic challenges that Georgia faces, the development of small and medium business is especially important. It contributes to the reduction of unemployment and poverty and boosts economic growth.

The SME sector, especially newly established companies, has to overcome various obstacles, including a shortage of the necessary capital, knowledge and skilled labor for expansion and more.

To assist the SME sector in overcoming these impediments, TBC has rolled out several programmes over in recent years. The programs cover various issues such as easing access to capital, sharing knowledge and expertise, developing products and services specially adapted for small business needs, the inclusion of small enterprises in the TBC supply chain and helping



them promote their products.  
**TBC “STARTUPERI”**

Startuperi is TBC’s program aimed at facilitating the development of startups and stimulating the creation of new businesses. The program includes financial and non-financial support for startups: startup loans, operation products, events and trainings, individual consultations, and support. In 2019, over 700 startups were trained under the auspices of the program. Three startup discussions were organized with more than 200 participants, and various blogs and articles were prepared for as many as 150 startups.

The Startuperi.ge platform currently in-

cludes information about 456 startups. Information about special offers for startups from over 20 collaborating companies can also be found on the platform.

Startuperi was launched in 2017 and over 34,800 startups have been registered in the program’s various activities since. Startup loans, in the total amount of 247 million GEL, have been issued to over 691 startups.

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.

In 2019, as part of the Startup environment support, an innovative project called Startup Decree was launched for the TBC team.

TBC’s strategy is to establish its role as a key player in the development of Georgia’s startup ecosystem. This year, TBC decided to encourage entrepreneurship within the company as well and provided the opportunity for employees with ideas to try their hand at a startup.

The project offers TBC employees a 6-month paid leave in order to implement their business ideas.

Out of 24 applications submitted as part of Startup Decree, three startup ideas from three people were selected: Ge Parts, Inventor, and Mushroom. The authors of the aforementioned ideas will use their 6-month paid leaves of absence to implement their startups in 2020.



## /12

### Supporting Communities

Introduction  
Financial Inclusion  
and Access to  
Services

Mortgage Loans  
with Delayed  
Payments

Financial Literacy

Supporting Small  
Businesses and  
Entrepreneurship

TBC "Startuperi"

Business Award

Special Online  
Platforms for Small  
and Medium  
Enterprises

Business Education

Supporting Youth

Meet Some of  
Our Celebrity  
Scholarship  
Beneficiaries

Supporting Stem  
Education

Statusdonates.ge

Supporting Art

Wintering Over is  
Over

Art Galleries

Georgian Literature  
and Writing

E-books House  
SABA

Write in Georgian



#### BUSINESS AWARD

For the fourth year, TBC has organized the largest-scale business award in Georgia aimed at supporting small and medium-sized enterprises and the development of business society, as well as the popularization of doing business.

This year, during the final Business Awards ceremony, winners were announced in the following categories: Development of the Best Product/Service, Best Innovations,

Distinguished Social Responsibility, Special Care for Employees, and Best Startups. Over 350 businesses in various fields took part in Business Awards 2019. The public was informed of their activities through on both TBC's communication channels and traditional media.

The Business Awards platform brought together as many as 2,000 members during its first four years, all of whom have shared stories of their success throughout Georgia.

### SPECIAL ONLINE PLATFORMS FOR SMALL AND MEDIUM ENTERPRISES

TBC Bank has united its non-banking services in a single platform, [www.tbcbusiness.ge](http://www.tbcbusiness.ge).

Here, entrepreneurs can find information on blogs about the activities of various companies, as well as interesting business news and trends. They can select an area of interest and attend trainings, master classes, and forums organized by TBC and gain information on their topics of interest from experts in the field.

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

### BUSINESS EDUCATION

TBC's business education-supporting projects are part of the company's corpo-

rate social responsibility and reflect on its image and customer loyalty. As many as 4,000 people attended trainings organized by TBC in 15 different fields in 2019. The program was carried out with the support of the Asian Development Bank.

A new standard for the accounting and management of leases was introduced in 2019. Within its business education program, TBC Bank provided comprehensive information to its business clients on the newest standards for lease accounting. Representatives of 156 companies attended the full IFRS for SMS 6-week course, which was organized by TBC Bank, and learned about the new standards.

A series of large-scale business forums in the regions of Georgia organized by TBC is ongoing, with four regional business forums held in 2019. As many as 300 business representatives attended the Tskaltubo business forum while over 400 business representatives attended the Telavi, Zugdidi and Borjomi forums. Over 10 field experts met local businesses in each forum. After the main lectures, the audience was invited to attend various workshops. A partner of TBC's regional business is the European Fund for Southeast Europe (EFSE).



Introduction  
Financial Inclusion  
and Access to  
Services

Mortgage Loans  
with Delayed  
Payments

Financial Literacy

Supporting Small  
Businesses and  
Entrepreneurship

TBC "Startuperi"

Business Award

Special Online  
Platforms for Small  
and Medium  
Enterprises

Business Education

Supporting Youth

Meet Some of  
Our Celebrity  
Scholarship  
Beneficiaries

Supporting Stem  
Education

Statusdonates.ge

Supporting Art

Wintering Over is  
Over

Art Galleries

Georgian Literature  
and Writing

E-books House  
SABA

Write in Georgian



## SUPPORTING YOUTH

Supporting the new generation is extremely important for TBC. We must contribute to the development and education of youngsters, in order to prepare skilled and educated professionals for the Georgian economy and good citizens for society.

### TBC scholarship for school children

Georgia is full of talent that needs support to overcome economic hardships, gain access to knowledge and the possibility to develop. Many of them could also be an example and source of motivation for others, if their endeavours were known about.

This year TBC established a new scholarship program for schoolchildren. We contacted schools with pupils in STEM and art disciplines, from the most remote regions

of Georgia as well as from towns near the occupation line, NGOs organizing children's contests and chess and other sport federations. With their support, we selected 200 beneficiaries for the year 2019.

These children received 100 GEL per month from March 2019 to March 2020. Apart from financial support, these children attended various educational lectures organized for them during the year, including: a lecture in Georgian National Museum, a special lecture about David Kakabadze, a famous Georgian artist whose work were exhibited in TBC gallery; a civic education class with Lado Apkhazava, a famous Georgian teacher who was one of the ten best teachers in world in 2019, according to the Global Teachers Prize; a lecture and excursion to the Georgian Ethnographic Museum; and other minor activities.

## MEET SOME OF OUR CELEBRITY SCHOLARSHIP BENEFICIARIES:

**Saba Natroshvili** is a rugby player. He's been playing rugby for 3 years now. He went to the stadium along with his friend for his very first match and rugby has been his hobby ever since. Saba plays #10 position for the rugby club Lelo. For Saba the most important thing in rugby is teamwork to achieve the goal. TBC supported Saba to make his long-time dream come true and he attended the match between Georgia and Germany in Kutaisi, 2019. It was a very exciting experience for him to get to know the members of the Georgian rugby team. His biggest dream is to become a successful rugby player and to join Georgian rugby team. We're helping him reach that goal.



**Mariam Muchiashvili, 17**, is an all-around talented pianist. The most important thing in her profession is hard work and being loyal to what you do. Mariam first started playing the piano when she was 8 and the hardest part of her career path was that one time she didn't have a piano at home to practice on for months, and so she spent almost every day in the music school. TBC made a video about Mariam where she plays a fragment from Verdi/Listz's Rigoletto and that's how the entire country got to know her name.

**Rezi Burduli** is a freestyle ski racer from the village of Arakhveti, where he lives and practices. Rezi's been skiing since the age of 8. There is no local winter sports school in Arakhveti, and so Rezi visits Tbilisi from time to time to practice, yet he learns new tricks from local colleagues and Youtube videos. TBC made a film about Rezi in 2019, when Rezi became the winner of the local championship. It's important to note that he was the youngest of the participants. The video went viral on social media and it has been viewed over 1.5 million times.



# /12

## Supporting Communities

Introduction  
Financial Inclusion  
and Access to  
Services

Mortgage Loans  
with Delayed  
Payments

Financial Literacy

Supporting Small  
Businesses and  
Entrepreneurship

TBC "Startuperi"  
Business Award

Special Online  
Platforms for Small  
and Medium  
Enterprises

Business Education

Supporting Youth

Meet Some of  
Our Celebrity  
Scholarship  
Beneficiaries

Supporting Stem  
Education

Statusdonates.ge

Supporting Art

Wintering Over is  
Over

Art Galleries

Georgian Literature  
and Writing

E-books House  
SABA

Write in Georgian

### SUPPORTING STEM EDUCATION

Sparking interest in the scientific and technological fields among youth is one of the top priorities in the world. TBC supports initiatives that promote the education of future generations in this area.

TBC supports a young inventor's competition called "Leonardo Da Vinci", which is organized by the Ministry of Education, Science, Culture and Sport of Georgia. We offer a facility for the final competition, prizes for winners and promotion of the project itself. The competition is very popular and attracts teams from up to 100 schools from around Georgia. TBC has partnered with the contest from 2016 and the partnership will continue in 2020 as well.

In 2019, we collaborated with another STEM field contest: the Millennium Innovation Award, organized by Millennium Challenge Georgia, USAID, Embassy of the United States and Ministry of Education, Science, Culture and Sport of Georgia. In May 2019, TBC supported the visit of five winners of the Millennium Innovation Award to the NASA Space Institute in the US, where they spent a week getting to know about modern technological achievements.

Children from the best teams from both contests also became TBC scholarship beneficiaries for the year 2019.



### STATUSDONATES.GE

Status Donates is a special project organized on behalf of TBC Status clients to provide opportunities to young people with outstanding talent. The platform, [www.statusdonates.ge](http://www.statusdonates.ge), shows the stories of those who have participated in the project - who moved forward, started an interesting project or won international competitions in different fields of the study. The platform is also open to help initiatives that are dedicated to create additional value for society, science or art.





## SUPPORTING ART

### **Exhibition of the work of David Kakabadze, a famous Georgian artist and scholar**

TBC is one of the major supporters of culture in Georgia. In so doing, TBC aims at the long-term and consistent promotion of both cultural institutions and individual creative and cultural projects.

In cooperation with the David Kakabadze Foundation, we hosted a multi-stage project to celebrate the 130th anniversary of the birth of David Kakabadze, the Georgian artist, scientist and pioneer of Georgian modernism.

A retrospective exhibition, which united paintings, notes and sketches from state arts institutions as well as from the family of the artist and private collections, was organized at TBC Gallery.

The TBC Art Gallery hosted a multimedia project entitled GAMMA. As part of the project, three young artists, Nikoloz Kap-anadze, Mariam Akulashvili and Dimitri Shubitidze, created audiovisual spatial installations in digital media based on inspirations from David Kakabadze's concepts that studied the interaction between humans and light.

In addition, an anniversary edition of the David Kakabadze catalogue was published. It fully reflects the range and scale of the artist's research and methods as well as the need for them in the modern world.

Within the scope of the project, with the support of TBC, the David Kakabadze Foundation created an archive which includes documentation from the artist's family as well as materials reflecting various creative processes.

To facilitate open and modern access by a wide audience to Georgian heritage, the collections of David Kakabadze at various museums and theaters across Georgia were converted in their entirety into a digital format.

One of TBC's main aims in this project was comprehensive research of David Kakabadze's work. This was the approach underlying the creation of BAZA, an interdisciplinary educational platform that will continue its development in 2020. In the future, BAZA will create an area open to anyone: professional artists, researchers, students or simply interested people. This will be a space in which modern visual art is connected to cultural and scientific processes.

# /12

## Supporting Communities

Introduction  
Financial Inclusion  
and Access to  
Services

Mortgage Loans  
with Delayed  
Payments

Financial Literacy

Supporting Small  
Businesses and  
Entrepreneurship

TBC "Startuperi"  
Business Award

Special Online  
Platforms for Small  
and Medium  
Enterprises

Business Education

Supporting Youth

Meet Some of  
Our Celebrity  
Scholarship  
Beneficiaries

Supporting Stem  
Education

Statusdonates.ge

Supporting Art

Wintering Over is  
Over

Art Galleries

Georgian Literature  
and Writing

E-books House  
SABA

Write in Georgian



### WINTERING OVER IS OVER

In 2019, TBC became a chronicler of the modern history of Georgia, reviving 90s - era Georgia in Guram Tsibakhashvili's large-scale photo exhibition, book and film called "Wintering over is over".

The book itself is composed of up to 250 photos taken by Guram Tsibakhashvili and essays by Ana Kordzaia Samadashvili; it depicts one of the most crucial episodes of Georgia's recent past from 1987 to 1995. Up to 80 photos were exhibited in Tbilisi and Batumi.



### ART GALLERIES

TBC has galleries available for artists in Tbilisi, Kutaisi and Batumi. TBC galleries offer a wide-ranging program that brings together myriad aspects of contemporary culture, including exhibitions, as well as literature, music and performance. Other formats and events include: exhibitions, conferences, panel discussions, lectures, workshops, live performances and events for employees.

In 2019 TBC Gallery hosted an exhibition TBILISI IN MAGNUM PHOTOS BOOKS. The show featured the long-standing relationship between Magnum Photos' photographers and Georgia in general, particularly Tbilisi. The exhibition covered a period of more than 70 years (1947-2018) and com-



bined 35 photos of Tbilisi take by Magnum member photographers, including: Robert Capa, Henri Cartier-Bresson, Carl De Keyzer, Gueorgui Pinkhassov, Jonas Bendiksen, Paolo Pellegrin, Thomas Dworzak, and Martin Parr.

The exhibition started with photos that were taken by Robert Capa and John Steinbeck in 1947 during their trip to Tbilisi. This was the year the agency, Magnum Photos was founded. The exhibition ended with photos taken by Martin Parr in 2018. Visitors were also able to view a video depicting the process of preparing the book in the Magnum office in Paris along with an interview with Martin Parr during his visit to Tbilisi. A presentation of a book titled Martin Parr

Tbilisi authored by the famous British photographer, Martin Parr, was also held at the gallery. The book is comprised of photographs taken in Tbilisi and was published in Munich thanks to the cooperation with the famous German publishers, Prestel Publishing. The book also includes several photos of Tbilisi taken in 2009 by Martin Parr.

Exhibitions of the famous Georgian artist and scholar, David Kakabadze, were also organized using the TBC Gallery premises.



## 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 17 years of history, Saba is the most prestigious literary prize in Georgia. In 2018, TBC held Saba's award ceremony in Frankfurt, as part of Georgia's participation in the Frankfurt Book festival as the guest country. This was done to enhance Georgia's image internationally, as a country of developed

cultural life and exciting modern writers. Saba motivates writers with a prestigious award, as well as monetary prizes: 6,000 GEL for each nomination's winner and 10,000 GEL for the nominee on special contribution to Georgian Literature.

Prizes are given to nine categories:

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

## /12

### Supporting Communities

Introduction  
Financial Inclusion  
and Access to  
Services

Mortgage Loans  
with Delayed  
Payments

Financial Literacy

Supporting Small  
Businesses and  
Entrepreneurship

TBC "Startuperi"

Business Award

Special Online  
Platforms for Small  
and Medium  
Enterprises

Business Education

Supporting Youth

Meet Some of  
Our Celebrity  
Scholarship  
Beneficiaries

Supporting Stem  
Education

Statusdonates.ge

Supporting Art

Wintering Over is  
Over

Art Galleries

Georgian Literature  
and Writing

E-books House  
SABA

Write in Georgian



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 2019, the Saba awards were presented for the 17th time. They are the most prestigious award given for Georgian-language literature. In those 17 years, up to 3,700 books have been evaluated, 129 authors received an award and 160 awards were given, 75 different members were in the committee and 825,000 GEL in total has been awarded to the winners.

“This format of the award ceremony, this festive mood is very important, as it puts a spotlight on literature, which is very rare and is not visible for the masses in most cases.” Nino Kharatishvili, Germany-based Georgian writer. She’s an author of global best-seller books. Her books have been published in Germany, UK, Bulgaria, the Netherlands, Turkey, and other countries. Nino was awarded the SABA award in Frankfurt, in 2018 for her contribution to Georgian-German literary partnerships.

#### E-BOOKS HOUSE SABA

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 people in Georgia as well as emigrants abroad, a perfect way of enjoying literature, having books one click away. For this purpose, the webpage [www.saba.com.ge](http://www.saba.com.ge) was established. It encompasses various Georgian and foreign literary works, modern best-sellers and the works of SABA award nominees and winners. This platform gives people the opportunity to be up-to-date with literary processes and to have their favorite books at hand.

Together with the webpage, users can download the SABA Reader app with more than 6,000 built-in books, audio books, podcasts, lectures, and more. The users of the app have an unlimited access to literature and receive an outstanding, modern experience.

104,993 persons have read books on the Saba reader through 2019.

#### WRITE IN GEORGIAN

Through our digital channels, we understood that the majority of the Georgian population used the Latin alphabet while texting. Considering the fact that probably half of the global population uses the Latin alphabet when writing, this may not seem strange. But it really is, as Georgia has its own alphabet (Mkhedruli Script), something the Georgian nation is proud of.

TBC, as one of the leading banks in Georgia, wanted to challenge Georgians to use

the Georgian alphabet while texting and started a campaign named #writeingeorgian, which resulted in the increased use of Georgian Unicode in the digital world (by 68%, to be precise), while the hashtag #writeingeorgian (#წერექართულად) was used over 300,000 times.

Contributors to the campaign digitized up to 30 fonts and Georgian-English dictionaries.

Following the #writeinGeorgian campaign, TBC has taken up a new challenge: to integrate the Georgian language into Windows OS.

While the process of integration seemed quite intimidating at the beginning, with the help of the Georgian population, at the completion of the first stage, 100K Georgian sentences translated to English have already been submitted to Microsoft. The process of translation itself was based on the project Kartulad (In Georgian). The project aims to integrate the Georgian language across Microsoft's software. To be able to do so, Microsoft's AI system has to learn the language first using the above-mentioned 100K sentences that have already been provided to Microsoft.

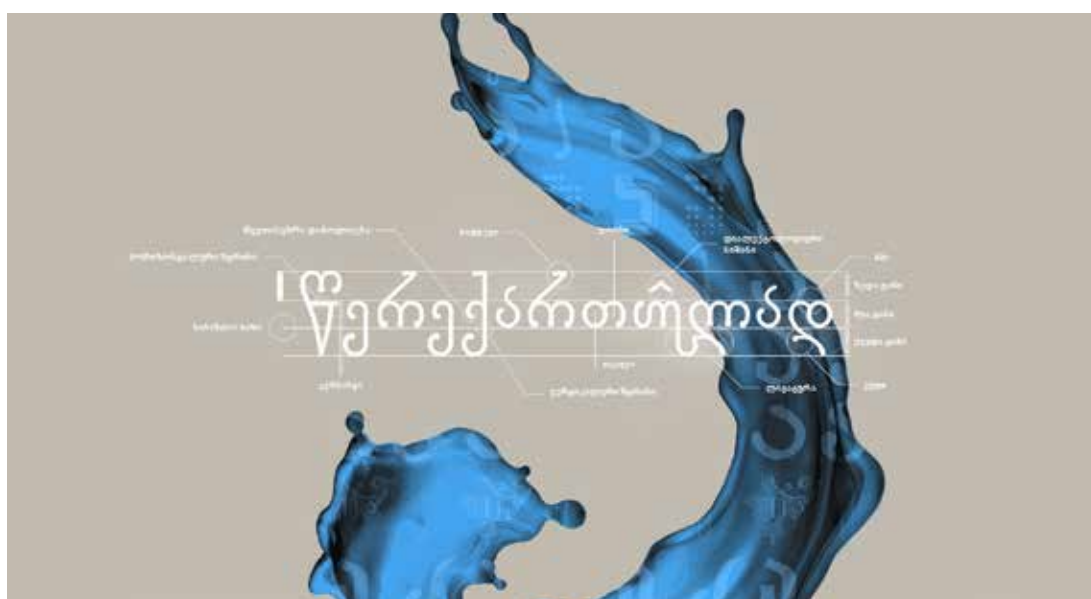
TBC created a dedicated platform to facilitate and speed up the translation process, [www.kartulad.ge](http://www.kartulad.ge), which means that any citizen could participate voluntarily in it. We are glad that citizens of Georgia, especially students and teachers, were so enthusiastic

about the project. Ivane Javakhishvili Tbilisi State University, the oldest university in Georgia, donated 50K already-translated sentences. Microsoft's office in Georgia, the innovative technology laboratory GEOLAB, and the electronic book house Saba actively participated in the project as well.

Sentences translated to English will be loaded into the learning systems developed by Microsoft as the translation system is mostly data-based. Once the system has analyzed the information, we will get a program that is almost fully aware of the Georgian language and its explicit linguistic systems. The translation machine will be capable of translating from English to Georgian and vice versa.

Successful implementation of the project will enable numerous Microsoft programs to use Georgian-English translation. Also, web developers and programmers who create programs for the Windows system will be able to use an automated translation program, which is in part an output of Kartulad.

The first stage of the project is already completed, and now we are looking forward to commencing the next stage, integrating the Georgian language into Windows OS.





**/13**

**Treating Our  
Suppliers  
Responsibly**

# CONTENTS

## **Our Suppliers In 2019**

- Proportion of spending on local Suppliers
- Supplier selection and payment policies

## **Dialogue With Suppliers**

- Complaint and Grievance Management, Supplier Remedy

## **Managing Environmental And Social Risks Of Our Purchases**

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



# TREATING OUR SUPPLIERS RESPONSIBLY

**Data presented in this chapter applies to TBC bank only**

## OUR SUPPLIERS IN 2019

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 the economy as a whole.

We understand the scale of our impact, treat our suppliers responsibly, strive to have permanent dialogue, understand and respond to their needs. We also stimulate implementation of environmental and social risk management standards in our purchasing activities.

TBC Bank cooperates with a wide range of suppliers, from small startups to large companies, as well as individual providers of services. We pay special attention to small local suppliers and promote their inclusion in our supply chain.

The Bank operates a project called Start-uperi through which we support local start-up companies - producers of products and services, as well as importers. We strive to support startups through offering them various tailor-made banking products and involving them in our purchasing activities. We understand that, being a very large

buyer, the Bank can significantly contribute to start-up company development through procurement deals. In certain cases, our procedures give start-ups special conditions in the procurement process, such as buying without a tender or price quotation announcement.

We are always ready to involve suppliers with rather little experience in our supply chain.

In 2019 we cooperated with 4,928 suppliers, out of which 148 were new.

## Proportion of spending on local suppliers

In 2019, 90% the total number of suppliers contracted by the Bank were local, with the value of local purchasing equal to 78% of the total. Under local suppliers, we mean Georgian resident companies that sell locally produced, as well as imported goods or services.

This is a clear indicator of our input to local economic development. At the same time, we understand that operations with local suppliers helps decrease CO2 emissions related to the transportation of goods.





## Challenge - to implement a group-wide supplier relationship and procurement policy, to harmonize and standardize existing policies.

### Procurement by Type

In 2019, the main procurement categories were the following (with at least 2% share in the total procurement):

<b>Bank supply chain expenditures 2019</b>	<b>Value, %</b>
IT, Computer technology	5.6%
Rent	5.2%
Marketing	11.8%
Software	5.5%
Furniture and devices	2.1%

### Supplier selection and payment policies

TBC bank supplier selection and payment processes are regulated based on the Supplier Relationships and Procurement Policy and Procedures. When selecting new suppliers, we operate based on the principles of equality, equal opportunity and fair competition.

Selection is made in most cases through electronic tenders, for which the Bank uses third party online platforms (www.etenders.ge, www.jobs.ge). Bids are received and trade is performed online, and companies have the opportunity to track tender requirements, specifications, the number of participants and prices. The same online platform serves as a communication chan-

nel for receiving and responding to questions of potential suppliers. They also have the opportunity to send inquiries directly to company representatives via e-mail. If, based on inquiries, the tender requirements are corrected, all participants are informed accordingly. The average tender duration is three days and may also include a meeting with pre-selected suppliers.

We are cautious when preparing tender specifications in order to avoid setting tender requirements that are not validated, proved and may serve the artificial limitation of competition.

We have elaborated transparent and objective selection criteria and procedures that ensure fair competition and equality while choosing suppliers.

Our Suppliers in 2019

Dialogue With Suppliers

Managing Environmental and Social Risks of Our Purchases

Supplier Relationship process optimization is done in three different directions: decreasing bureaucracy, decision-making time and updating of contracts.

We clearly understand that one of the most important aspects of cooperation with suppliers is company payment policy. We strive to adapt our payment policy to supplier needs and at the same time consider the company's financial stability. TBC Bank applies various approaches, including a flexible policy of advance payments (e.g. full advance with guarantee and partial advance without guarantee, based on relationship quality and duration with suppliers).

#### DIALOGUE WITH SUPPLIERS

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

The procurement team periodically organizes supplier meetings and open days where, on the one hand, the company's needs and tender practices are communicated, and, on the other hand, the company strives to better understand procurement processes, potential suppliers and possibilities. The procurement team also practices face to face meetings with suppliers.

The Bank also plans to actively raise suppliers' awareness of Environmental and Social Risk Management. Recurring training sessions for suppliers are envisaged.

#### Complaint and Grievance Management, Supplier Remedy

TBC Bank operates a Supplier Complaint Management Procedure and Supplier Remedy System. We regularly conduct market research to understand their satisfaction level and needs.

The Supplier Complaint Management system and process is described in the Bank's Procurement Procedure. Complaint rules are communicated in the tender documentation, requiring the presentation of complaints to the Procurement Division Curator Director within three days, after the tender outcome has been communicated to suppliers. As soon as a complaint is received, the potential supplier is invited for a face-to-face meeting and the complaint is discussed. Online communication channels can also be used.

In most cases, the complaint response is sent to the potential supplier in written form, via e-mail or official correspondence. Currently the Bank does not have a supplier complaint reporting system.

The Bank is in the process of optimizing its procurement processes through implementing an Enterprise Resource Planning System. We expect that it will enable better processing and control, as well as reporting and analysis.



## Challenge - to implement a supplier complaint reporting and analysis system in the Bank and also group-wide.

### MANAGING 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 requirements towards suppliers. Hence we strive to manage environmental and social risks as well as opportunities in our supply chain with a high sense of responsibility.

We prioritize the use of green and energy-efficient products in our everyday activities by incorporating environmental assessments into the procurement process.

We strive to promote sustainability by encouraging suppliers to act responsibly and adhere to environmental standards, hence decreasing our indirect negative impacts.

In order to decrease environmental and social risks in the supply chain, we require all suppliers to sign TBC personal data protection, anti-corruption, environmental and tax avoidance clauses that represent an indispensable part of the contract and are mandatory for implementation.



# /13

## Treating Our Suppliers Responsibly

Our Suppliers in 2019

Dialogue With Suppliers

Managing Environmental and Social Risks of Our Purchases



### **Green Procurement Recommendations**

The Environmental Policy of the group includes Green Procurement Recommendations that have to be taken into account during purchases. These recommendations point at procurement of more environmentally friendly products and services, products that have better environmental procurement criteria, 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 also has developed the Green Construction Standard, as a part of its Green Procurement Recommendation, that represents green recommendations for building and renovating TBC offices.

As Green Procurement Recommendations are not mandatory for implementation, the standards and criteria presented in this document are applied when possible, with the active involvement of the Environmental and Social Risk Management Group, along with the Logistics and Procurement Departments. The Green Procurement Rec-

ommendations document is available to all employees.

### **Responsible Procurement Training**

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

In order to help suppliers comply with the environmental and social requirements and in general to raise environmental and social awareness, we plan to hold free of charge quarterly trainings for suppliers in 2020.

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

In 2019, we developed the Environmental and Social Risk Management Questionnaire in order to screen suppliers. The screening process should help the Bank decide about cooperation with suppliers. We started the process of filling out the questionnaire in late 2019. It will be mandatory for all long-term suppliers of the Bank in 2020.



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

1. Company Environmental Management System
2. Pollution Prevention and Waste Management Systems
3. Working Conditions
4. Labor Rights
5. Labor Safety
6. HR Management

The evaluation of suppliers is done by the Environmental and Social Risk Management Group and the Logistics and Procurement Departments.



**/14**

**Responsible  
Banking**



# CONTENTS

## **Introduction**

## **Transaction Qualification And Categorization**

Screening against exclusion list

E&S risk categorization

Low

Medium

High

A category

## **Mitigation And Control**

## **Monitoring And Reporting**

Monitoring

Reporting

## **External Communications**

Grievance mechanism

## **Products And Services Offering**

## **Social And Environmental Added Value**

Introduction

Transaction  
Qualification and  
CategorizationMitigation and  
ControlMonitoring and  
ReportingExternal  
CommunicationsProducts and  
Services Offering  
Social and  
Environmental  
Added Value


# RESPONSIBLE BANKING

## INTRODUCTION

A significant share of our environmental and social impact is linked to our activity as a financial intermediary. In many cases, it may exceed 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 are of top importance for us. It enables us to effectively manage our indirect impacts and complex social, environmental and reputational risks.

In 2012, TBC Bank was one of the first banks in the country to develop an Environmental and Social Management System (ESMS). Our partner International Financial Institutions (IFIs) provided expertise and guidance throughout the process to ensure that the Bank implements the most advanced and comprehensive system based on the highest standards of international best practice.

For all commercial transactions, TBC Bank endeavors to ensure that customers demonstrate an organized and systematic approach to environmental and social risk management and comply with local and national environmental, social, health and safety, and labor regulations and standards.

For this purpose, TBC Bank has developed Environmental and Social Risk Management (ESRM) Procedures to ensure that appropriate, risk-based, sector specific, environmental and social risk assessment

is applied to its commercial lending activities. These procedures are fully integrated into the credit risk management process in TBC Bank and are applied to all commercial lending. The procedures incorporate appropriate consideration of IFC's Performance Standards (PSs), EBRD's Performance Requirements (PRs) and ADB's Safeguard Requirements (SRs).

These procedures include:

- > Transaction qualification and risk categorization
- > Identification and appropriate assessment
- > Mitigation and control
- > Monitoring and reporting

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

## TRANSACTION QUALIFICATION AND CATEGORIZATION

### Screening against exclusion list

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





The list of activities excluded from financing by TBC Bank is in line with the Exclusion Lists of the EBRD, IFC, DEG and ADB. We reject financing activities that violate local legislative requirements, international conventions and declarations of human rights, labor rights and so on. To refer to the full list of excluded business activities, please visit: <https://www.tbcbankgroup.com/media/1928/exclusion-list.pdf>

### **E&S risk categorization**

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

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

**Medium** - Transactions with limited potential for adverse social or environmental impacts that are few in number, generally site-specific, largely reversible, clearly evident at the time of the assessment, and readily addressed through mitigation measures, which typically require a limited or focused environmental and/or social as-

essment, or straight-forward application of environmental sitting, pollution standards, design criteria, or construction standards.

**High** - Transactions with potential 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 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 potential 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:

1. Social and Environmental Assessment and Management System
2. Labor and Working Conditions
3. Pollution Prevention, Resource Conservation and Energy Efficiency
4. Community Health, Safety and Security
5. Land Acquisition and Involuntary Resettlement
6. Biodiversity Conservation and Sustainable Natural Resource Management
7. Indigenous Peoples
8. Cultural heritage

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

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

Introduction

Transaction  
Qualification and  
CategorizationMitigation and  
ControlMonitoring and  
ReportingExternal  
CommunicationsProducts and  
Services Offering  
Social and  
Environmental  
Added Value

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

#### MITIGATION AND CONTROL

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

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

#### MONITORING AND REPORTING

##### Monitoring

Environmental and social risk monitoring is carried out at least once every 12 months. In case of deadlines set by the Corrective Action Plan (CAP), the monitoring is conducted after the end of deadlines.

To ensure a high quality of environmental and social risk assessment and monitoring process, the Environmental and Social Risk Management Group will conduct onsite visit monitoring on a random selection basis on the ESDD reports. Spot-check monitoring has to be carried-out at least semi-annually.

##### Reporting

TBC Bank prepares an Annual Environmental and Social Performance Report (AESPR) for its partner IFIs.

The Environmental and Social Risk Assessment Procedures document is reviewed and in case of need, updated on an annual basis.

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

TBC Bank's Environmental and Social Risk Management Group regularly conducts trainings about TBC Bank's E&S Risk Management System. In 2019, 12 extensive E&S training sessions were held for SME and Corporate Credit Analysts, Credit Risk Managers and Business SME Lending/Sales Coordinators.

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

In addition, in 2019 all staff of TBC Bank had digital training and testing in E&S risk management issues.

To support our clients and partners to embed environmental policy and practices, TBC actively works to introduce Environmental and Social standards in financial activities at the regional level:

- > On 27-28 June 2019, TBC and FMO held a two-day International E&S Master class in Tbilisi, which was held for the first time in the Caucasus Region. The event was attended by the E&S risk staff from local commercial institutions in Georgia as well as by banking sector representatives from Azerbaijan, Armenia and Uzbekistan. TBC and FMO presented existing E&S risk management standards and best practices, conducted interactive discussions on case-studies as well as held group-work exercises including site-visits and field trips
- > On 2<sup>nd</sup> of October 2019, FMO and TBC delivered a public lecture entitled "Doing Makes the Difference" on E&S risk management issues to students at ISET - International School of Economics in Tbilisi, Georgia;
- > On 25-26 July 2019, TBC and GCPF invited an international expert of renewable energy, who delivered a two-day workshop and seminar on renewable energy project financing to our clients.

We strive to help clients and potential

clients in complying with E&S requirements to receive financing and to fulfill the actions agreed upon in the contract.

In addition, TBC Bank's E&S Risk Management Group participates in business forums organized by TBC, where participants (existing and potential business clients) receive information about the Bank's E&S risk management standards, as well as local legislation requirements.

### EXTERNAL COMMUNICATIONS

#### Grievance mechanism

Transparency and open communication are an essential part of our daily activities. The feedback and recommendations received from our stakeholders and other interested parties enable us to continuously improve our performance. In doing so, we have developed a grievance mechanism to enable interested parties to provide their complaints in regards to E&S issues. Records of all communication are stored, including responses according the TBC Bank's Procedure for addressing external E&S que-

ries and concerns. Interested parties may submit their query on the webpage: <http://www.tbcbank.ge/web/en/web/guest/e-s> or to the following e-mail address: [E&Srisk@tbcbank.com.ge](mailto:E&Srisk@tbcbank.com.ge).

During 2019, no such complaints were received with regard to environmental and social issues.

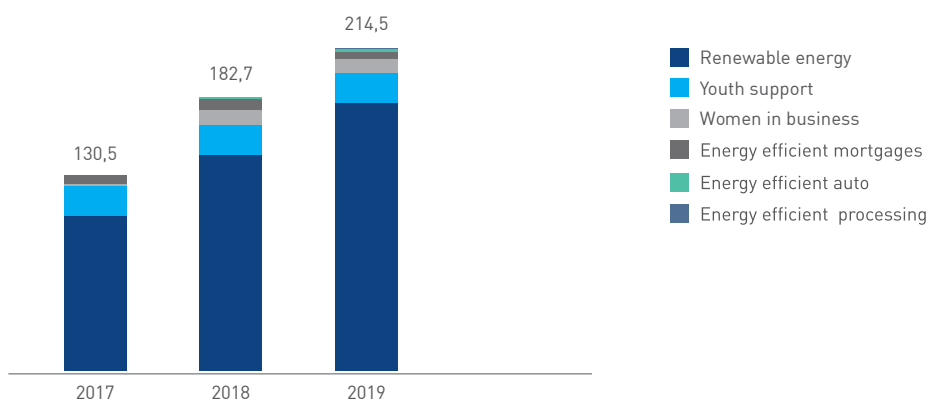
The main purpose of this procedure is to inform stakeholders, and ensure and increase their proper involvement.

### PRODUCTS AND SERVICES OFFERING SOCIAL AND ENVIRONMENTAL ADDED VALUE

TBC strives to increase its positive impact on society and economy through introducing new financial products and services that are designed to deliver a specific social or environmental benefit.

Currently we offer the following tailor-made products - Women in Business, Renewable Energy, Energy Efficiency and Youth Support.

**Breakdown of sustainable loan portfolio in million US\$**



Product	Description, purpose, and target social group if applicable
Women in Business	A business loan product developed by TBC bank in cooperation with EBRD that aims at supporting women in business and the development of new businesses or start-ups. In the scope through this product, women entrepreneurs have preferential conditions on loan collateral.
Renewable Energy	TBC is a leader in Georgia in renewable energy financing, with a core segment in hydropower stations.
Energy Efficiency	Financing Energy Efficient projects includes the purchase of fuel-efficient vehicles, housing and home efficiency improvement loans, etc.
Youth Support	This product offers privileged conditions on loan products to young people who have their own business and also who are applying for a mortgage loan for the first time.

# GRI Content Index

This report has been prepared “in reference” to 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)	Reporting Status
<b>GRI 101: Foundation 2016 [GRI 101 does not include any disclosures]</b>				
<b>GRI 102: General Disclosures 2016</b>				
<b>1. Organizational profile</b>				
102-1	Name of the Organization	01. Who we are	6	Fully
102-2	Activities, brands, products and services	01. Who we are	6	Fully
102-3	Location of headquarters	TBC corporate headquarters: 7 Marjanishvili St. Tbilisi, Georgia 0102		Fully
102-4	Location of operations	01. Who we are	6	Fully
102-5	Ownership and legal form	01. Who we are	6	Fully
102-6	Markets served	01. Who we are	6	Fully
102-7	Scale of the organization	01. Who we are	7	Fully
102-8	Information on employees and other workers	10. Responsible Employer > Our Employees	70	Fully
102-9	Supply chain	13. Treating our Suppliers Responsibly > Our suppliers in 2019; 08. Our Economic Impacts > TBC Impact through suppliers	112; 52	Fully
102-10	Significant changes to the organization and its supply chain	01. Who we are; 13. Treating our Suppliers Responsibly		
102-11	Precautionary Principle or approach	09. Environmental Responsibility > Risk management and legislative compliance.	58	Fully
102-12	External initiatives	TBC is a signatory to the UN Global Compact since 2012		Fully
102-13	Membership of associations	01. Who we are	8	Fully
<b>2. Strategy</b>				
102-14	Statement from senior decision-maker	CEO Statement	5	
<b>3. Ethics and Integrity</b>				
102-16	Values, principles, standards, and norms of behavior	07. Ethics and Integrity > Business ethics and ethical conduct	44	Fully
102-17	Mechanisms for advice and concerns about ethics	07. Ethics and Integrity > Incident Management, Whistleblowing and non-retaliation policy; 10. Responsible Employer > Grievance procedure. In addition, external concerns can be raised via our call centers, Anonymous Hotline and Environmental and Social Queries and Concerns online channel at our website: <a href="https://www.tbcbank.ge/web/en/web/guest/contact-us">https://www.tbcbank.ge/web/en/web/guest/contact-us</a>	48; 69-70	Fully

# GRI Content Index

Disclosure Number	Disclosure Title	Location Within Report (Section)	Page(s)	Reporting Status
<b>4. Governance</b>				
102-18	Governance structure	05. Governance and sustainability management > Corporate Governance	26	Fully
102-20	Executive-level responsibility for economic, environmental, and social topics	05. Governance and sustainability management > Sustainability governance	33	Fully
102-22	Composition of the highest governance body and its committees	05. Governance and sustainability management > Corporate Governance	26	Fully
102-23	Chair of the highest governance body	05. Governance and sustainability management > Chair of the highest governance body	28	Fully
102-24	Nominating and selecting the highest governance body	05. Governance and sustainability management > Nominating and selecting the highest governance body	28	Fully
102-25	Conflicts of interest	05. Governance and sustainability management > Managing conflicts of interests	32	Fully
102-28	Evaluating the highest governance body's performance	05. Governance and sustainability management > Evaluating the highest governance body's performance	28	Fully
102-30	Effectiveness of risk management processes	05. Governance and sustainability management > Risk management model	30	Fully
102-32	Highest governance body's role in sustainability reporting	The sustainability report is reviewed and approved by the Board and CEO		Fully
102-35	Remuneration policies	05. Governance and sustainability management > Senior management remuneration	29	Fully
102-36	Process for determining remuneration	05. Governance and sustainability management > Senior management remuneration	29	Fully
<b>5. Stakeholder engagement</b>				
102-40	List of stakeholder groups	03. Stakeholder Engagement	15-17	Fully
102-41	Collective bargaining agreements	0% of employees are covered by collective bargaining agreements		Fully
102-42	Identifying and selecting stakeholders	03. Stakeholder Engagement		
102-43	Approach to stakeholder engagement	03. Stakeholder Engagement	15-17	Fully
102-44	Key topics and concerns raised	03. Stakeholder Engagement	15-17	Fully

## GRI Content Index

Disclosure Number	Disclosure Title	Location Within Report (Section)	Page(s)	Reporting Status
<b>6. Reporting practice</b>				
102-45	Entities included in the consolidated financial statements	01. Who we are	10	Fully
102-46	Defining report content and topic boundaries	04. Our material issues	18	Fully
102-47	List of material topics	04. Our material issues > Materiality Matrix	20	Fully
102-48	Restatements of information	N/A - This is the first sustainability report for TBC		Fully
102-49	Changes in reporting	N/A - This is the first sustainability report for TBC		Fully
102-50	Reporting period	02. About this report	12	Fully
102-51	Date of most recent report	02. About this report	12	Fully
102-52	Reporting cycle	02. About this report	12	Fully
102-53	Contact point for questions regarding the report	02. About this report	13	Fully
102-54	Claims of reporting in accordance with the GRI Standards	02. About this report	13	Fully
102-55	GRI Content Index	Indexes	124	Fully
102-56	External assurance	The report does not have external assurance		Fully
<b>Topic specific standard disclosures</b>				
<b>Economic standards (GRI 200)</b>				
<b>201. Economic performance (2016)</b>				
<b>Management approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our Material Issues > Materiality Matrix	20-21	Fully
103-2	The management approach and its components	08. Our Economic Impacts; 05. Governance and sustainability management > Risk management model	50; 30	Fully
103-3	Evaluation of the management approach	08. Our Economic Impacts; 05. Governance and sustainability management > Corporate governance	50; 26	Fully
201-1	Direct economic value generated and distributed	08. Our Economic Impacts > Direct contribution to economy	50	Fully

# GRI Content Index

Disclosure Number	Disclosure Title	Location Within Report (Section)	Page(s)	Reporting Status
201-3	Defined benefit plan obligations and other retirement plans	According to Georgian legislation, starting from January 1, 2019 the accumulated pension system is mandatory for legally employed people under 40, for those above the age of 40 enrolment in the program is voluntary. This system applies to employees of both the public as well as private sectors. The system works on a 2+2+2 scheme. Each employee, employer and the government make a contribution of 2% of the gross volume of the employee's income to an individual retirement account. TBC does not have any other retirement plan of its own beyond mentioned one		Fully
201-4	Financial assistance received from government	No financial assistance has been received from government		Fully
103-3	Evaluation of the management approach	08. Our economic impacts; 05. Governance and sustainability management > Corporate governance	50; 26	Fully
201-1	Direct economic value generated and distributed	08. Our economic impacts > Direct contribution to economy	50	Fully
<b>203. Indirect Economic Impacts (2016)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material issues > Materiality Matrix	20-21	Fully
103-2	The management approach and its components	08. Our economic impacts; 05. Governance and sustainability management > Risk management model	50; 30	Fully
103-3	Evaluation of the management approach	08. Our economic impacts; 05. Governance and sustainability management > Corporate governance	50; 26	Fully
203-1	Infrastructure investments and services supported	No significant investments to infrastructure and services have been made in 2019		
203-2	Significant indirect economic impacts	08. Our economic impacts > Indirect impact on the economy	52	
<b>204. Procurement practices (2016)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material issues > Materiality Matrix	20-21	Fully
103-2	The management approach and its components	13. Treating our suppliers responsibly	112	Fully
103-3	Evaluation of the management approach	13. Treating our suppliers responsibly	112	Fully
204-1	Proportion of spending on local suppliers	13. Treating our suppliers responsibly > Proportion of spending on local suppliers; 08. Our economic impacts > TBC impact through suppliers	112; 52	Fully

# GRI Content Index

Disclosure Number	Disclosure Title	Location Within Report (Section)	Page(s)	Reporting Status
<b>205. Anti-corruption (2016)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material issues > Materiality Matrix	20-21	Fully
103-2	The management approach and its components	09. Environmental responsibility > Environmental policy and management approach; Material usage	56-57; 59	Fully
103-3	Evaluation of the management approach	09. Environmental responsibility > Environmental policy and management approach	56-57	Fully
301-1	Materials used by weight or volume	09. Environmental responsibility > Material usage - paper		Partially
<b>302. Energy (2016)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material issues > Materiality Matrix	20-21	Fully
103-2	The management approach and its components	09. Environmental responsibility > Environmental policy and management approach; Energy usage	56-57; 60	Fully
103-3	Evaluation of the management approach	09. Environmental responsibility > Environmental policy and management approach	56-57	Fully
302-1	Energy consumption within the organization	09. Environmental responsibility > Energy usage	59	Fully
302-4	Reduction of energy consumption	09. Environmental responsibility > Energy usage	61	Fully
<b>303. Water and Affluents (2018)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material issues > Materiality Matrix	20-21	Fully
103-2	The management approach and its components	09. Environmental responsibility > Environmental policy and management approach; Water	56-57; 61	Fully
103-3	Evaluation of the management approach	09. Environmental responsibility > Environmental policy and management approach	56-57	Fully
303-5	Water consumption	09. Environmental responsibility > Water	61	Fully
<b>305. Emissions (2016)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material issues > Materiality Matrix	20-21	Fully
103-2	The management approach and its components	09. Environmental responsibility > Environmental policy and management approach; GHG emissions	56-57; 62	Fully
103-3	Evaluation of the management approach	09. Environmental responsibility > Environmental policy and management approach; GHG emissions	56-57; 62	Fully
305-1	Direct (Scope 1) GHG emissions	09. Environmental responsibility > GHG emissions	62	Fully
305-2	Energy indirect (Scope 2) GHG emissions	09. Environmental responsibility > GHG emissions	63	Fully
305-3	Other indirect (Scope 3) GHG emissions	09. Environmental responsibility > GHG emissions	63	Fully
305-5	Reduction of GHG emissions	09. Environmental responsibility > GHG emissions	64	Fully



# GRI Content Index

Disclosure Number	Disclosure Title	Location Within Report (Section)	Page(s)	Reporting Status
<b>305. Emissions (2016)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material issues > Materiality Matrix	20-21	Fully
103-2	The management approach and its components	09. Environmental responsibility > Environmental policy and management approach; GHG emissions	56-57; 62	Fully
103-3	Evaluation of the management approach	09. Environmental responsibility > Environmental policy and management approach; GHG emissions	56-57; 62	Fully
305-1	Direct (Scope 1) GHG emissions	09. Environmental responsibility > GHG emissions	62	Fully
305-2	Energy indirect (Scope 2) GHG emissions	09. Environmental responsibility > GHG emissions	63	Fully
305-3	Other indirect (Scope 3) GHG emissions	09. Environmental responsibility > GHG emissions	63	Fully
305-5	Reduction of GHG emissions	09. Environmental responsibility > GHG emissions	64	Fully
<b>307. Environmental compliance (2016)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material issues > Materiality Matrix	20-21	Fully
103-2	The management approach and its components	09. Environmental responsibility > Risk management and legislative compliance	58	Fully
103-3	Evaluation of the management approach	09. Environmental responsibility > Risk management and legislative compliance	58	Fully
307-1	Non-compliance with environmental laws and regulations	09. Environmental responsibility > Risk management and legislative compliance	58	Fully
<b>Social Standards (GRI 400)</b>				
<b>401. Employment (2016)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material issues > Materiality Matrix	20-21	Fully
103-2	The management approach and its components	10. Responsible employer > Policy and management approach	68	Fully
103-3	Evaluation of the management approach	10. Responsible employer > Policy and management approach	68	Fully
401-1	New employee hires and employee turnover	10. Responsible employer > Diversity and equal opportunities	78	Partially
401-3	Parental leave	10. Responsible employer > Parental leave	72	Fully
<b>403. Occupational Health and Safety (2018)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material issues > Materiality Matrix	20-21	Fully
103-2	The management approach and its components	10. Responsible employer > Policy and management approach; Employee Safety and Health, professional and occupational sickness prevention	68; 72	Fully

# GRI Content Index

Disclosure Number	Disclosure Title	Location Within Report (Section)	Page(s)	Reporting Status
103-3	Evaluation of the management approach	10. Responsible employer > Policy and management approach	68	Fully
403-1	Occupational health and safety management system	10. Responsible employer > Employee Safety and Health, professional and occupational sickness prevention	72	Fully
<b>404. Training and Education (2016)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material issues > Materiality Matrix	20-21	Fully
103-1	Explanation of the material topic and its boundary	04. Our material issues > Materiality Matrix	20-21	Fully
103-2	The management approach and its components	10. Responsible employer > Policy and management approach; 05. Governance and sustainability management > Diversity Policy	68; 28	Fully
103-3	Evaluation of the management approach	10. Responsible employer > Policy and management approach; 05. Governance and sustainability management > Diversity Policy	68; 28	Fully
405-1	Diversity of governance bodies and employees	10. Responsible employer > Diversity and Equal Opportunities	78	Fully
405-2	Ratio of basic salary and remuneration of women to men	10. Responsible employer > Diversity and equal Opportunities	78	Fully
<b>413. Local Communities (2016)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material issues > Materiality Matrix	20-21	Fully
103-2	The management approach and its components	12. Supporting communities	94	Fully
103-3	Evaluation of the management approach	12. Supporting communities	94	Fully
413-1	Operations with local community engagement, impact assessments, and development programs	03. Stakeholder engagement; 12. Supporting communities	17; 94	Partially
<b>415. Public Policy (2016)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	This topic is non-material. See also: 07. Ethics and integrity > Public policy and government relations	49	Fully

# GRI Content Index

Disclosure Number	Disclosure Title	Location Within Report (Section)	Page(s)	Reporting Status
103-2	The management approach and its components	07. Ethics and integrity > Public policy and government relations	49	Fully
103-3	Evaluation of the management approach	07. Ethics and integrity > Public policy and government relations	49	Fully
415-1	Political contributions	TBC has a clearly apolitical and neutral position. According to to company policy, financing or lobbying political parties is prohibited. No political contributions have been made by TBC in 2019 directly or indirectly to any political party		Fully
<b>417. Marketing and Labeling (2016)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material issues > Materiality Matrix	20-21	Fully
103-2	The management approach and its components	11. Treating our customers responsibly > Business integrity in client relationships; Clients' complaints management	85-86	Fully
103-3	Evaluation of the management approach	11. Treating our customers responsibly > Business integrity in client relationships; Clients' complaints management	85-86	Fully
417-1	Requirements for product and service information and labeling	11. Treating our customers responsibly > Responsible and fair marketing and sales activities	85	Fully
417-2	Incidents of non-compliance concerning product and service information and labeling	11. Treating our customers responsibly > Responsible and fair marketing and sales activities	85	Fully
417-3	Incidents of non-compliance concerning marketing communications	11. Treating our customers responsibly > Responsible and fair marketing and sales activities	85	Fully
<b>418. Customer privacy</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material issues > Materiality Matrix	20-21	Fully
103-2	The management approach and its components	"11. Treating our customers responsibly > Customer privacy and data protection"	83-84	Fully
103-3	Evaluation of the management approach	11. Treating our customers responsibly > Customer privacy and data protection	83-84	Fully
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	11. Treating our customers responsibly > Protecting customers' personal information	84	Fully

# GRI Content Index

Disclosure Number	Disclosure Title	Location Within Report (Section)	Page(s)	Reporting Status
<b>418. Customer privacy</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material issues > Materiality Matrix	20-21	Fully
103-2	The management approach and its components	11. Treating our customers responsibly > Customer privacy and data protection	83-84	Fully
103-3	Evaluation of the management approach	11. Treating our customers responsibly > Customer privacy and data protection	83-84	Fully
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	11. Treating our customers responsibly > Protecting customers' personal information	84	Fully
<b>419. Socioeconomic Compliance (2016)</b>				
<b>Management Approach - GRI 103 (2016)</b>				
103-1	Explanation of the material topic and its boundary	04. Our material issues > Materiality Matrix	20-21	Fully
103-2	The management approach and its components	05. Governance and sustainability management > Risk management model; Compliance with laws and regulations in the social and economic area	30; 33	Fully
103-3	Evaluation of the management approach	05. Governance and sustainability management > Risk management model; Compliance with laws and regulations in the social and economic area	30; 33	Fully
419-1	Non-compliance with laws and regulations in the social and economic area	05. Governance and sustainability management > Compliance with laws and regulations in the social and economic area	33	Fully

## UN Global Compact COP index

This report serves as our 2019 communication on progress for the United Nations Global Compact (UNGC). TBC joined the UNGC in 2012, and we continue to embed the Compact's 10 principles across our business and report on activities related to human rights, labor issues, the environment and anti-corruption.

UNGC Principle	Report Section	Page
<b>Human Rights</b>		
<b>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights</b>	07. Ethics and Integrity > Business ethics and ethical conduct	44
	10. Responsible employer > Employee Safety and Health, professional and occupational sickness prevention	72
	10. Responsible employer > Diversity and equal opportunities	77
	11. Treating our customers responsibly > Customer Privacy and data protection	82
<b>Principle 2: Make sure that they are not complicit in human rights abuses</b>	05. Governance and sustainability management	26
	09. Environmental responsibility > Environmental policy and management approach	56
	10. Responsible employer > Employee Safety and Health, professional and occupational sickness prevention	72
	11. Treating our customers responsibly > Business integrity in client relationships	85
<b>Labor</b>		
<b>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining</b>	10. Responsible employer > Policy and management approach	68
	07. Ethics and integrity > Business ethics and ethical conduct	44
<b>Principle 4: The elimination of all forms of forced and compulsory labour</b>	10. Responsible employer > Policy and management approach	68
	14. Responsible banking > Transaction qualification and categorization	120
<b>Principle 5: The effective abolition of child labour</b>	10. Responsible employer > Policy and management approach	68
	14. Responsible banking > Transaction qualification and categorization	120
	10. Responsible employer > Diversity and equal opportunities	77
<b>Principle 6: The elimination of discrimination in respect of employment and occupation</b>	10. Responsible employer > Salary and benefits, employee social protection	71

## Environment

<b>Principle 7: Businesses should support a pre-cautionary approach to environmental challenges</b>	09. Environmental responsibility > Risk management and legislative compliance	<b>58</b>
	14. Responsible banking > Transaction qualification and categorization	<b>120</b>
<b>Principle 8: Undertake initiatives to promote greater environmental responsibility</b>	09. Environmental responsibility	<b>56</b>
	14. Responsible banking > Supporting our clients and partners to embed environmental policies and practices	<b>122</b>
	114. Responsible banking > Products and services offering social and environmental added value	<b>123</b>
<b>Principle 9: Encourage the development and diffusion of environmentally friendly technologies</b>	14. Responsible banking	<b>120</b>
<b>Anti-Corruption</b>		
<b>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery</b>	07. Ethics and integrity > Anticorruption, countering bribery and money laundering	<b>47</b>

