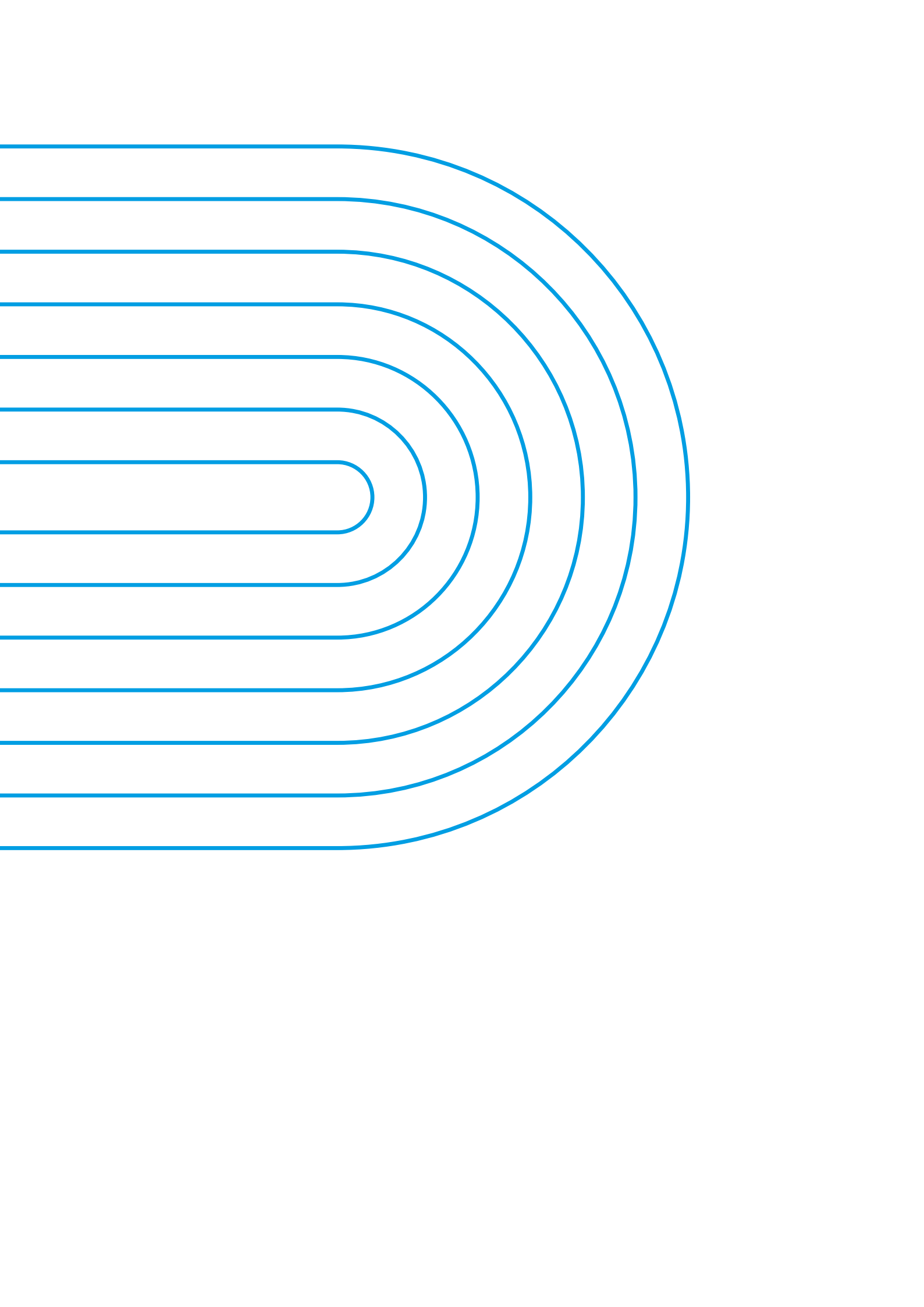


TBC Group Sustainability Report

2021



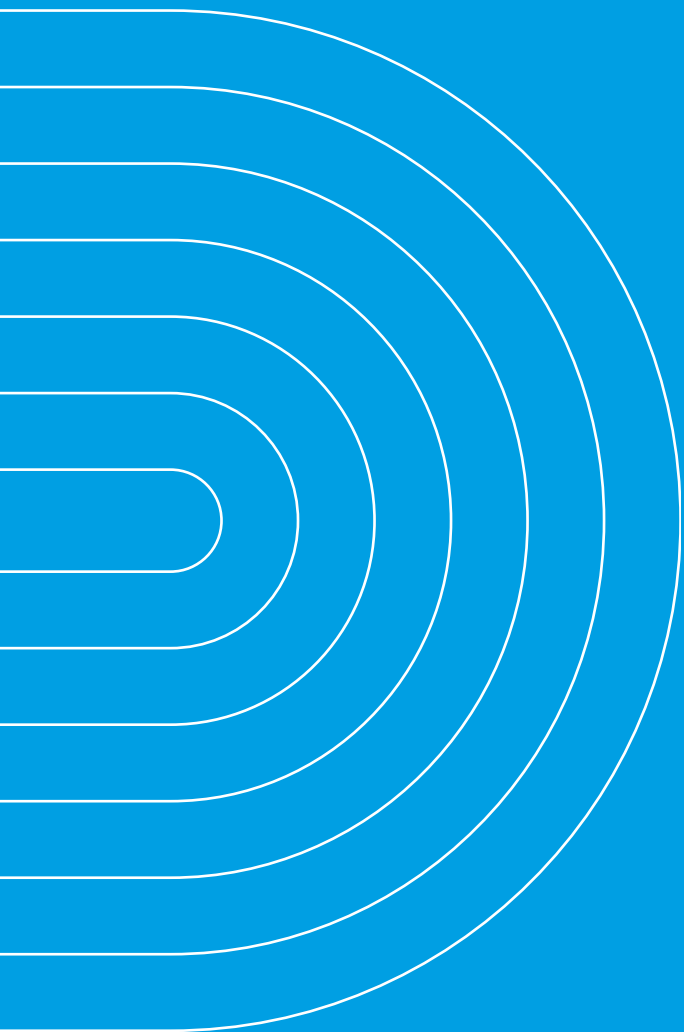




TBC Group Sustainability Report



2021



TBC BANK

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CEO STATEMENT



Since its foundation, TBC Bank always acknowledged its important role in society's development. As a leading financial institution and one of the largest companies in Georgia, TBC has been introducing the highest standards of social responsibility and sustainable development. Guided by high ethical principles and a strong internal culture, TBC has had a significant impact on the financial, economic and social development of Georgia for 30 years.

TBC has an ambition to be an exemplary company in fostering and supporting environmental, social and governance (ESG) principles in the country and the region. We have a dedicated group of professionals whose goal is to sustain responsible business practices towards employees, customers, the community and the environment. TBC provides green financing to promote sustainable business models and business operations and monitors its supply chain, avoiding companies with poor environmental and social practices. Thus, we promote the idea of sustainability within our organization and outside of it.

The past months have been overshadowed by the Russian-Ukrainian war and the adverse implications of the military actions for the Ukrainian people. We hope that this war will come to an end and the parties will arrive at a peaceful solution in the nearest future. The war crisis has shown 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 daily care and nourishment.

This year, we have decided to enhance our environmental, social and governance (ESG) efforts by developing a comprehensive ESG strategy and setting targets in the areas of sustainable lending, net-zero emissions, climate change, social procurement, workplace diversity and women's empowerment. We aim to have a GEL 1 billion sustainable loan portfolio by the end of 2023 and to increase our impact further thereafter. In March 2021, we established a dedicated ESG Committee at TBC Bank level in order to foster the development and implementation of the ESG Strategy, which was approved by the Board in November 2021. Furthermore, TBC is committed to implementing the recommendations of the Task Force on Climate-related Financial Disclosures and integrating issues related to climate change into its daily operations, services and products. These commitments and objectives aim to increase our understanding of the impact of climate change on business activities, the environment and society. The Group's objective is to act responsibly and manage the environmental and social risks associated with its operations, increase the resilience of customers, employees, businesses and society towards climate change risks and support them in pursuing climate-related opportunities.

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 for many years. We promote collaboration and teamwork and provide employees with a fair, healthy and safe work environment. TBC pays special attention to anti-discrimination policies and the creation of equal opportunities. In 2021, we developed a Gender Policy, which was upgraded to the Diversity, Equality and Inclusion Policy in the beginning of 2022. The policy sets targets and establishes a methodology to advance diversity, equal-

ity, and inclusion, integrating its approach into the operations of the company and focusing on diverse areas including gender, multicultural, multigenerational and disability backgrounds. We aim to have an even more dynamic and flexible corporate culture. I am also delighted that, according to the FTSE Women Leaders Review, TBC was the first-placed banking sector company in the FTSE 250 2021 ranking on the London Stock Exchange, with 45.5% representation of women on the Board of Directors and in leadership positions.

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 and appreciate the trust that customers have in our institution. With modern challenges of cyber security and information privacy, we place 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 choose the best and most suitable option. 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.

Our digital solutions are easy to use, allowing our customers to conduct most of their daily banking operations comfortably online. In addition, our digital offerings increase financial inclusion, since they allow people from remote areas of Georgia, who have no access to physical branches, to conduct banking remotely without any need to travel to physical branches. I am delighted to report that our digitalization levels continue to increase. In the fourth quarter of 2021, the number of active retail digital users increased by 14% year-on-year and reached 744,000. The proportion of digital sales of our consumer loans amounted to 45%, while the deposit sales offloading ratio stood at 73%.

Supporting and empowering the next generation is TBC's promise for the next decade. Our mission is to become an unconditional supporter of the new generation, simplifying the way for the youth to achieve their goals, creating more opportunities, and motivating them to discover their interests and turn innovative ideas into reality. We have already a range of projects in areas such as education, technology and innovations, startups, culture and art, urban sports, mental well-being and more. TBC focuses on both schoolchildren and students equally across the country and regions. Furthermore, we have united dozens of projects and initiatives that support young people in one platform, TBC for Youth. Our desire is to help young people develop into successful, composed and independent individuals who know what they want and how to achieve their goals.

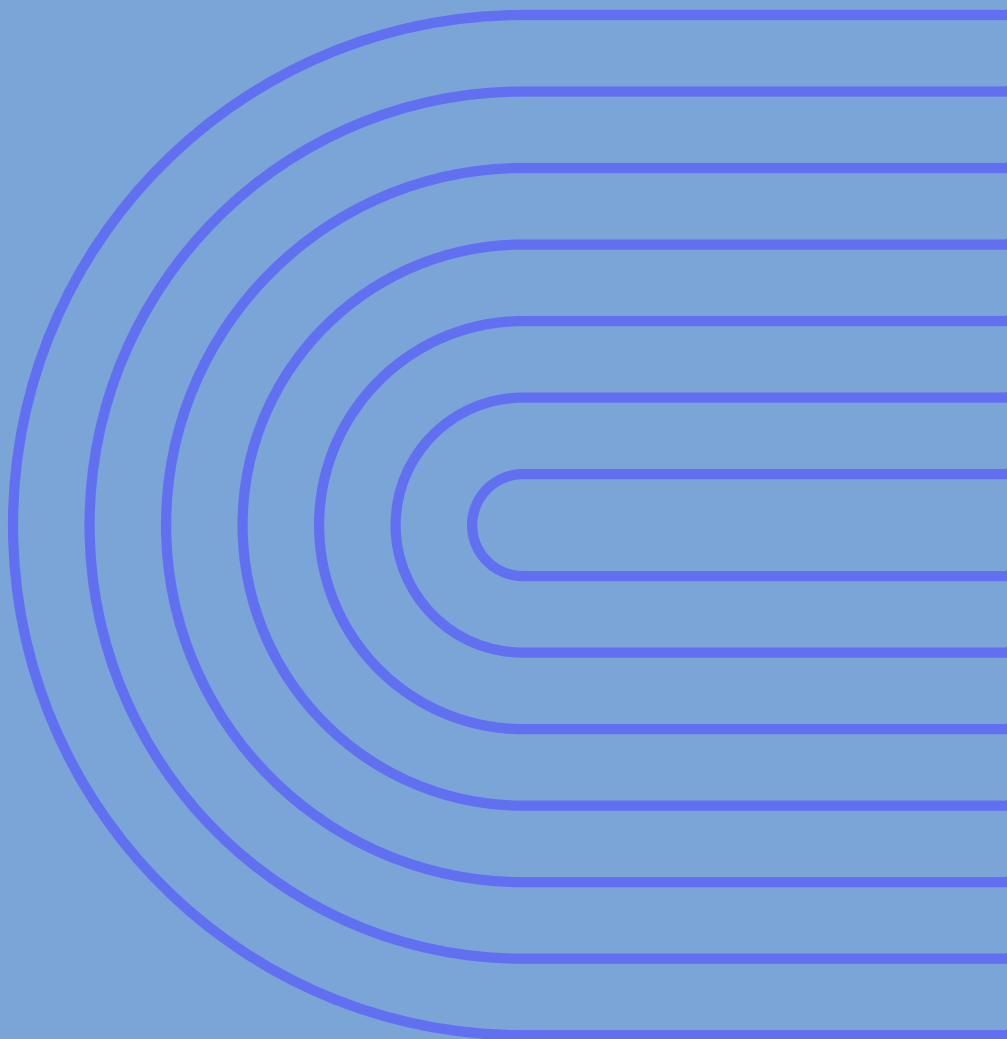
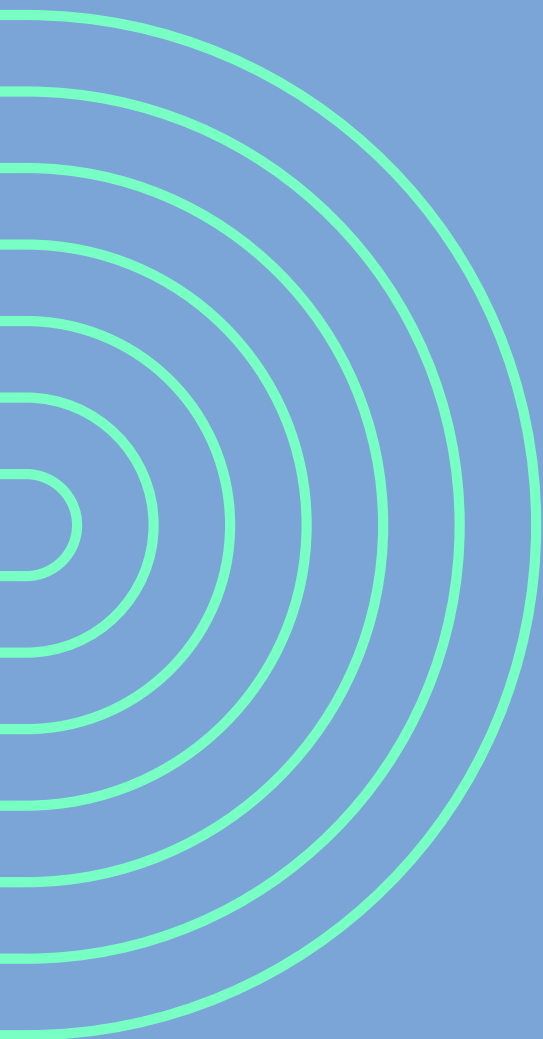
Since 2020, TBC has expanded its operations via a digital banking platform in Uzbekistan. Guided by the mission to make people's lives easier, TBC UZ has been making a big difference in terms of financial inclusion and ease of access for customers via its superior digital proposition, leading the market and promoting changes. We cover all major regions through our 35 customer acquisition points and 10 showrooms, while the number of registered and monthly active users of our digital banking app in 2021 reached 1.1 million and 141,000, respectively. I am also delighted that TBC UZ has been named "the Best Digital Bank in Uzbekistan 2021" by Global Economics.

This year, we were awarded a special prize for our outstanding efforts to champion the UN Sustainable Development Goals (SDGs) in the country at the prestigious Corporate Responsibility Award Ceremony 2021, organised by UN Global Compact Network Georgia. The outstanding results that we achieved in the last three decades provide a strong foundation for our future aspirations and commitments in order to allow young generations to pursue their goals in the safe and prosperous environment, to increase resilience of households, businesses and economy towards future challenges, and to create the opportunities for transition to the low-emission, technology and innovation driven economy.

Vakhtang Butskhrikidze
CEO

20 June 2022







WHO WE ARE – TBC AT A GLANCE

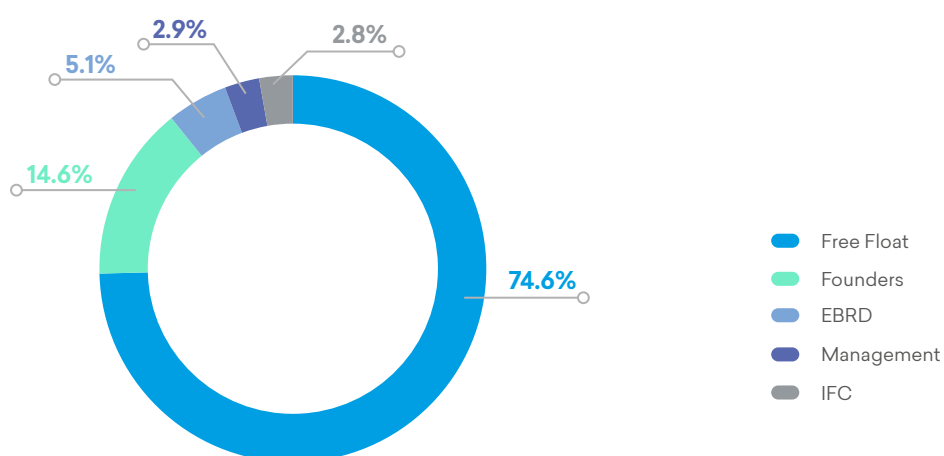
- **Our Mission**
- **Highlights 2021**
- **External ESG Benchmarks**
- **Awards**
- **Subsidiaries**

WHO WE ARE – TBC AT A GLANCE

We are a leading universal banking group in Georgia already for 30 years, with market shares¹ of 38.8% and 40.4% in total loans and deposits respectively and with diversified business across all major market segments. We offer a wide range of traditional financial services paired with innovative digital solutions, creating a seamless customer experience. Since October 2020, we expanded our banking operations to Uzbekistan, by utilizing our innovative fintech platform, Space, to exploit the exciting growth opportunities offered by the Uzbek market.

TBC Bank is listed on the premium segment of the London Stock Exchange and is a FTSE 250 constituent. It is also a member of the MSCI United Kingdom Small Cap Index.

TBC BANK GROUP PLC SHAREHOLDING STRUCTURE AS OF 31 DECEMBER 2021



Note: Based on independent research

OUR MISSION

To make life easier

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

¹ Based on data published by the National Bank of Georgia as of 31 December 2021





HIGHLIGHTS 2021

LEADING UNIVERSAL BANK IN GEORGIA

MARKET SHARE¹

38.8%

TOTAL LOANS

40.4%

TOTAL DEPOSITS

A LEADER IN THE RETAIL BANKING SEGMENT IN GEORGIA

c. 1.5 mln

NUMBER OF ACTIVE
CUSTOMERS

GEL 6,266 mln

LOAN VOLUME

GEL 5,630 mln²

DEPOSIT VOLUME

THE LEADING PARTNER BANK FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSME) IN THE COUNTRY

81,000

ACTIVE CUSTOMERS

GEL 4,141 mln

LOAN VOLUME

GEL 1,564 mln

DEPOSIT VOLUME

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

7000³

NUMBER OF
CUSTOMERS

GEL 6,548 mln

LOAN VOLUME

GEL 7,379 mln

DEPOSIT VOLUME



BEST-IN-CLASS DIGITAL CHANNELS

97%

RETAIL
OFFLOADING RATIO

744,000

NUMBER OF ACTIVE DIGITAL
RETAIL USERS

4.9 stars

MOBILE BANKING APP RATING ON
BOTH GOOGLE PLAY STORE AND
APPLE APP STORE

98%

OF OUR ACTIVE CUSTOMERS
USE BUSINESS INTERNET
OR MOBILE BANKING

44%

DAU/MAU

MULTI-CHANNEL DISTRIBUTION NETWORK

147

NUMBER OF BRANCHES

4.2K

NUMBER OF SELF-SERVICE TERMINALS

1.6K

NUMBER OF ATMS⁴

26K

NUMBER OF ACTIVE MERCHANT TERMINALS⁵

1 Based on data published by the National Bank of Georgia as of 31 December 2021

2 Deposit volume In 2020 - GEL 4675,661

3 Out of which 4,340 are corporate clients and 2,660 Wealth Management clients.

4 Including partner banks

5 Active merchant terminals include POS terminals and ecommerce with at least one transaction conducted during the month.



OUR RESPONSIBLE BANKING

#1 BANK AMONG PARTICIPANTS IN THE GOVERNMENT CREDIT GUARANTEE SCHEMES⁶ IN THE COUNTRY

GEL 210.6 mln

PORTFOLIO COVERED BY TBC

57.6%

TOTAL LOANS APPROVED⁷

“PRODUCE IN GEORGIA” “HOST IN GEORGIA” AND “PREFERENTIAL AGRO CREDIT”

2,096

NUMBER OF LOANS

GEL 530 mln

VOLUME OF LOANS

PROGRAM FOR STARTUP ENTERPRISES

493

ACTIVE LOANS

GEL 196.9 mln⁸

LOAN VOLUME

A LEADING PARTNER IN LOCAL RENEWABLE ENERGY FINANCING

56%

IN OUR ENERGY SECTOR FINANCING⁹

GEL 554 mln

VOLUME OF OUR LOCAL RENEWABLE ENERGY FINANCING

OUR CUSTOMERS

90%

SCORE IN CLIENT FOCUS SURVEY EMPLOYEE PERSPECTIVE¹⁰

ACCESSIBILITY OF THE BANK'S BRANCHES FOR PEOPLE WITH DISABILITIES

79%

BRANCHES IN TBILISI

87%

BRANCHES IN REGION



OUR EMPLOYEES

Collaborative & Dynamic Corporate Culture

9862

NUMBER OF EMPLOYEES

63%

SHARE OF WOMEN EMPLOYEES ACROSS
THE GROUP'S ENTIRE WORKFORCE

38%¹¹

WOMEN IN THE INFORMATION AND
COMMUNICATION TECHNOLOGY (ICT) AREA

85%

EMPLOYEE HAPPINESS INDEX¹²

66%

EMPLOYEE NET PROMOTER SCORE¹³

1st place

FTSE 250 RANKING WITH 45.5% OF WOMEN IN
LEADERSHIP POSITIONS AMONG THE
COMPANIES IN THE BANKING SECTOR

OUR ENVIRONMENT AND COMMUNITY

ISO 14001:2015

RE-CERTIFICATION

GEL 900,000¹⁴

ALLOCATED FOR SOCIAL EVENTS AND CHARITY

⁶ A security provided by the government for up to 90% of the principal amount for each loan disbursed by the bank within the framework of the program for the following economic activities: Production and processing, Hotel industry, Electricity generation, Educational activities, Training centers, Export of services, High-tech medical laboratories. The program is implemented by "Enterprise Georgia" – an agency, established by the Ministry of Economy and Sustainable Development of Georgia, together with the Ministry of Agriculture.

⁷ Source: "Enterprise Georgia" – the government agency

⁸ as of 31 December 2021

⁹ According to the internal data

¹⁰ Based on internal survey among TBC Bank's employees in October 2021, the rate of 2020 was 91%.

¹¹ Out of the employees who are working in the ICT fields in TBC Bank

¹² Employee Happiness Index was assessed internally based on comprehensive survey prepared with the assistance of the world's leading consulting firm and measures whether employees feel happy and satisfied with their job. The index was measured in July 2021 for the Bank's employees by an independent consultant.

¹³ Employee Net Promoter Score was measured in October 2021 by an independent consultant for the Bank's employees.

¹⁴ Including TBC scholarships, SABA, supporting Museums and other CSR projects



EXTERNAL ESG BENCHMARKS

SUSTAINALYTICS

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



14.0 LOW RISK

MSCI ESG RATING

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



MSCI Disclaimer statement

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

ISS ESG SCORE



TBC Bank Group PLC’s last Governance data profile update, Jun 02, 2022. Last E&S data profile update, Nov 19, 2021.

- ① Governance
- ② Environment
- ② Social

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

FTSE4GOOD INDEX SERIES

BC Bank Group PLC is a constituent company in the FTSE4Good Index Series.



FTSE4Good

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

AWARDS

TBC Bank has been awarded a special prize for its outstanding efforts to champion UN Sustainable Development Goals in the country at Corporate Responsibility Award Ceremony 2021 organized by UN Global Compact Network Georgia.

THE MOST AWARD-WINNING BANK IN GEORGIA

- Best Private Bank in Georgia 2022, Global Finance;
- The Best Private Bank in Georgia 2021, PWM and the Banker magazine;
- Best Integrated Consumer Bank Site in Central and Eastern Europe 2021, Global Finance;
- Best Integrated Corporate/ Institutional Banking Site 2021 in Central and Eastern Europe;
- Best Corporate/Institutional Mobile Banking App 2021 in Central and Eastern Europe;

Best Online Portal category of the World's Best Corporate/Institutional Digital Banks for 2021¹⁵

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

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

¹⁵ The full list of more than 150 awards received by TBC Bank is given at: www.tbcbankgroup.com.



Network Georgia

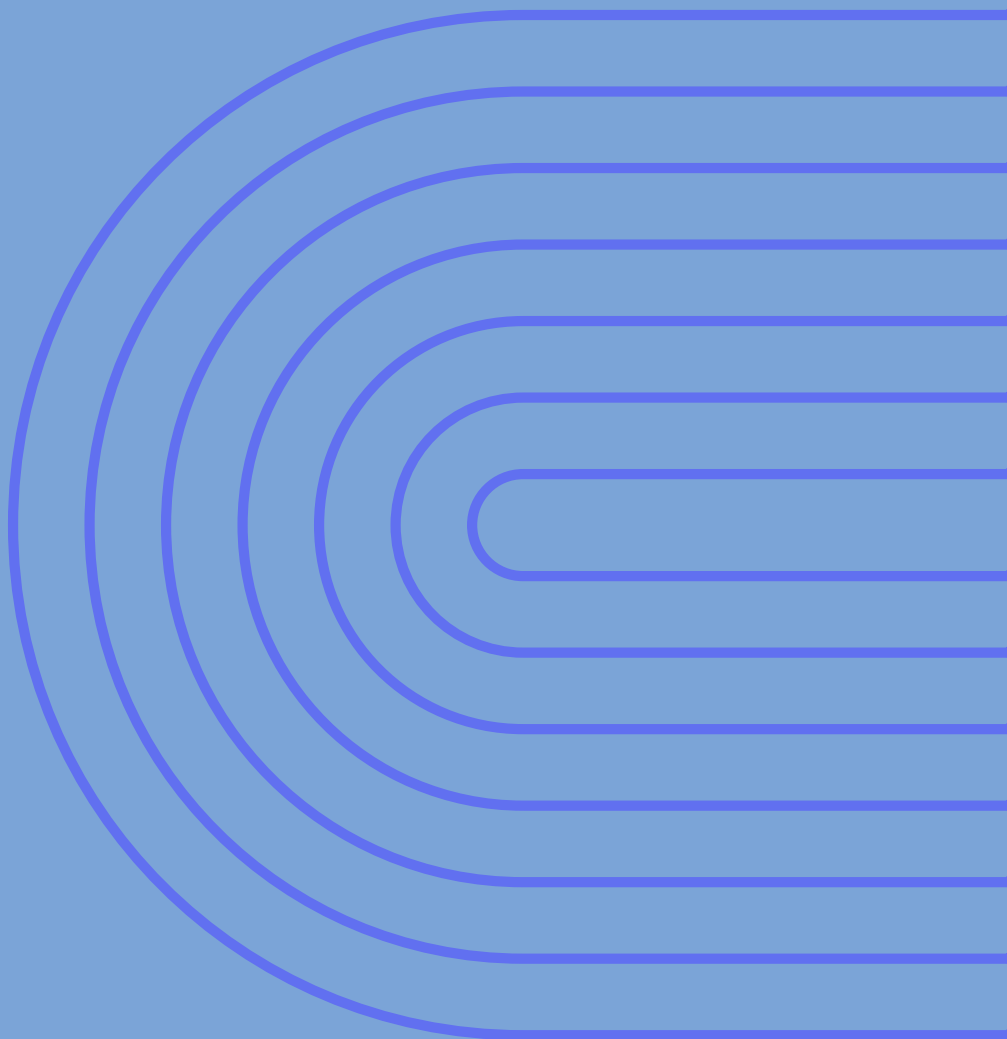
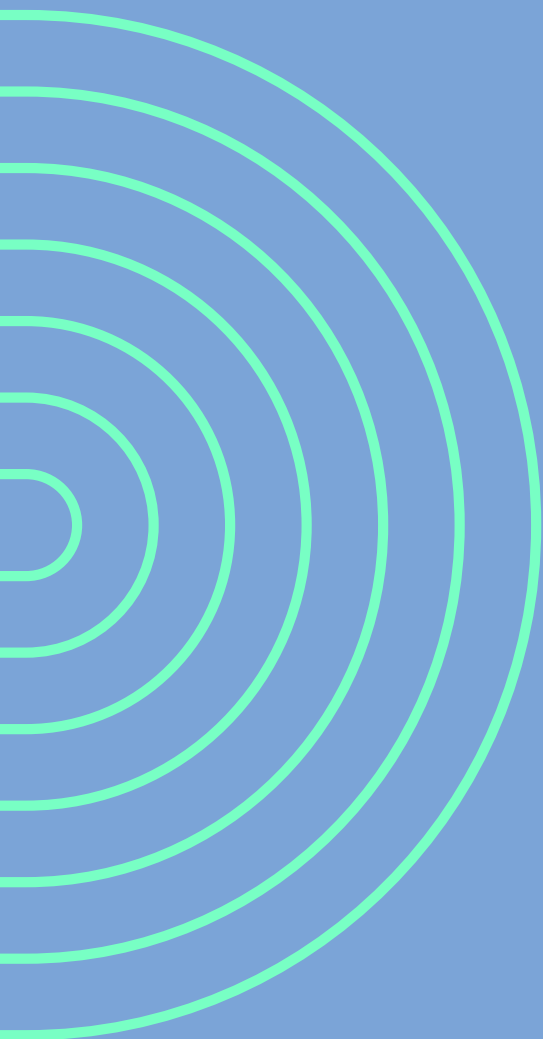
Global Compact Network Georgia Award 2021

TBC Bank has been awarded a special prize for its outstanding effort to champion sustainable development in the country at Corporate Responsibility Award Ceremony 2021 organized by UN Global Compact Network Georgia

Subsidiaries

Subsidiary Name	Ownership / voting % as of 31 December 2021	Country	Year of incorpora- tion	Industry	Total Assets (after elimination)	
					Amount GEL'000	% in TBC Group
JSC TBC Bank	99.9%	Georgia	1992	Banking	21,943,826	97.19%
• United Financial Corporation JSC	99.50%	Georgia	1997	Card processing	19,886	0.08%
• TBC Capital LLC	100.00%	Georgia	1999	Brokerage	3,926	0.02%
• TBC Leasing JSC	100.00%	Georgia	2003	Leasing	351,563	1.43%
• TBC Kredit LLC	100.00%	Azerbaijan	1999	Non-banking credit institution	22,216	0.09%
• TBC Pay LLC	100.00%	Georgia	2009	Processing	44,256	0.18%
• Index LLC	100.00%	Georgia	2011	Real estate management	1,566	0.01%
• TBC Invest LLC	100.00%	Israel	2011	PR and marketing	312	0.00%
• TBC Asset management LLC	100.00%	Georgia	2021	Asset Management	0	0.00%
JSC TBC Insurance	100.00%	Georgia	2014	Insurance	80,175	0.33%
• Redmed LLC	100.00%	Georgia	2019	E-commerce	1,498	0.00%
TBC NET LLC*	100.00%	Georgia	2019	Asset Management	58,302	0.24%
• Swoop JSC**	N/A	Georgia	2010	Retail Trade	657	0.00%
• LLC Online Tickets	55.00%	Georgia	2015	Software Services	3,027	0.01%
• TKT UZ	75.00%	Uzbekistan	2019	Retail Trade	103	0.00%
• My.ge LLC**	N/A	Georgia	2008	E-commerce, Housing and Auto	25,656	0.10%
Vendoo LLC (Geo)	100.00%	Georgia	2019	Retail Leasing	3,920	0.02%
MyPost LLC	100.00%	Georgia	2019	Postal Service	108	0.00%
Billing Solutions LLC	51.00%	Georgia	2019	Software Services	412	0.00%
• All property.ge LLC**	N/A	Georgia	2013	Real estate management	4,578	0.02%
• LLC F Solutions	100.00%	Georgia	2019	Software Services	11	0.00%
TBC Connect LLC**	N/A	Georgia	2020	Software Services	4	0.00%
Marjanishvili 7 LLC	100.00%	Georgia	2020	Food and Beverage	840	0.00%
Artarea.ge LLC	100.00%	Georgia	2021	PR and marketing	63	0.00%
Saba LLC	85.00%	Georgia	2012	Education	63	0.00%
TBC Art Gallery LLC	100.00%	Georgia	2012	PR and marketing	0	0.00%
Space JSC	100.00%	Georgia	2021	Software Services	31,683	0.13%
• Space International JSC	100.00%	Georgia	2021	Software Services	31,683	0.13%
TBC Group Support LLC	100.00%	Georgia	2020	Risk Monitoring	1	0.00%
Inspired LLC	51.00%	Uzbekistan	2011	Processing	30,417	0.12%
TBC Bank JSC UZ	60.20%	Uzbekistan	2020	Banking	222,039	0.91%
LLC Vendoo (UZ Leasing)	100.00%	Uzbekistan	2019	Consumer financing	1,579	0.01%







ABOUT THIS REPORT

- **Reporting Period**
- **Scope of the Report**
- **Reporting Framework**

ABOUT THIS REPORT

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

We are listed on the premium segment of London Stock Exchange and our investors expect us to comply with global standards of a sustainability. Our business is developing and becoming more and more diversified. We enter new markets, new customer segments. Thus, this report is designed for all interested parties and groups in Georgia as well as abroad and aims to give them clear, fact-based information about the social, economic and environmental impact of our activities in 2021. The report presents our endeavors for creating value for our employees, clients, suppliers, partners and society as a whole.

Reporting period

The figures in the report cover period from January 1st to December 31, 2021. Where reasonable, the narrative part of the report includes projects from 2022.

Scope of the report

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

Reporting framework

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

This report is a GRI referenced report, addressing the majority of the core option requirements and reporting management approach for all material topics applying GRI 103: Management Approach standard. Please see the list of referenced GRI standards attached at the end of the report: GRI Content Index, pg. 214. Here, interested parties can easily find specific data related to the GRI Standards.

This report also serves as a Communication on progress for the UN Global Compact and on the UN Women Empowerment Principles.

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



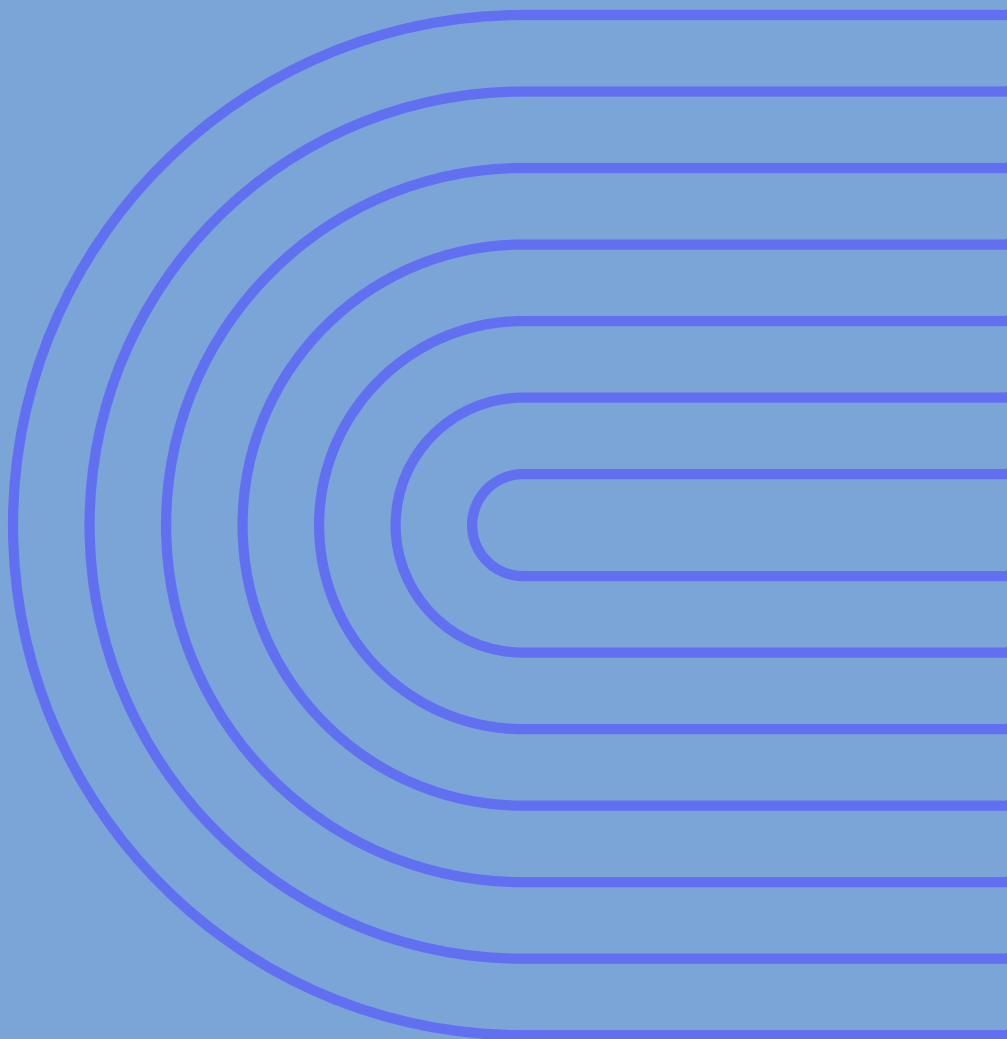
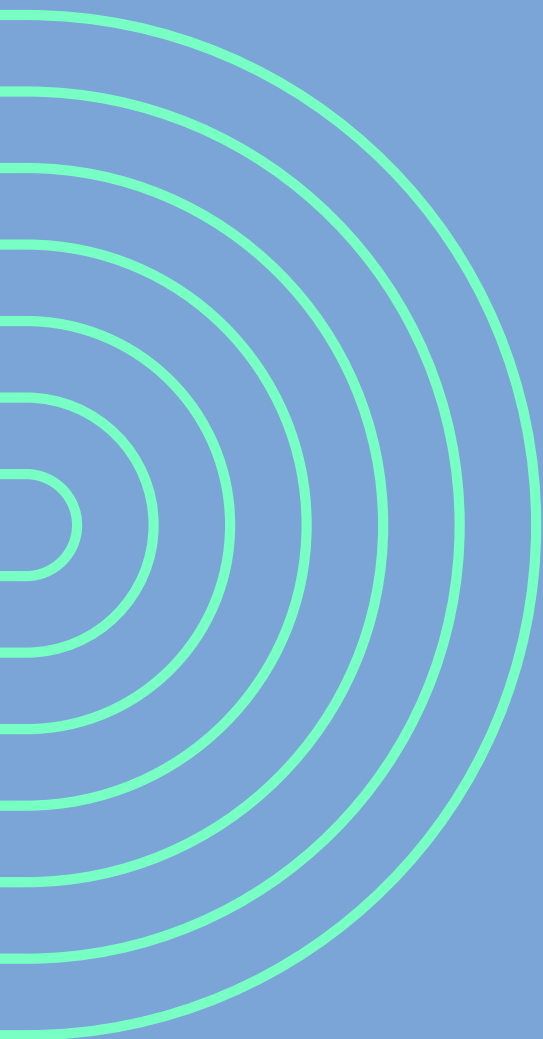


BARTA - AWARDS 2021

TBC became the winner of the Best Annual Report and Transparency Award (BARTA) 2021 for the Best Sustainability Report. The Annual Report and Transparency Award was established three years ago by the EU-World Bank Joint Financial Involvement and Accountability Project in partnership with the Georgian National Fund for Accounting, Auditing and Reporting Reform Support.

This award for the Best Sustainability Report was established this year.







STAKEHOLDER ENGAGEMENT

- **Our Customers**
- **Our Colleagues**
- **Our Investors**
- **Our Community and Environment**

STAKEHOLDER ENGAGEMENT

Goals and aspirations

OUR ENGAGEMENT

OUR CUSTOMERS

Our goals and aspirations: Our mission is to make people's lives easier. Our customers are key stakeholders in everything we do. We make our decisions on strategy, products and services with this mission in mind.

We engage with our customers every day through the multiple touchpoints we have developed to deliver our banking and ecosystem products. This year, we have continued to work with leading independent research companies to carry out a focused analysis of customer feedback in Georgia. Traditionally, we continue to monitor and respond to customer complaints through our robust framework of branches, award-winning digital channels, social media, and call centres in Georgia. In 2021, we also launched our banking operations in Uzbekistan and made sure to establish effective touchpoints with our consumers there. Our customers in Uzbekistan have appreciated our new Happiness Centres which serve as the main point of contact for our otherwise digital network.

OUR COLLEAGUES

Our goals and aspirations: Our colleagues continue to drive our success and our Board makes all strategic decisions with a special emphasis on the Company's human capital.

TBC was early to recognise the changing nature of work during the COVID-19 pandemic. Our colleagues continue to work from home where this is possible. The Bank makes sure that our employees have the resources to remain physically and mentally healthy, motivated and safe.

Despite the challenges posed by remote working arrangements, our Board maintained very active engagement with the workforce throughout the year. The designated non-executive director for Workforce Engagement conducted multiple in-person focus groups, as well as targeted online surveys to better identify areas for improvement and to consistently bring the employee voice into the boardroom.

Our management board held monthly online meetings with the full workforce on various topics related to delivering strategy and achieving objectives, the importance of vaccination, workplace safety and mental health. We ran a wide-scale campaign to encourage our staff to be vaccinated against COVID-19. As a result, around 85% of all our employees were vaccinated or were scheduled to receive a vaccine, by the end of 2021. Our colleagues had the opportunity to meet with prominent health-care experts via Zoom and ask questions directly. TBC also continued to engage with the workforce through traditional annual opinion surveys. Through these engagements, we measure the workforce's happiness index and net promoter score, both of which remain high despite the pandemic-related challenges.



WHAT THEY TELL US

This year, our customers have shown resilience in their financial recovery and growth following the challenges of the COVID-19 pandemic. They have also remained welcoming of our expanding digital offerings. They appreciated the business services and expertise that our staff provided to them during key moments of recovery and continue to rely on our support as their main business partner. Our Uzbek call centre has been especially effective, receiving the highest customer satisfaction scores in the market. For more details please refer to the International Expansion Review section in the Annual Report on pages 68-73.

Our colleagues have appreciated the continued flexibility to work from home during the pandemic. They were also interested in development opportunities for career progression. Our employees were particularly engaged with the educational opportunities offered by the Bank. Through our robust Workforce Engagement process, the Board learned that our employees were satisfied with the channels and opportunities available for raising their concerns to the attention of the senior management and the Board. Our workforce felt that employee interests were taken into consideration in the way the Board and the senior management made decisions. However, they indicated that more engagement was needed on matters related to the organisational grading system.

OUR RESPONSE AND IMPACT ON BOARD DECISIONS

We maintained a sharp focus on customer needs in the boardroom. In 2021, TBC created a separate department dedicated to our brand and customer experience, merging the two existing but separate functions. In April and November 2021, we strengthened our Board with new directors who have specific and relevant experience in our business and strategy, including banking, risk management, audit, and IT expertise and knowledge of the Georgian market. Our Risk Committee monitored the Bank's portfolio closely during monthly meetings with an emphasis on customer experience and recovery. We maintained our focus on ensuring that our products and services were available without interruption, and we continued to develop new digital offerings. Additionally, we expanded our digital offerings to include end-to-end online disbursement capability for consumer loans and an open banking offering that allows customers to access information on all their accounts from different banks in one app.

The Board's decision making maintains a special focus on our employees as key drivers and stakeholders in the Company's overall success. This year, the Board ensured that strategic decisions took into account availability of appropriate talent through organization, compensation and work arrangements. The Board made sure that a robust human resources strategy was in place at all levels of management to recruit, identify, train and promote talent throughout the Group. Additionally, the Board, with support from the Remuneration Committee, ensured that clear and competitive compensation policies and principles were in place for the Group, including in our subsidiary in Uzbekistan. We continued to train our workforce internally through the free digital and in-person TBC Academy programmes, and we expanded the selection of modules on offer to our employees. In 2021, the Board also approved the updated Code of Conduct, which incorporated new work-from-home provisions.







OUR ENGAGEMENT

OUR INVESTORS

Our goals and aspirations: We continue to create value through a strong and diverse business model and generate sustainable returns for our diverse shareholder base. We also work to maintain effective, long-term relationships with our debt investors and partners, as well as with our shareholders.

We run an extensive investor relations programme, which offers investors various opportunities to engage with senior management through quarterly financial results calls, post-results roadshow meetings, and regular participation in investor conferences. Given pandemic-related travel restrictions, our engagement with investors took place online for most of 2021. However, starting from November 2021, we were able to resume in-person meetings with some of our investors.

In 2021, our new Board members actively engaged with the Group's Investor Relations function to enhance our annual investor relations communications strategy. The Board continues to emphasise transparency, openness and availability to increase stakeholders' understanding of our strategy, business direction and how we generate value for our shareholders through our various offerings. We continue to develop our reporting and disclosure actively as means to achieve these ambitions.

As we disclosed in June 2021, four resolutions attracted more than 20% negative votes at our 2021 annual general meeting (AGM). In accordance with provision 4 of the UK Corporate Governance Code (the Code), the Board consulted with those shareholders who voted against to understand and discuss their concerns with respect to each of Resolutions 2, 15, 16 and 17.

OUR COMMUNITY AND ENVIRONMENT

Our goals and aspirations: Our continued success is placed in the context of the society and environment where our customers and employees live and work. We aspire to have a positive impact by investing in areas that will stimulate sustainable economic growth and prosperity in our community, as well as preserve the environment in which we operate.

Our engagement: TBC is an integral part of the communities where it operates. We depend on these communities and understand the positive role we can play in developing them. Strong corporate social responsibility has been in TBC's DNA since its founding. Ways in which the Board engaged with communities during 2021 included: Regular updates on the process of developing our ESG Strategy and setting ESG targets through the active work of the Risk Committee; Frequent updates from the Bank's Chief Economist on the macroeconomic dynamics in our primary markets of operation with a sustained specific focus on the impact of COVID-19; Updates from the Group CEO on bank-wide efforts to manage and respond to the post-pandemic challenges faced by our employees and customers.



WHAT THEY TELL US

In 2021, much like the previous year, investors were interested to know that the country, our Bank and customers were recovering from the pandemic. Investors' questions once again focused on asset quality and capital and liquidity positions, and they were pleased to see that our strong capital generation allowed us to distribute interim dividends in 2021. Investors were also interested in the progress achieved in terms of our focus on digital capabilities. Our investors asked questions regarding our alignment with the Hampton-Alexander gender diversity targets of 33% female representation on the Board of Directors. Investors were pleased to see that TBC achieved this target in November 2021, with the appointment of the third female non-executive Director, Nino Suknidze. In addition, our robust profitability supported by strong revenue generation and recoveries in provisions was noted by investors. Also, the level of interest in our Uzbek expansion increased considerably. In many instances, a substantial amount of time during meetings was dedicated to discussing our strategy, competitive landscape and achievements.

Communities in Georgia are primarily concerned with access to finance and education, development opportunities for the youth, and support for small business and entrepreneurship.

OUR RESPONSE AND IMPACT ON BOARD DECISIONS

The Board, represented by the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of our main subsidiary, JSC TBC Bank, and supported by the Investor Relations function of the Group has remained actively engaged with our shareholders. Our disclosure to the market remains detailed and consistent, providing timely assurance of the strength of our business to our investors. On 16 July 2021, the Board announced that the improved macroeconomic outlook, coupled with robust financial performance, placed TBC Group in a strong position to maintain solid capital levels and to continue with its growth strategy in both Georgia and Uzbekistan - while, at the same time, providing the opportunity to resume paying dividends to shareholders.

The Board also approved the change in the dividend policy to include semi-annual payments (an interim and final dividend each financial year) and declared the first interim dividend payment in August 2021.

In November 2021, the Board approved our comprehensive and long-term Environmental, Social and Governance (ESG) Strategy to integrate issues related to climate change, sustainable development, and financial inclusion into our daily work. In our ESG Strategy, we set ourselves ambitious targets around sustainable lending, net-zero emissions, social procurement and women's empowerment. While we recognise that this is a live document and will need continuous adjustment and improvement, we believe it is a strong statement of our commitment. For more details, please refer to our ESG Strategy on pages 60-69. This year, we also started reporting in line with the Task Force on Climate-related Financial Disclosures (TCFD) requirements. For more details, please refer to the Annual Report on pages 27-35.

We also continued to work actively with small businesses and entrepreneurs in Georgia. We continued to support young children with monthly financial assistance for their education, and we continue to collaborate with the Young Researchers and Innovators Annual Competition, Leonardo da Vinci, for high school students. We also continued to sponsor various projects in arts and culture, including our flagship literary award, Saba. Our employee health fund continued to display the inspiring capacity for charity and incredible team spirit of our workforce.



SECTION 172 STATEMENT BY THE BOARD

As set out in Section 172 of the Companies Act, the Board understands that its fundamental duty is to act in the way that will be most likely to promote the success of the company for the benefit of its members. In doing so, the Board continues to have regard, amongst other matters, to the six factors set out in Section 172 (1) (a-f). As it has done in previous years, the Board continues to identify our customers, employees, and investors, as well as the community and the environment we operate in, as our primary stakeholders. The Board recognises that these stakeholder groups can affect the company's ability to be successful in the long-term and are affected by the company's activities. So, the Board has undertaken a range of activities to engage with these groups, as described in the sections above, and has incorporated stakeholder considerations into its decision making.

During the year, the Chairman, supported by the Company Secretary, ensured that the Board received the necessary information on issues affecting its key stakeholders and had adequate time to discuss these issues at its meetings. In doing so, the Chairman set up the Board's annual schedule of work and the detailed agenda for each meeting specifically to incorporate stakeholder considerations when making decisions. The Chairman, together with the Company Secretary, also ensured that all Board members received relevant training on stakeholder-related matters, and that the induction received by new Directors was fit for this purpose. The Chairman provides more insight into the principal decisions taken by the Board during 2021, and Directors' training and induction, in the Corporate governance statement on pages 141 to 150 in the Annual Report.

Engagement with key stakeholders: Our customers, community and employees in Georgia

The Board continued to address the economic recovery from challenges, caused by COVID-19, which affected all stakeholders and factored this into its decision making. The Board evaluated principal and emerging risks when making strategic decisions and considered the affect these might have on relevant stakeholder groups. More information on the Company's material existing and emerging risks is available on pages 102-111 in the Annual Report.

In addition to ensuring that stakeholder interests were clearly presented in Board materials and considered during the decision making process, the Board organised and attended meetings in Georgia to engage directly with the Company's customers and employees on-site. The Board members met the Company's clients and employee groups and visited communities where our work has the most impact.

During the Board's visit to Georgia, and when using online platforms, the Directors also engaged with and considered the interests of the Company's other stakeholders including engaging with the National Bank of Georgia, the regulating entity of the Company's biggest subsidiary, JSC TBC Bank.

Where it was not practical to engage with stakeholder groups directly, the Board relied on information from the management board. The CEO continued to hold monthly meetings with the Bank's employees using Zoom to discuss the Company's performance, strategic plans, significant new policies, such as the requirement to vaccinate against COVID-19, and other important matters affecting our workforce. The CEO reported the results from these meetings to the Board during his monthly Top of Mind updates.

The designated non-executive Director for workforce engagement, or our Staff Ambassador, Tsira Kemularia implemented an intensive engagement programme in 2021. She met with employees during in-person focus groups in Georgia, where pandemic-related regulations allowed for such meetings and where these were deemed safe. She also held online focus groups and conducted a wider online survey. Results of this engagement were delivered to the Board and the Remuneration Committee, in line with the require-





ments of the Code, and were duly incorporated into the decision making process for all relevant matters. More information is provided in the Workforce Engagement section on page 148 in the Annual Report.

Finally, the Board asked Tsira Kemularia to continue in her role as the Staff Ambassador. Given the addition of five new board members during 2021, the Board believes that the role would benefit from continuity during 2022 as well. The Board will consider rotating for the Staff Ambassador role from 2023.

Engagement with key stakeholders: Our investors

As noted above, the Company, represented by the CEO and the CFO of our biggest subsidiary, JSC TBC Bank continued to engage with shareholders through our robust investor relations programme during 2021.

In 2021, the Board engaged more actively with the Company's shareholders who had voted against certain resolutions at the 2021 AGM. This engagement process gave the Board an important opportunity to understand some of our shareholders' views on issuing additional capital and post-employment pay policies. More details on this engagement with shareholders is available in the Company's published disclosures at www.tbcbankgroup.com as well as in the Chairman's Governance Overview on pages 130-132 and the Remuneration Committee Chair's report on pages 175-177 in the Annual Report.

Engagement with key stakeholders: Our environment and climate change

The Board has overall responsibility for approving and monitoring the Company's ESG strategy, which it approved in 2021. In January 2022, the Board created an ESG and Ethics Committee, which will ensure the Company stays focused on the ESG issues that are key for all our stakeholders. The role of the Committee is to support and advise the Board of Directors as it oversees the implementation of the Company's and its subsidiaries' (i) strategy (ii) policies and (iii) programmes in relation to ESG matters and ensuring that the ESG Strategy is implemented across all relevant businesses of the Group. The ESG and Ethics Committee also supports the Board of Directors to promote its collective vision of values, conduct and culture, and to oversee management's efforts (i) to foster a culture of ethics, (ii) appropriate conduct, and (iii) ethical employee engagement within the Group.

The Committee will provide strategic guidance on ESG, including climate-related matters and will report to the Board of Directors, which has the overall oversight. Within the scope of ESG oversight of the ESG and Ethics Committee are:

- a) Periodic reviews of the Group's ESG Strategy (including climate strategy) and, its implementation, and monitoring of its execution;
- b) Overseeing the Group's disclosures on ESG matters, including reporting in line with the TCFD requirements, in the annual report and accounts. Our TCFD disclosure is provided on page 27 in the Annual Report.

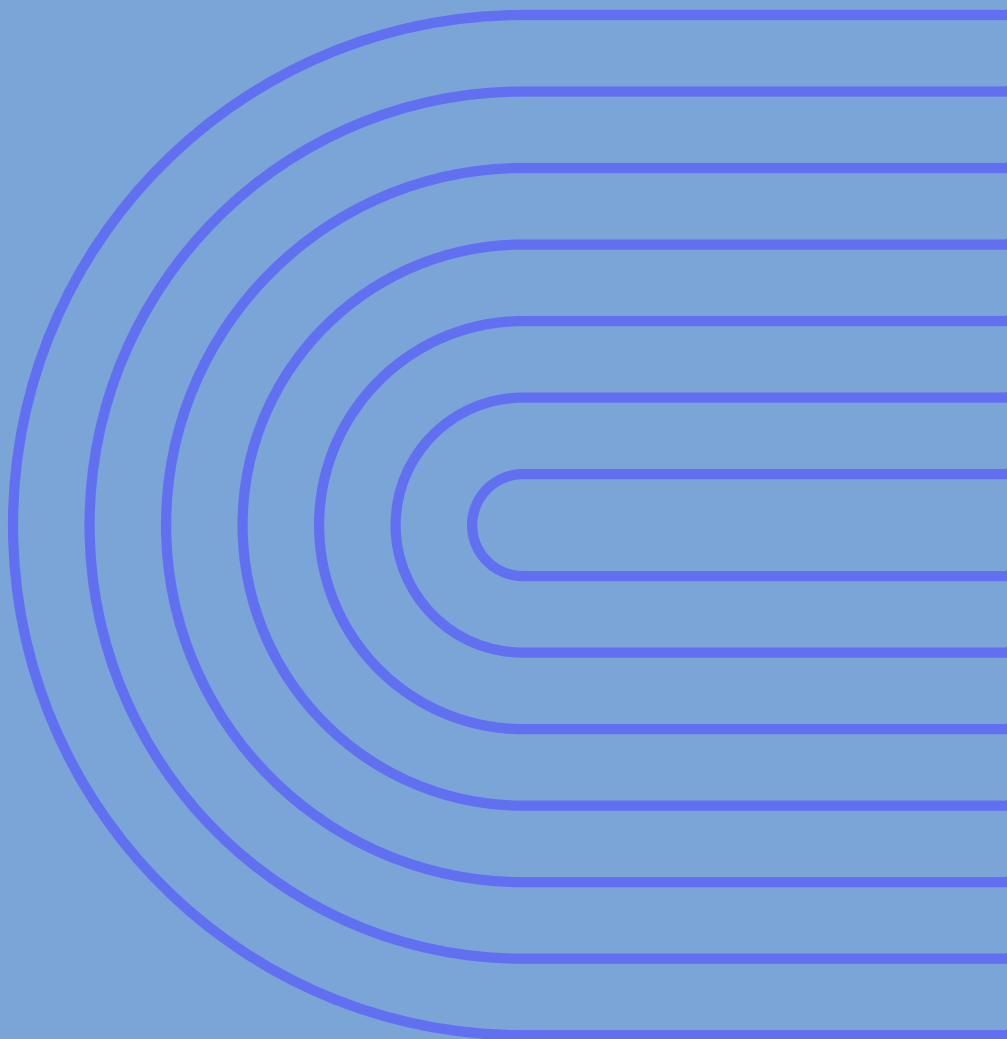
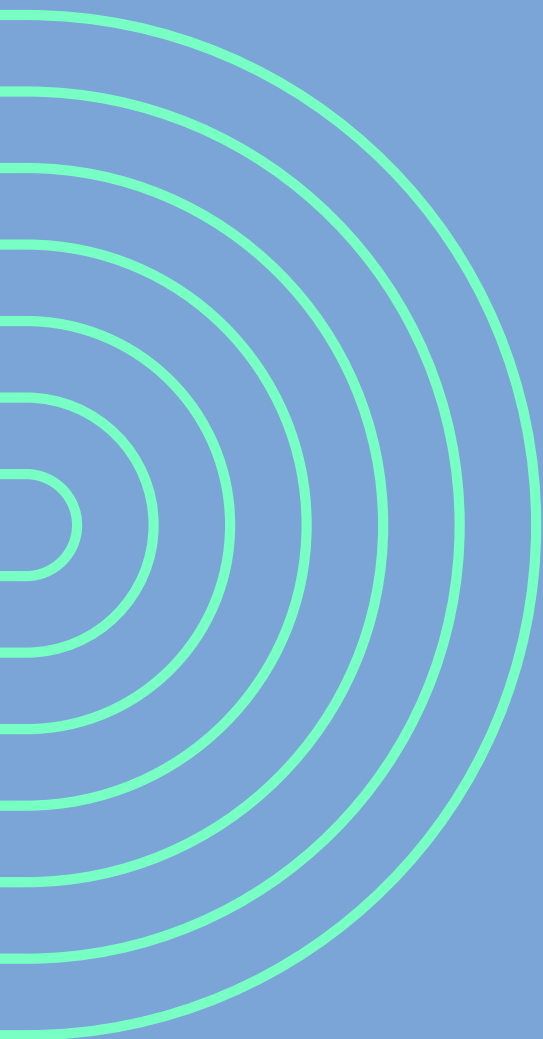
Our Board invests significant time and effort to develop the relevant skills and capacity needed among its members to incorporate ESG-related risks and opportunities into its decision making process in a more comprehensive way. During 2021, the Board considered the following obstacles when addressing climate-related risks and respective decisions: generally, there is low awareness among businesses and the local society about climate change risks and opportunities, and there is an overall lack of technical knowledge, expertise and required technological resources in climate-related topics. Our ESG Strategy aims to resolve some of these issues over the medium to long-term. More information on the ESG strategy is available in the Chapter 06, ESG Strategy on pages 60-69.

The Company also established an ESG Committee at the Executive Committee level, which is responsible for implementing the ESG strategy. We also have a dedicated team closely monitoring and managing ESG parameters and strategy implementation on a day-to-day basis. For more details, please refer to the Chapter 06, ESG Strategy on pages 60-69.



We discuss the Board's consideration of the interests of our primary stakeholder groups, as well as relevant actions and achievements of the Company in the Stakeholder Engagement section on pages 74-93 in the Annual Report, as well as in our Sustainability Reports, which are available at www.tbcbankgroup.com. Detailed information on our governance framework and the principal decisions taken by the Board is provided in Corporate Governance Statement starting on page 141 in the Annual Report.







OUR MATERIAL TOPICS

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



OUR MATERIAL TOPICS

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

HOW WE DEFINE OUR MATERIAL TOPICS AND REPORT CONTENT

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

- We considered: the GRI Standards; the G4 Financial Services Sector Disclosures; and other international and sector-specific standards, such as the SASB Standards, the UN Global Compact ten principles, information requirements for environmental, social and governance (ESG) ratings, and the questionnaires and recommendations of the main sustainability indexes, such as FTSE4Good.
- We performed multiple research projects and inquiries in 2021 with our clients and employees. We also held continuous communication with other stakeholders, to understand their concerns, needs, priorities and the matters on which they would like to have more information.
- We held individual interviews with middle and top management representatives, during which the main impacts of the company and the list of material topics were discussed.
- While developing our environmental, social and governance (ESG) Strategy, we considered various international standards and concept papers (European Central Bank, European Banking Authority, TCFD, Global Reporting Initiative and the Four accounting firms), reports about climate change in Georgia, criteria of ESG rating agencies and expectations in relevant expert papers.

Based on identified and prioritized material topics, we defined the content of this report and information to be included in it. In particular, we structured the report contents based on the following GRI principles: Sustainable Development Context; Materiality; Completeness; and Stakeholder Inclusiveness. Those topics that were evaluated as important based on these four principles, were included in the report. Our specific focus in this report on certain topics, coupled with the volume of data provided, reflect the significance of those topics to our company and its stakeholders.

MATERIALITY MATRIX

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



OUR CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

On September 25th, 2015 UN member countries agreed on the new agenda of sustainable development entitled, “Transformation of our world: 2030 agenda on sustainable development”, which includes 17 global goals. These goals aim at reaching long-term and sustainable results in economic, social and environmental areas, such as the reduction of poverty, inequality and injustice, protection of the environment, and the minimization of climate change. Every sector of the economy and every organization has a specific role to play in implementing the 2030 agenda. Currently, we operate multiple social and environmental protection programmes, through which we are contributing to the implementation of the 2030 agenda.

In 2021, we developed a sustainability focused, ESG strategy and subsequent action plans. The strategy enables us to make a more tangible contribution towards reaching the sustainable development goals. We continued our actions to contribute to SDGs and our efforts have been acknowledged with a special prize for our outstanding efforts to champion the SDGs in the country at the prestigious Corporate Responsibility Award Ceremony 2021, organised by UN Global Compact Network Georgia. With our sustainable loan portfolio, we focused on energy efficiency, youth support and women in business loans financed by special purpose funds received from IFIs, as well as on loans financing renewable energy, which include all hydro power plants financed by the Bank. 2021 was particularly important for us in terms of SDG 13: Climate Action as we became the first commercial bank in the Caucasus region to receive accreditation by the Green Climate Fund (GCF). The accreditation enables the Bank to have direct access to GCF funding to finance projects for adaptation to, and mitigation of, climate change and contribute to combatting climate change locally in Georgia and subsequently globally in the world. The table below presents those sustainable development goals to which the results of our current activities and programs are linked. It should be mentioned that the level of our contribution differs topic by topic.





MATERIALITY MATRIX

Material issue	Importance (high/medium/low)	The Boundary for the material topic
CORPORATE GOVERNANCE, ETHICS AND FAIR OPERATIONS		
Anti-corruption, Ethics, & Countering money laundering	High	Within/external
Good Corporate governance	High	Within
Risk management and social and economic compliance	High	Within/external
ECONOMIC IMPACTS		
Financial performance	High	Within/external
Responding to macroeconomic issue	High	External
Attracting investments	High	Within/external
Economic impacts created by taxes, employment, procurement and our loans	High	External
EMPLOYEE RELATIONS		
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
CLIENTS AND SERVICES		
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
PROMOTING SOCIETY WELL-BEING		
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
DIRECT ENVIRONMENTAL FOOTPRINT		
Paper & waste	Medium	Within/external
Energy	Medium	Within/external
GHG emissions	Medium	Within/external
INDIRECT SOCIAL AND ENVIRONMENTAL IMPACTS OF OUR OPERATIONS		
Responsible lending, investing and procuring	High	External
Responsibility towards suppliers	High	External
Climate change	Medium	Within/external



RELEVANT GRI STANDARD IN THE REPORT

Relevant GRI Standard in the report	How we are addressing the topic (report section)
CORPORATE GOVERNANCE, ETHICS AND FAIR OPERATIONS	Ch.5 Governance and Sustainability Management Pg.44
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	Ch.8 Our Economic Impacts Pg.78
201. Economic performance	
201. Economic performance	
201. Economic performance	
201. Economic performance 203. Indirect economic impacts 204. Procurement practices	
EMPLOYEE RELATIONS	Ch.10 Responsible Employer Pg.108
401. Employment	
405. Diversity and equal opportunity; 406. Non-discrimination	
404. Training and education	
403. Occupational health and safety	
CLIENTS AND SERVICES	Ch.11 Treating our Customers Responsibly Pg.146
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	Ch.12 Supporting Communities Pg.166
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	Ch.09 Environmental Responsibility Pg.88
301. Materials; 306. Effluents and Waste	
302. Energy	
305. Emissions	
INDIRECT SOCIAL AND ENVIRONMENTAL IMPACTS OF OUR OPERATIONS	Ch.13 Treating our Suppliers Responsibly Pg.190
203. Indirect Economic Impacts; 204. Procurement Practices; FS7- FS8: Financial Services Sector Disclosures (Aspect: Product Portfolio)	
102-9 Supply chain; 204. Procurement Practices	

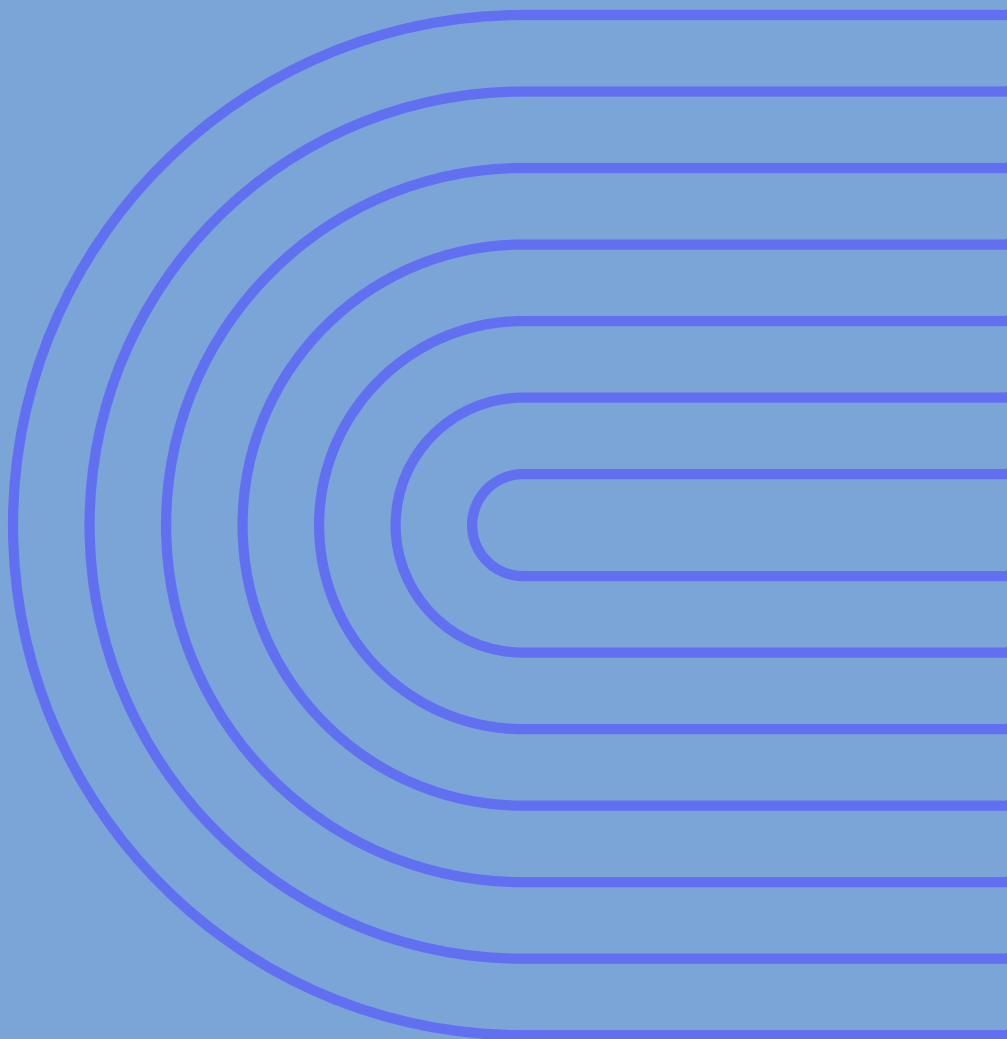
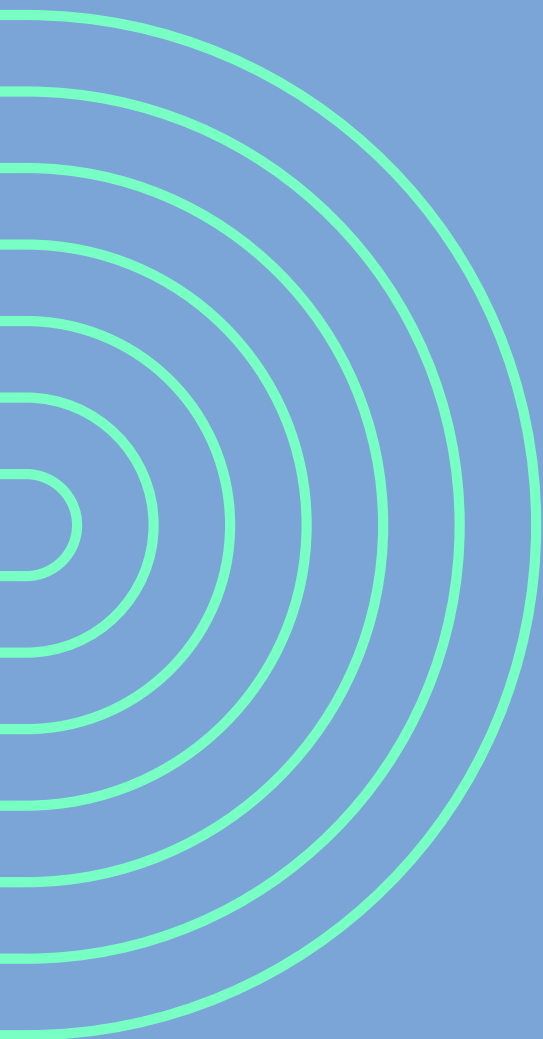


MAPPING OUR ACTIVITIES TO THE SDG GOALS

UNSDG	How we contribute	Report Section
1 NO POVERTY 	<ul style="list-style-type: none"> through our community programs and social investments; through our SMSE development program 	Chapter 12 Supporting Communities Pg.166
3 GOOD HEALTH AND WELL-BEING 	<ul style="list-style-type: none"> through ensuring social protection and occupational health and safety to our employees 	Ch.10 Responsible Employer Pg.108
4 QUALITY EDUCATION 	<ul style="list-style-type: none"> through our community programs oriented at education; through providing educational opportunities to our employees 	Ch.12 Supporting Communities Pg.166
5 GENDER EQUALITY 	<ul style="list-style-type: none"> through our employee diversity programs; through our credit lines designed for women; through educating and providing job opportunities for women and girls in ICT, thus promoting equality in male dominated areas 	Ch.10 Responsible Employer Pg.108
7 AFFORDABLE AND CLEAN ENERGY 	<ul style="list-style-type: none"> through financing energy efficient projects and renewable energy 	Ch.09 Environmental Responsibility Pg.88 Ch.13 Treating our Suppliers Responsibly Pg.190
8 DECENT WORK AND ECONOMIC GROWTH 	<ul style="list-style-type: none"> 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.108 Ch.12 Supporting Communities Pg.166 Ch.11 Treating our Customers Responsibly Pg.146 Ch.13 Treating our Suppliers Responsibly Pg.190
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	<ul style="list-style-type: none"> 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.166
10 REDUCED INEQUALITIES 	<ul style="list-style-type: none"> through ensuring inclusion of all employees, clients and other stakeholders, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status; through ensuring equal opportunities and reducing inequalities in the workplace 	Ch.10 Responsible Employer Pg.108

UNSDG	How we contribute	Report Section
13 CLIMATE ACTION 	<ul style="list-style-type: none"> • 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; • through promoting climate-friendly practices and approaches within and outside the bank; • through setting targets within the ESG Strategy 	Ch. 06 ESG Strategy pg.60 Ch.09 Environmental Responsibility Pg.88 Ch.13 Treating our Suppliers Responsibly Pg.190
16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	<ul style="list-style-type: none"> • 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.05 Governance and Sustainability Management Pg.44
17 PARTNERSHIPS FOR THE GOALS 	<ul style="list-style-type: none"> • through our partnership under the state subsidies programs; • through our partnerships with international organizations 	Ch.01 Who we are Pg. 6 Ch.12 Supporting Communities Pg.166





GOVERNANCE & SUSTAINABILITY MANAGEMENT

- **Corporate Governance Framework**
 - The Board of Directors
 - Board Operations
 - Board Composition
 - Board Diversity
 - Board Committees
 - Division of Responsibilities
 - Annual Board Effectiveness Evaluation
 - Training Agenda
- **Risk Management Model**
 - Risk Management Framework
 - Risk Governance
- **Sustainability Governance**
- **Managing Conflicts of Interest**
- **Compliance with Laws and Regulations in the Social and Economic Area**

GOVERNANCE & SUSTAINABILITY MANAGEMENT

CORPORATE GOVERNANCE FRAMEWORK

Our approach is to ensure that our governance structure is fit for purpose and in line with best practice. The primary responsibility of TBC Bank Group PLC's Board of Directors (the "Board") is to ensure that the Group applies the highest principles of corporate governance and that such principles are embedded into the culture and operations of our business.

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

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

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

This Mirror Boards governance structure maximizes efficiencies in the management and supervision of the Group's business and adds stability to the Group's governance.

The Board of Directors

The Board is the principal decision-making body of the Group and is collectively responsible for promoting the Group's purpose, culture, values, long-term success strategy and the delivery of sustainable value to stakeholders by establishing and overseeing the strategic direction of the Company and its business. The Board is led by the Chairman who provides challenge, oversight and advice to ensure the Company's success. The Chairman ensures that there is constructive debate in the boardroom to create and maintain an environment in which the Board remains open to different viewpoints and ideas.

The Board's role is to provide leadership through effective oversight and review of the Group's operations. It sets the Group's risk appetite, monitors its operational and financial performance and reporting, ensures that the Group is adequately resourced with effective controls and remuneration policies, and that appropriate succession planning arrangements are in place. The Directors are aware of their duties under section 172 of the Companies Act 2006. Further insight into how the Board takes account of the views and interests of our stakeholders can be found in Chapter 03 Stakeholder Engagement, pg. 22.



Board operations

Considering the post-pandemic situation, the Board adapted a hybrid working model with a mix of in-person and online meetings. In 2021, the Board met 36 times, with two of those meetings being in person. The Board continued to supplement its regular review meetings with video conferencing to discuss strategy, take thematic “deep dives” on critical business matters, and oversee key issues. A formal schedule of matters for Board approval continues to be in place to ensure that it retains control over key decisions. Matters include the approval of the Group’s strategy, long-term objectives, risk appetite, annual operating and capital expenditure budgets, changes to the Group’s capital, share buy-backs, major acquisitions and/or mergers, annual reports, and accounts. The full schedule is available on the website at www.tbcbankgroup.com. All Board meetings follow a tailored agenda agreed in advance by the Chairman, CEO and Group Company Secretary. The Board and all four principal Board-level Committees have a detailed schedule of work, which structures the Board’s workload throughout the year in line with the schedule of matters reserved for the Board and the Terms of Reference for each principal Committee. The Board and its Committees rely on management to raise items for approval. The processes of agenda setting and reporting to the Board are reviewed as part of the Board performance evaluation. Directors are expected to attend all meetings of the Board and all meetings of the Committees to which they belong.

Please see the respective table below:

Board Meetings in 2021 (36)	Regularly Scheduled Meeting (6) eligible/attended	Strategy Review (3) eligible/attended	Approval of Financial Statements (6) eligible/attended	Board Changes and Composition (6) eligible/attended	Policy and Miscellaneous (12) eligible/attended	International Expansion (3) eligible/attended
Arne Berggren (C) ¹	6/6	3/3	6/6	6/6	12/12	3/3
Tsira Kemularia	6/6	3/3	6/6	6/6	12/12	3/3
Maria Luisa Cicognani	6/6	3/3	6/6	6/6	12/12	3/3
Per Anders Fasth	4/4	3/3	4/4	1/1	9/8	1/0
Eran Klein	4/4	3/3	4/4	1/1	9/9	1/1
Thymios Kyriakopoulos	4/4	3/3	4/4	1/1	9/8	1/1
Rajeev Sawhney	2/2	0/0	0/0	0/0	0/0	0/0
Nino Suknidze	2/2	0/0	0/0	0/0	0/0	0/0
Nikoloz Enukidze	2/2	0/0	3/3	5/5	5/5	2/2
Nicholas Haag	2/2	0/0	3/3	5/3	5/5	2/2
Eric Rajendra	2/2	0/0	3/3	5/5	5/4	2/2
Abhijit Akerkar	4/4	2/2	4/4	6/6	8/8	2/2
Vakhtang Butskhrikidze	6/6	3/3	6/6	6/6	12/12	3/3





Board Composition

In 2021, the Board underwent several changes. Three long-serving Directors did not stand for re-election at the AGM, and, in May 2021, we recruited three new, independent, non-executive Directors to the Board: Thymios Kyriakopoulos, Per Anders Fasth and Eran Klein.

In September 2021, Abhijit Akerkar stepped down from the Board to pursue a senior executive position in another financial services company, and the Board appointed Nino Suknidze and Rajeev Sawhney as new independent non-executive members to the Board.

As a result of changes above, the Board comprises eight independent non-executive Directors: Arne Berggren (Chairman), Tsira Kemularia (SID), Maria Luisa Cicognani, Per Anders Fasth, Thymios P. Kyriakopoulos, Eran Klein, Nino Suknidze, and Rajeev Sawhney and one executive Director, the CEO Vakhtang Butskhrikidze.

Board committees' current memberships are given on page 50 below.

In accordance with the UK Corporate Governance Code, all Directors of the Company will seek re-election at the next AGM. Rajeev Sawhney and Nino Suknidze were appointed to the Board as non-executive Directors in November 2021 and will stand for election by the shareholders at the AGM.

Biographical details of our existing Directors standing for appointment or reappointment are set out on pages 133-137 of the Annual Report.

Board diversity

On the London Stock Exchange, TBC ranked first among the banking sector companies in the FTSE 250 ranking of 2021, with 45.5% representation of women on the Board of Directors and in leadership positions. In the same FTSE 250 ranking of 2021, TBC ranks eighth among companies in all sectors.

The FTSE Women Leaders Review is an independent, business-led framework supported by the UK Government, which sets recommendations for the largest UK companies to improve the representation of women on boards and in leadership positions. The review was first published in February 2022 and builds on the excellent work of the Hampton-Alexander and Davies Reviews over the last 10 years. The review covered more than 24,000 leadership positions in the 350 largest UK companies.

The FTSE 250 is the second-largest index of the London Stock Exchange, bringing together companies with large capitalizations. TBC entered the FTSE 250 in 2017.

Board Committees

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























The Board has established four principal Board Committees:



- The Risk Committee focuses on the possible risks and capital issues of the Company.
- The Audit Committee deals with external auditors, internal controls, and financial reporting, as well as communication with the market and regulators.
- The Remuneration Committee leads on remuneration-related issues, such as determining the right level of compensation to attract and retain people bearing in mind the level of compensation that is acceptable to our stakeholders.
- The Corporate Governance and Nomination Committee is responsible for talent management, including nomination and succession planning for the Board and the executive team.



Two new committees were established in 2021 to provide further support to the Board in three key strategic areas: technology, ESG Strategy and climate change. The Technology and Data Committee supports the Board in its oversight of key enablers of the strategy, data, and cyber issues, and Company IT resources. The ESG and Ethics Committee ensures that the Company stays focused on those ESG issues that are key for all our stakeholders. Both committees started operating in 2022.

Please see membership chart below:

Member	Audit Committee	Risk Committee	Remuneration Committee	CGN Committee	Technology & Data (T & D) Committee	ESG and Ethics Committee
Arne Berggren (Chairman)						
Tsira Kemularia (SID)						
Maria Luisa Cicognani						
Eran Klein						
Per Anders Fasth						
Thymois Kyriakopoulos						
Rajeev Sawhney						
Nino Suknidze						

 Chairperson
  Member

Terms of References for each principal Board Committee is available on our website (www.tbcbankgroup.com).

Division of Responsibilities

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

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

There is a clear division of responsibilities between the Chairman, the Chief Executive Officer, and the senior independent non-executive Director. As Chairman, Arne Berggren is responsible for leading the Board to ensure that the Board 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. In addition, in line with the requirements of the Code, the Board has appointed Tsira Kemularia as the senior independent non-executive Director, who provides a sounding board for the Chairman. This separation of responsibilities between the Chairman, the Chief Executive Officer and the senior independent non-executive Director ensures that no one individual has unfettered decision-making powers. The full document detailing the division of responsibilities between the Chairman, the Chief Executive Officer and the senior independent non-executive Director is available on our website at www.tbcbankgroup.com.

Annual Board Effectiveness Evaluation

The Company engaged Lintstock Ltd, a market-leading provider of board performance evaluation services to FTSE companies, in line with the UK Code's requirement to perform a Board effectiveness external evaluation. Lintstock designed a three-year, externally facilitated board evaluation programme for us, which is overseen by the Corporate Governance and Nomination Committee. The results of the evaluation for 2021, along with a description of the process and an action plan for 2022, are provided on pages 147- 148 of the Company's 2021 Annual Report. The Board has committed to undertaking another extensive, externally facilitated evaluation process in 2022 and all new Board members have undergone a robust induction programme.

Training agenda

The Board of Directors of TBC Bank Group PLC has established a diverse and comprehensive training agenda, which is reviewed annually. The Group's Company Secretarial team creates a general training catalogue at the beginning of each year, which covers all relevant areas of Risk, Audit, Remuneration and Governance. In 2020 and 2021, additional attention was paid to ESG and climate-related matters, regulatory compliance, reporting, shareholder views and impact. The catalogue includes an effective mix of publicly available and client-tailored webinars, analytical materials, and opportunities for live discussion with industry participants. The providers of these training opportunities include the Big Four accounting firms, external legal advisors, chartered institutes (such as the Institute of Directors and the Governance Institute), and, where relevant, senior professionals with specific subject matter expertise. Directors use the training catalogue to create their bespoke training calendars and exchange knowledge during Board meetings or via the Group's dedicated Board platform. In 2022, further topic-specific training sessions on climate-related issues are planned that will equip members of the Board of Directors, the executive management of TBC Bank, and other relevant employees with detailed knowledge about the TCFD, climate change-related risks and opportunities, and the operative tools available to implement the ESG Strategy.

In June 2021, the Board adopted new succession principles and implemented a robust process to analyse the current skills and competencies of the Board as a whole and of its individual committees. In 2022, we will be working closely with Lintstock to carry out an in-depth analysis of the skills and competencies of our new Board. Based on this exercise, and an assessment of the experience that will be valuable in the future, the Board plans to develop a new and enhanced Board succession plan, in line with the succession planning principles adopted by the Board.

RISK MANAGEMENT MODEL

The Group operates a strong, independent, business-minded risk management system. Its main objective is to contribute to the sustainability of risk-adjusted returns through the implementation of an efficient risk management system. The Group has adopted four primary risk management principles to better accomplish its major objectives:

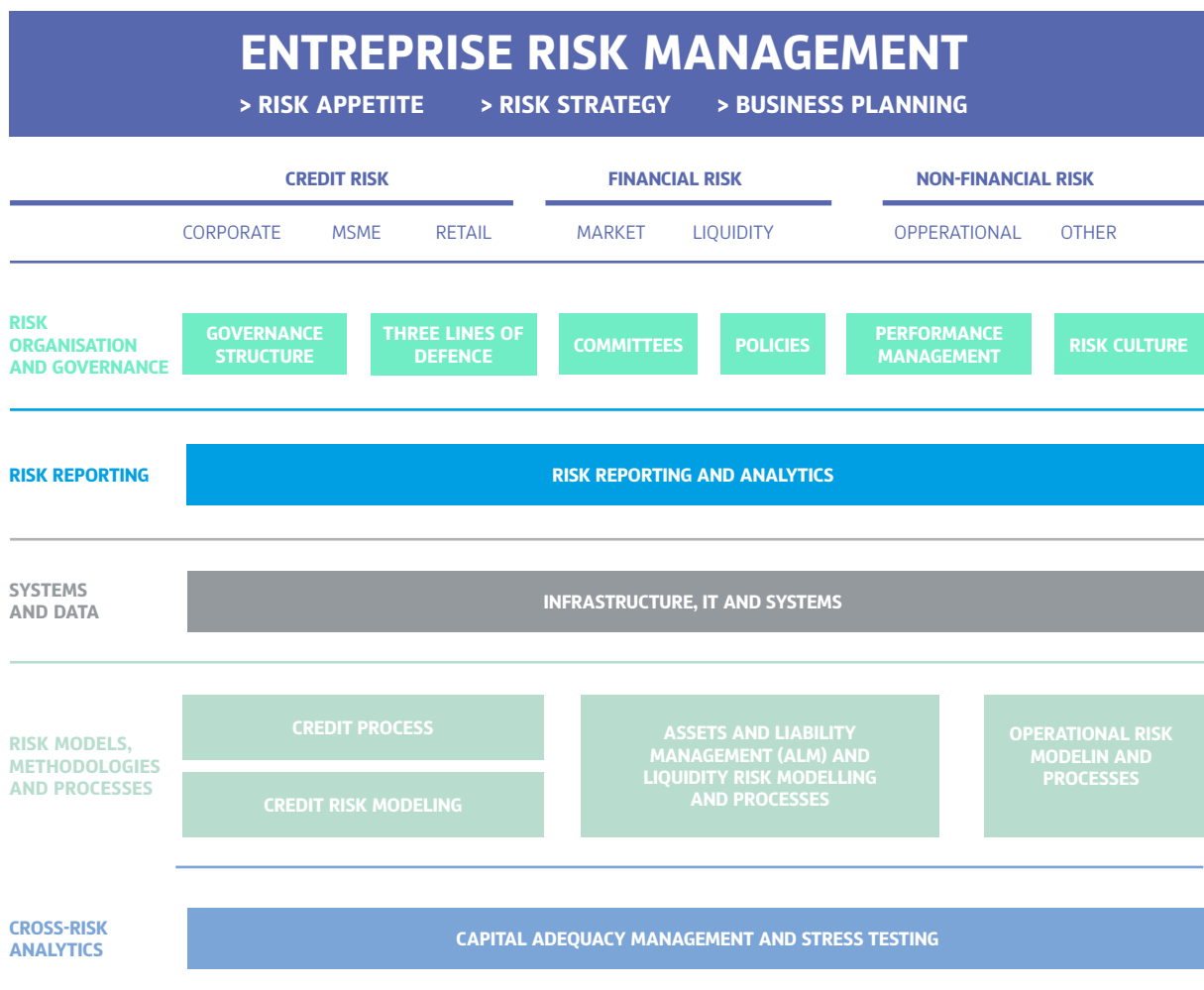
- Govern risks transparently to obtain understanding and trust. Consistency and transparency in risk-related processes and policies are preconditions for gaining the trust of multiple stakeholders. Communicating risk goals and strategic priorities to governing bodies and providing a comprehensive follow-up in an accountable manner are key priorities for the staff members responsible for risk management.
- Manage risks prudently to promote sustainable growth and resilience. Risk management acts as a backstop against excessive risk-taking. Capital adequacy management and strong forward-looking tools and decision-making ensure the Group's sustainability and resilience.
- Ensure that risk management underpins the implementation of strategy. Staff members responsible for risk management provide assurance on the feasibility of achieving objectives through risk identification and management. Identifying and adequately pricing risks, as well as 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 and strategic enabler.

Risk management framework

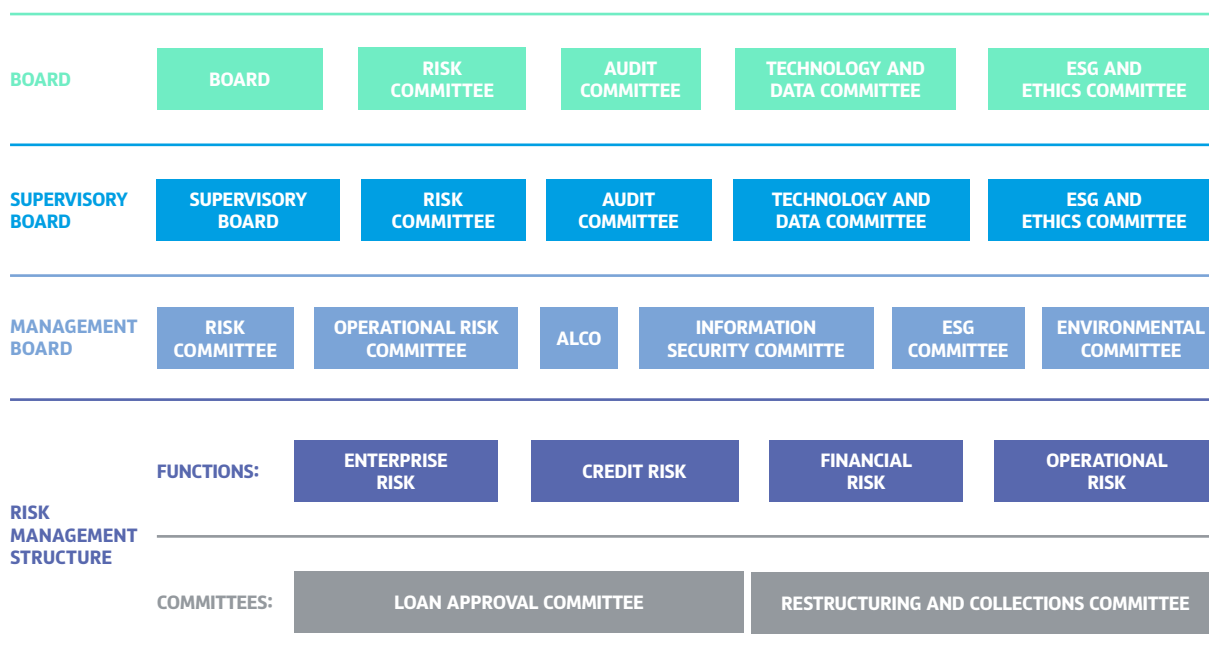
The Group's risk management framework incorporates all the necessary components for comprehensive risk governance. It is comprised of enterprise risk management, credit, financial and non-financial risk management, risk reporting and supporting IT infrastructure, and cross-risk analytical tools and techniques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



Risk governance

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

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



The risk governance structure consists of three board levels, including the Board, the Supervisory Board, and the Management Board. All three boards have dedicated risk committees. The Board and the Supervisory Board each have a Risk Committee that supervises the risk profile and risk governance practices within the Group, as well as an Audit Committee that is responsible for implementing key accounting policies and facilitating internal and external auditor activities. The Board and the Supervisory Board each also have an ESG and Ethics Committee, which supports the Board in its oversight of the strategy, policies, initiatives, and programmes of the Group in relation to ESG matters, and a Technology and Data Committee, which supports the Board in its oversight of key enablers of the strategy, data and cyber issues, and the company's IT resources.

The Management Board's Risk Committee was established to guide Group-wide risk management activities and monitor the 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 Management Board's Information Security Steering Committee governs information and cyber security to ensure that relevant risks are at an acceptable level and that management processes are continuously improved. In addition, the ESG Committee has been established at the Management Board level and takes





responsibility for implementing the Group's ESG strategy and approving its action plans, while the Environmental Committee supervises the proper implementation and functioning of the Environmental Management System in the Group.

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

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

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

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

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

SUSTAINABILITY GOVERNANCE

TBC's activities for managing sustainability risk are aligned with the Group's defined risk appetite and respective tolerances. Sustainability risk management is done within a framework of established processes for risk management.

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

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

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

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





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

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

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

In 2021, TBC developed the ESG Strategy. Please see more details in the Chapter 06 ESG Strategy on pages 60-69.

MANAGING CONFLICTS OF INTEREST

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

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

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

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



The Related Party Transaction Policy has been implemented in the Bank since 2001 and was renewed in 2015, according to the requirements of the NBG's "Conflict of Interests Management Provisions". The last update was applied in December 2021. The policy is revised annually and amendments are approved by the Supervisory Board.

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

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

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

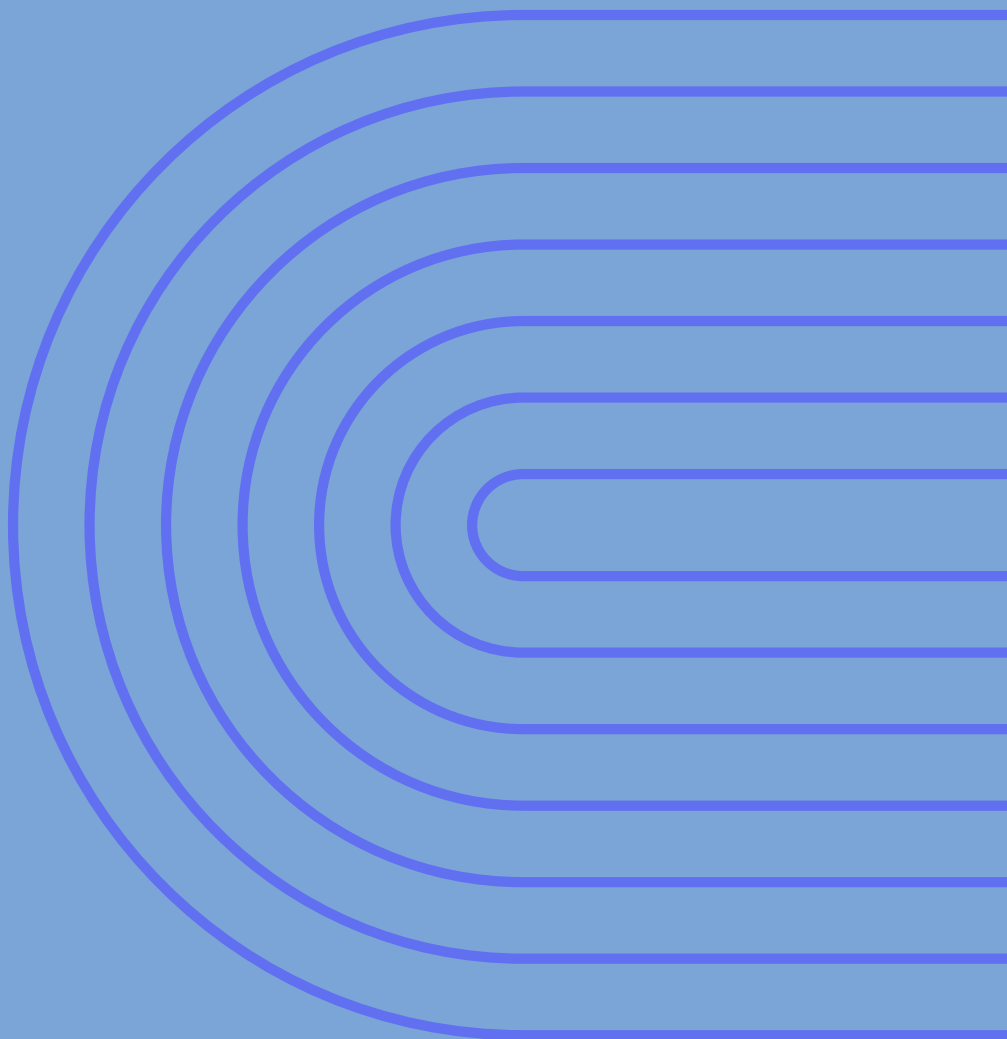
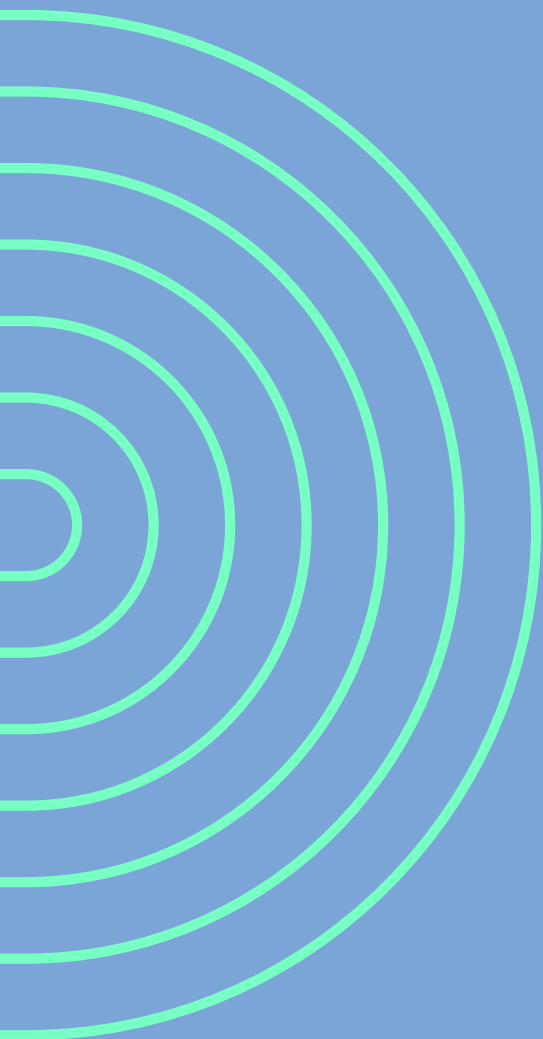
UK Listing Rules require the Company to disclose and obtain Board approval for above certain threshold related party transactions. Furthermore, the Bank, with the assistance of external advisers, undertook a review of the Bank's relevant internal controls systems. Although these reviews did not identify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

COMPLIANCE WITH LAWS AND REGULATIONS IN THE SOCIAL AND ECONOMIC AREA

Compliance with the law is the foundation on which our company activity is based. The Compliance, Human Capital and Risks Management Departments are responsible for compliance with laws and regulations in the social and economic areas. The company has created sound monitoring mechanisms to ensure legislative compliance. In 2021, no fines or non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area have been identified.









ESG STRATEGY

- **Our Environmental, Social and Governance (ESG) Strategy**
- **ESG in TBC's governance and culture**
- **Employee diversity**
- **Sustainable financing**
- **Responsible procurement**
- **Focus on Climate Change**

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) STRATEGY

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

This year, we took further steps to enhance the Group's environmental, social and governance (ESG) framework through the development of an ESG strategy. The ESG Strategy reaffirms our commitment to make a long-term, sustainable contribution to the country and the region. The ESG Strategy defines several key areas for the coming years: a strong ESG governance structure at the board and executive level; a focus on sustainable financing, services, and products; employee diversity, equality, and inclusion; green and sustainable funding; and a system and approach for impact measurement and reporting.

The ESG strategy was developed and approved by the Board in November 2021. Below are the five main pillars of TBC's ESG strategy.

ESTABLISH
ESG GOV-
ERNANCE
FRAME-
WORK UN-
TIL THE END
OF 2021

SET-UP A
SYSTEM
FOR MEA-
SURING
IMPACTS
ON SUS-
TAINABILITY
ACROSS
THE GROUP,
CUSTOM-
ERS, EM-
PLOYEES
AND SOCI-
ETY

ACCESS TO
GREEN AND
OTHER SUS-
TAINABLE
FINANCING
SOURCES

INCREASE
SUSTAIN-
ABLE LOAN
PORTFOLIO

INCREASE
CUSTOMER
LOYALTY
AND EM-
PLOYEE MO-
TIVATION

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





ESG in TBC's governance and culture

The Board of Directors retains the primary responsibility for overseeing the implementation of the strategy, as part of its commitment to direct oversight over the Group's ESG and climate-related issues.

In January 2022, the Group established an Environmental, Social and Governance ("ESG") and Ethics Committee at the Board level, as well as at the Supervisory Board level of the Company's main subsidiary, JSC TBC Bank, in line with the Company's "mirror boards" policy. This reflects the importance of sustainability in TBC's corporate governance and allows Board members to dedicate more time and focus to ESG topics. The formal role of the Committee is to support and advise the Board of Directors in its oversight of the implementation of the strategy, policies, and programs of the Company and its subsidiaries in relation to ESG matters and ensuring that the ESG strategy is implemented across all relevant businesses of the Group. Furthermore, the ESG and Ethics Committee supports the Board of Directors in promoting its collective vision of values, conduct and culture and overseeing management's efforts to foster a culture of ethics, appropriate conduct, and employee ethical engagement within the Group.

The Committee will provide strategic guidance on climate-related matters and will report to the Board of Directors, which has overall oversight. The ESG and Ethics Committee will meet at least four times per year. The ESG oversight function of the ESG and Ethics Committee comprises: a) periodic review of the Group's ESG strategy, including climate strategy and implementation plans, and monitoring its execution; and b) overseeing the Group's disclosures on ESG matters, including reporting in line with the Task Force on Climate-Related Financial Disclosure (TCFD) principles, in the Annual Report and Accounts.

At the executive level, responsibility for climate change-related risks and opportunities is assigned to the ESG Committee, which was established by the Management Board in March 2021 and is responsible for implementing the ESG strategy and approving the annual action plan, as well as separate, detailed action plans for key projects. Among other matters, the ESG Committee's responsibilities include the review and monitoring of climate-related risks and opportunities as well as the establishment of an effective mitigation and control system to manage identified (material) climate related risks. At the first meeting of the ESG Committee in March 2021, the annual action plan for 2021, which covered a range of ESG matters, was approved. Separate action plans have been developed and key implementation steps defined for major projects, such as the implementation of the recommendations of the TCFD and the Gender Policy. The progress and implementation status of action plans are monitored at the ESG committee's meetings, which take place on a quarterly basis. Furthermore, ESG KPIs linked to senior management remuneration in the medium term were defined to reflect our mid-term strategy.

The implementation of the ESG strategy is supported by the various organizational functions responsible for the ESG matters: Environmental and Social Risk Management Team, the ESG Coordinator and the ESG competence center.

At the TBC Bank level, the Environmental Committee oversees the implementation and operation of the Environmental Management System, which includes implementing an internal environmental management system and addresses resource consumption and the other environmental impacts of daily operations in TBC Bank. The committee meets on a quarterly basis. The Environmental and Social Risk Management Team regularly reports on the environmental management plans and results to the Environmental Committee. The Environmental Committee reports directly to the Chief Risk Officer.



The ESG governance structure



TBC Bank initiated an ESG Ambassadors programme, which aims to strengthen environmental, social and governance structures and increase the involvement of TBC employees as focal points for these areas. Through this initiative, TBC employees will contribute to the quality of sustainability for customers, company, the environment and society as a whole.

Furthermore, TBC developed an extensive training plan for all employees, middle managers and HR staff. More details on training modules are given in Chapter 10 Responsible Employer, p. 108.

Employee diversity

To expand our focus on diversity, gender and inclusion issues, we have developed a Diversity, Equality and Inclusion Policy, elaboration of which was financed by The EFSE Development Facility, available at our www.tbcbankgroup.com. The policy sets targets and establishes a methodology to advance diversity, equality and inclusion, integrating its approach into the company's operations and management processes and focusing on diverse areas including gender, multicultural, multigenerational and disability backgrounds. Gender equality and the empowerment of women and girls are important dimensions of the sustainability of the company and its stakeholders, including customers, employees, suppliers, partners, and society as a whole.

The ESG Strategy sets various targets for enhancing the diversity of our employees:

*Women in middle management positions at the TBC Bank level - **40%** for 2023 (currently at 36%);*

*Women in information and communication technologies (ICT), risk and finance areas at the TBC Bank level - **45%** for 2023 (currently at 43%).*



The Diversity, Equality and Inclusion Policy takes into account the United Nations Women Empowerment Principles (WEPs) – a set of principles offering guidance to businesses on how to promote gender equality and women's empowerment in the workplace, marketplace and community. TBC Bank became a signatory of the UN WEPs in 2021. For more details please see Chapter 10 Responsible Employer, p. 108.

Sustainable financing

TBC strives to increase its positive impact on society and the economy through introducing new financial products and services that are designed to deliver a specific social or environmental benefit. The ESG Strategy sets targets for the growth of our total sustainable loan portfolio, including financing energy efficient, renewable energy and resource efficient projects, women-led and women-owned business, startups and rural businesses.

*The targeted volume of our sustainable loan portfolio¹ is set at **GEL 750 million** for 2022 and **GEL 1 billion** for 2023, respectively.*

These long-term aspirations are supported by different measures outlined in the ESG Strategy. The key components for 2022 and 2023 are listed below:

- Increase of the sustainable loan portfolio, which largely consists of renewable energy and energy-efficiency loans (please see the detailed breakdown of the portfolio in Chapter 14 Responsible Banking, p. 211);
- Implementation of green loan framework which offers tailored green financing to SMEs;
- Defining an approach and system for data collection, segregation and analysis;
- Elaboration of a methodology to calculate financed emissions;
- Measure the group's direct contribution towards the Paris Agreement targets for the reduction of GHG emissions;
- Elaborating the Group's Policy on Climate Change;
- Incorporation of ESG matters in the risk appetite;
- Excluding/limiting high-carbon activities (Please see our Exclusion List at www.tbc-bankgroup.com); and
- Creating an ESG resource center for employees, customers and the wider public in order to increase awareness and knowledge about the risks and opportunities of climate change.

To support the growth of the sustainable portfolio and to encourage customers to invest in green products and services, the Group offers services, financing and funding solutions, as outlined in the table below:

¹ Our sustainable loan portfolio includes energy efficiency, youth support and women in business loans financed by special purpose funds received from IFIs, as well as loans financing renewable energy, which include all hydro power plants financed by the Bank.



Climate-related products and services

Climate-related opportunities	Customer	Our progress	Impact
Renewable energy financing	Corporate	TBC Bank is the leading bank in the local financing of renewable energy project with GEL 554m.	Contributing to Georgia's transition to low-carbon economy.
Green Loan Framework	MSME	In 2021, TBC Bank developed the Green Loan Framework with the Green for Growth Fund (GGF) Technical Assistance Facility, represented by Finance in Motion GmbH and financed by the European Union under the EU4Energy Initiative.	Encourage customers to transition to low carbon activities.
Long-term business loan for solar panels	MSME	In 2022, TBC launched a special, long-term loan for solar power plants. The product includes a range of financial and non-financial benefits.	Encourage customers to optimize their costs and to support the transition to low carbon activities.
GCF accreditation	All	In 2021, TBC Bank became the first commercial bank in the Caucasus region to receive accreditation by the Green Climate Fund (GCF).	The accreditation will enable the Bank to have direct access to GCF funding to finance projects for adaptation to and mitigation of climate change and contribute to combatting climate change in Georgia.
Energy efficiency loans	Retail	Financing of hybrid/electric cars, mortgages and energy efficient processing. The portfolio volume equals to GEL 15.5m	Encourage customers to transition to low-carbon activities

Responsible procurement

Our responsible purchasing practices and relationships with suppliers can have a significant impact on the well-being, financial stability and development of suppliers, as well as on the economy as a whole. We pay special attention to small local suppliers and promote their inclusion in our supply chain. The ESG Strategy sets targets connected to green procurement initiatives, social enterprises, women-owned companies, startups and local business. For more detail, please see Chapter 13 Treating our suppliers responsibly p.190.

Focus on climate change

To increase our positive direct and indirect impact, the Group strives to integrate ESG considerations, in particular climate change related matters, into its main activities, services and products. In 2020, we committed to introduce a TCFD framework, to take active measures to mitigate climate change, to assess and mitigate climate risks, and identify climate opportunities. In 2021, we set out our first disclosure in line with the UK Government's initiative to enshrine in law mandatory Task Force for Climate-related Financial Disclosure (TCFD) aligned requirements for premium and standard listed companies in the UK. Please see the TCFD report in the Annual Report 2021, pp. 27- 35, available at www.tbcbankgroup.com.

Work is continuing to further embed climate-related risks and opportunities within our business. An ESG Competences Center will be established to help TBC Bank deliver its strategic objectives and bring all of its climate-related work together. Furthermore, TBC will receive technical assistance (TA) from the European Investment Bank (EIB) with funding by the Eastern Partnership Technical Assistance Trust Fund (EPTATF)¹ through its Climate Action Support Facility (CASF) for Promoting Climate Action for SMEs in Georgia. The TA comprises one year of consultancy support for the implementation of TBC's climate action strategy, provided by the Frankfurt School of Finance and Management, covering:

- The climate action strategy, monitoring and reporting;
- Stress testing and sensitivity analysis; and
- Climate-related training.

¹ The Services are financed through financial support from the EPTATF Trust Fund. Information given to the press or to any third parties, all related publicity material, official notices, reports and publications, shall acknowledge that the Services are delivered "with funding by the Eastern Partnership Technical Assistance Trust Fund (EPTATF). The Fund was established in 2010 with a view to enhancing the quality and development impact of the Bank's Eastern Partnership operations through the financing of pre-feasibility and feasibility studies, institutional and legal appraisals, Environmental and Social Impact Assessments for potential investments, of project management support and capacity building for the beneficiaries during the implementation of investment projects, as well as of other upstream studies and horizontal activities. It focuses on four priority sectors: energy, environment, transport and telecommunications with climate change and urban development as cross-cutting issues.





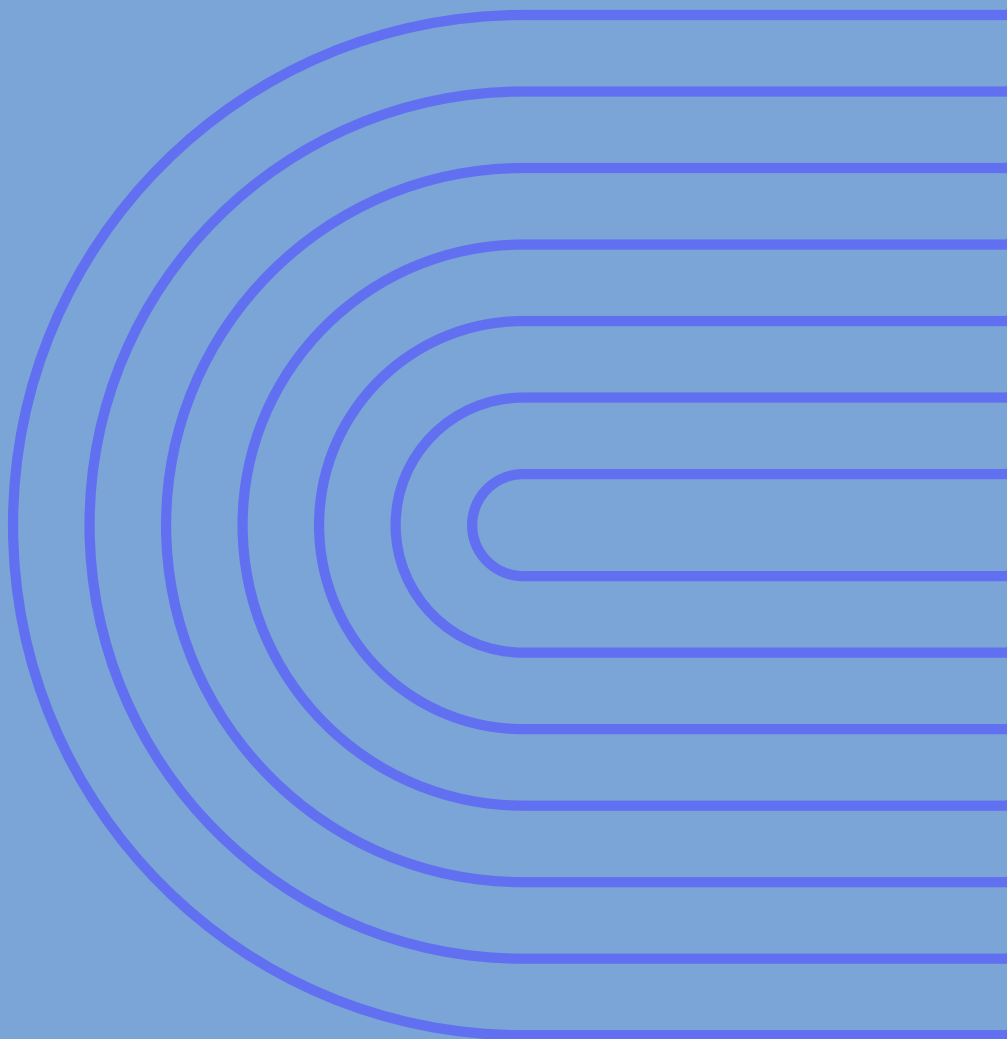
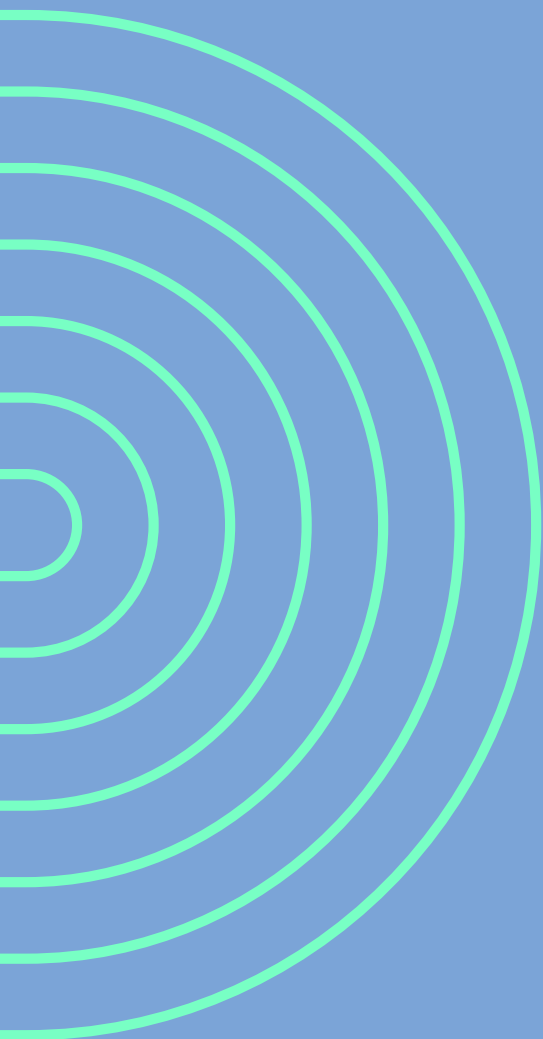


SUPPORTING SUSTAINABLE AGRICULTURE

Mikheil Zonenashvili and his family from Kareli municipality have been wanting to start berry farming for a long time. With the help of TBC Agro Loan, he and his family were able to buy land, construct a greenhouse with the necessary equipment, export a variety of seedlings from abroad, and now they own a high-tech strawberry greenhouse which is the main source of their income. The products from the greenhouses are sold on the Georgian market.

According to Mikheil, starting the business was especially helpful for his family during the pandemic period.





ETHICS AND INTEGRITY

- **Business Ethics and Ethical Conduct**
 - TBC Code of Ethics
 - Informing Employees on the Code of Ethics
 - Informing External Stakeholders on the Code of Ethics
 - Code of Conduct
 - Informing Employees on the Code of Conduct
- **Anticorruption, Countering Bribery and Money Laundering**
 - Company Anti-Corruption Policies and Procedures
 - Anti-Corruption Policy Implementation, Monitoring and Response
 - Informing Employees about Anti-Corruption Policies and Procedures
 - Operations Assessed for Risks Related to Corruption
- **Policy and Practices to Prevent Anti-Competitive Behavior and Anti-trust Practices**
- **Public Policy and Government Relations**
- **Incident Management Policy / Whistleblowing and Non-retaliation Policy**
- **Healthy and Ethical Working Environment - A New Training Concept**

ETHICS AND INTEGRITY

BUSINESS ETHICS AND ETHICAL CONDUCT

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

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

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

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

TBC Code of Ethics

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

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

Training Employees on the Code of Ethics

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

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

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

In 2021, 5810 (4,492 in 2020) employees were trained in the Code of Ethics and the Code of Conduct topics via the distant learning platform. 5,614 employees received whistle-blowing policy training, as well. This equals to the participation of 95.02%. It is worth noting, that a KPI related to the training participation was introduced in 2021 that contributed to the significant increase of the participation, as well.



Informing External Stakeholders about the Code of Ethics

The TBC Code of Ethics is publicly available at the following address in English: www.tbcbankgroup.com.

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

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

Code of Conduct

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

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

The Code of Conduct is revised annually, with the last update conducted in 2021. All amendments to the Code of Conduct are approved by the Board and the Supervisory Board.

The code of conduct is available both for internal usage in the intranet and for public access at the following address: www.tbcbankgroup.com.

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

Training Employees on Code of Conduct

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

ANTICORRUPTION, COUNTERING BRIBERY AND MONEY LAUNDERING

Company anti-corruption policies and procedures

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

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

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

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

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

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

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

Anti-Corruption Policy Implementation, monitoring and response

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

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

Training Employees about Anti-Corruption Policies and Procedures

The organization's anti-corruption policies and procedures have been communicated to all employees, including all members of the governance bodies. New employees receive the Anti-Corruption Policy as a part of their welcome package, including all policies and procedures, and are trained in anti-corruption matters. The anti-corruption policy is also a part of the Compliance Department trainings that are delivered to those employees who, due to their specific responsibilities, are more exposed to risk. Employees periodically have online trainings and testing on the subject. In 2021, 5760 employees received training on the anti-bribery and anti-corruption policy.

Operations Assessed for Risks Related to Corruption

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

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

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

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

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



- it is prohibited from making a cartel agreement with other banks;
- any provided information should be kept in a transparent, fair and accurate manner; and
- group member companies are obliged to comply with Ecosystem Companies' Governance principles. These include:
 - Ecosystem Companies should provide services to TBC and to all other interested banks/companies on an arm's length principle and in accordance with the common pricing policy;
 - The Group Member companies should be open to unrelated ecosystems, as well;
 - Exclusive terms of relationship are forbidden between the Group member companies.

PUBLIC POLICY AND GOVERNMENT RELATIONS

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

INCIDENT MANAGEMENT POLICY / WHISTLEBLOWING POLICY

One of the instruments for implementing ethical principles and the anti-corruption policy in our everyday operations is our Incident Response Policy/Whistleblowing Policy, which enables us efficiently to reveal cases of a breach of the Code of Ethics, Code of Conduct or Anti-Corruption Policy. The aim of the Incident Response Policy is to ensure responsible and honest conduct within the Bank, as well as to promptly identify and respond to potential breaches that may jeopardize employee work effectiveness, the Bank's reputation and the Bank's business. The policy ensures whistleblower protection from an immediate supervisor or other employees or from the imposition of any other sanctions. The policy supports employees in the appropriate reporting of any suspected violations and concerns. The Incident Response Policy is applied to the whole Group and each employee is responsible to comply with its requirements. According to this policy, the employee is obliged to raise the alarm (speak up, blow the whistle) in case of employee oppression, bullying, or an employee entering a corrupt/ fraudulent scheme, etc. Employees can communicate the problem openly or anonymously. The Incident Response Policy is renewed annually, and was last updated in December 2021. The policy is applied to the whole group and is publicly available on our website: www.tbcbankgroup.com.

Ensuring Policy Implementation

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

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

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

Complaints and Response Mechanisms

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

- Bank internal phone: 2 27 27 27 (*1998)
- Anonymous communication web-site: <https://www.tbcbank.ge/web/en/web/guest/anonymous-hotline>.
- E-mail: incident_compliance@tbcbank.com.ge.



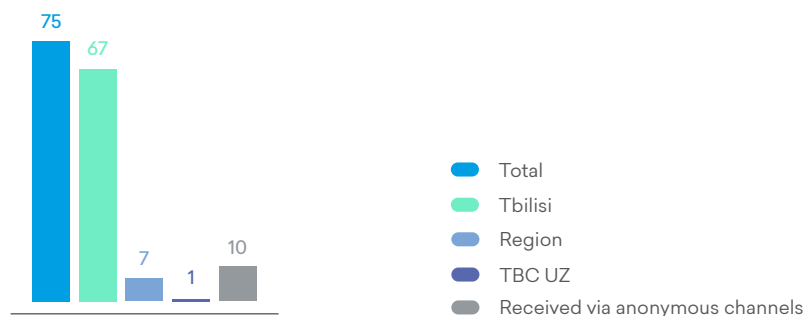
Anonymity is preserved in the following ways: the Bank internal number 2 27 27 27 (*1998) can be dialed from internal as well as external networks. On this number, the incoming call and the caller telephone number are not recorded if the caller does not want to present the identity.

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

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

In total, 75 (15 in 2020) incidents were identified through various inputs, such as client complaints, internal control processes and anonymous hotline calls. Out of these, 10 were received via anonymous channels.

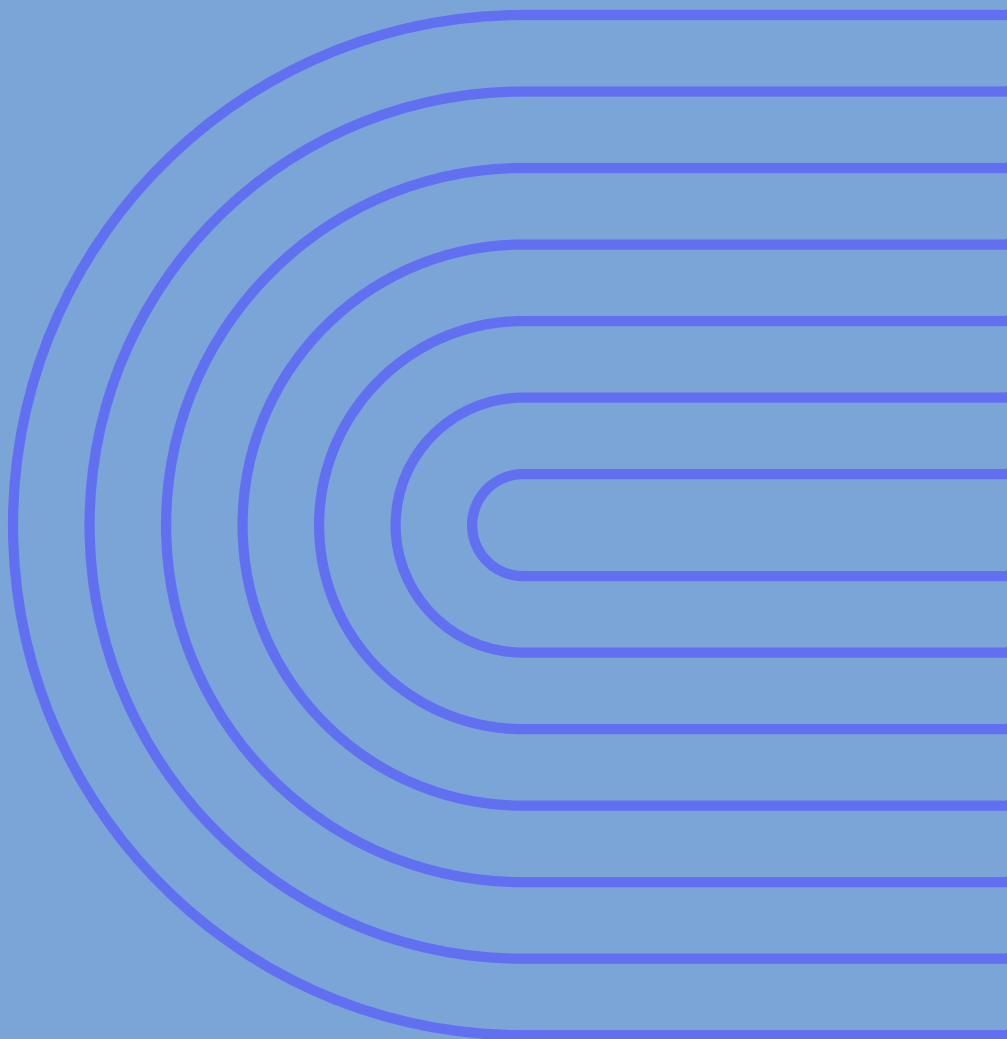
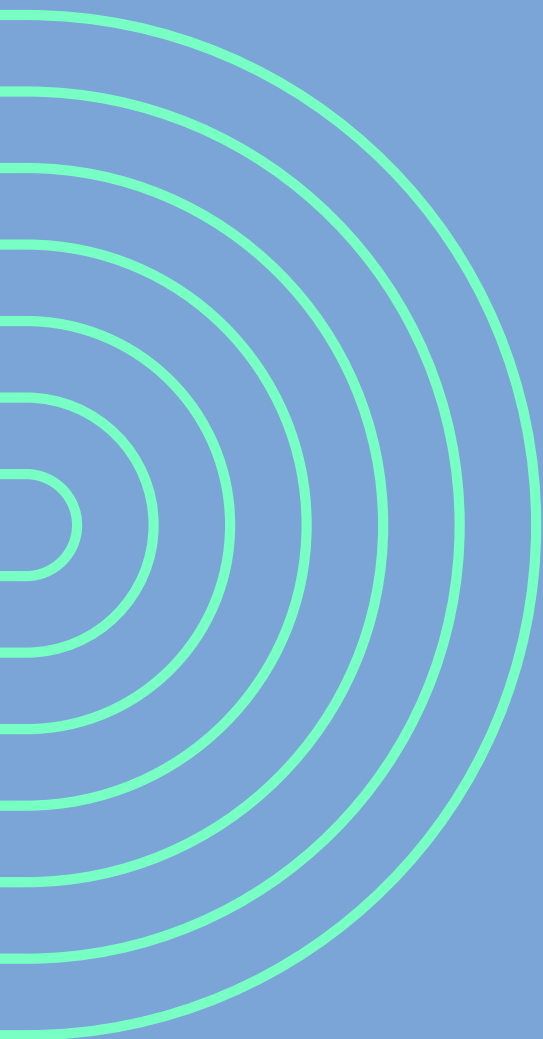
NUMBER OF DIFFERENT CATEGORIES OF INCIDENTS



Healthy and ethical working environment - a new training concept

A new training concept combines different issues such as Code of Ethics and Conduct of Conduct, operational and fraud risks, employee protection and safety, environmental, social and governance matters under one umbrella of a healthy and ethical working environment, which is an equal, development-oriented and safe space, free from discrimination and harassment, and in which everyone is respected and valued. These complex topics are explained to employees based on contextual information. The trainings are based on the description and analysis of different real cases and processes; as a result, such content trainings are much closer to the real work process, which includes many different factors at the same time. The development of the training is carried out jointly by different responsible departments and incorporates specific examples. The aim of the trainings is to raise the awareness of our employees, strengthen responsibility and culture of ethics. The new concept also includes videos, blogs and regular newsletters, additional meetings with the senior management and responsible departments. Periodic awareness measurements are considered, as well.







OUR ECONOMIC IMPACT

- **Introduction**
- **Direct Contribution to the Economy**
 - International Fund Raising
 - TBC Impact Through Taxes
 - TBC Impact Through Employment
 - TBC Impact Through Suppliers
- **Indirect Impact on the Economy**
 - Advanced Resource Allocation Practices
- **Financial Technologies**
- **MSME Financing, Trainings, Projects, Startup Programs**
- **Promoting Georgia Internationally**
- **Research**



OUR ECONOMIC IMPACTS

INTRODUCTION

Georgia's financial sector is dominated by the banking sector, as other sources of financing are relatively limited in size. The Georgian economy demonstrated a firm recovery in 2021. For the full year, real GDP increased by 10.4% following a 6.8% contraction in 2020, with output surpassing pre-pandemic levels. Inflation remained elevated in 2021, averaging 9.6% and reflecting higher commodity prices and a lower base from the previous year. In response, the NBG tightened the monetary policy rate by 250 basis points over the course of the year. Meanwhile, an 18.3% expansion in bank lending provided much needed support to the economic recovery, while the banking sector remained healthy and non-performing loans remained low at 2.3%. Overall, in 2021 domestic credit provided by the banking sector relative to GDP amounted to 71.5%.

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. TBC's share in total credit extended by the banking sector stood at 38.8% as of 2021, amounting to 27.8% of GDP. In terms of segments, TBC accounts for 39.4% of loans to legal entities and 39.9% of retail lending, significantly contributing to investment and consumption activities in each of these segments. TBC is especially active in housing finance, with a 46.8% share in the retail mortgage portfolio; the Bank represents the first choice for homebuyers in Georgia. Capital market development is high on the agenda of the country's economic policy and TBC Group actively contributes to the development of the non-banking sector through TBC Capital, the investment-banking arm of TBC Bank. As a shareholder of the Georgian Stock Exchange, TBC Capital plays an active role in the development of the infrastructural and legal aspects of capital markets in Georgia.

In 2021, TBC Capital maintained its leadership position in terms of DCM on the Georgian market, closing three Eurobond transactions in the role of joint lead manager. This was hugely important both for Georgia, in terms of reaching international capital markets, and for TBC Capital in gaining unique experience of working with the largest investment banks, rating agencies and legal advisors on transactions with a total value of USD 1,075 million. Most notably, TBC Capital, together with a number of leading international investment banks, acted as a joint lead manager for the Green Bond of Georgian Railway in the amount of USD 500 million. This marks the second Green Eurobond from Georgian entities, following the 5-year USD 250 million Georgia Global Utilities (CGEOLN '25) bond issuance in 2020. On the local market, TBC Capital acted as a sole arranger for a USD 11 million equivalent local currency public bond placement by Nikora Trade (a leading FMCG retail chain), and as joint lead manager on a USD 12 mln USD public bond for Lisi Lake (a leading real estate development company).

In addition, TBC Capital acted as the sole lead manager for two of EBRD's and FMO's private bond placements, with a total value of USD 90 million. TBC Capital also acted as a placement agent on a USD corporate private bond placement issued by TBC Bank Group PLC, with a total value of USD 31 million. As a result, the corporate bonds issued publicly and listed by TBC Capital in 2021 amounted to USD 1,150 million, comprising 52% of the Georgian market share of total corporate bonds issued publicly and listed on the Georgian Stock Exchange and on international Stock Exchanges.

Since October 2020, the Group has expanded its banking operations to Uzbekistan to exploit the exciting growth opportunities offered by the Uzbek market. The Uzbekistani economy is well diversified with no major reliance on a particular industry. It has one of the lowest public debts as a percentage of GDP in the region and high international reserves, implying macroeconomic stability as well as room for future high growth. The government of Uzbekistan plans to reform the economy and open it up to foreign investment. Despite the negative impact of the COVID-19 pandemic, Uzbekistan's economy grew by 1.9% in 2020. According to the statistics office of Uzbekistan, the economy further expanded by 7.4% in 2021.



DIRECT CONTRIBUTION TO THE ECONOMY

Economic Impact: Value Generation and Distribution

GEL'000	2021	2020	2019
Direct Economic Value Generated			
Net interest Income	1,002,732	835,432	801,539
Non-Interest Income	449,288	320,158	326,704
Non-Operating Income	1,452,020	1,155,591	1,128,243
Administrative and other operating costs	156,250	125,359	140,190
Depreciation and Impairment Charges	62,964	424,538	152,734
Direct Economic Value Generated	1,232,806	605,694	835,318
Direct Economic Value Distributed			
Shareholder (dividends and comprehensive income attributable to non-controlling interest)	103,469	4,737	111,049
Governments (corporate income tax expense)	112,361	-3,383*	45,184
Employees (salaries and bonuses)	309,302	244,043	247,803
Community (community Investments)	418	3,530	1,990
Direct Economic Value Distributed	525,550	248,927	406,026

International Fund Raising

TBC Bank directly promotes lending and economic growth through its investment of borrowed funds in productive sectors of the economy. In 2021, TBC invested 184 million USD through borrowings from international financial institutions and commercial banks such as EBRD, EIB, DEG, GGF, EFSE, BOMF, CITI Bank, BSTDB, as well as through Debt Capital Markets.

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 2021, TBC attracted 363 million GEL to provide financing for local currency loans, which are in high demand.

TBC continues to strongly support the development of micro, small and medium-sized businesses (MSMEs) aligned with its strategy, primarily by attracting dedicated funds to increase their access to finance in Georgia. Since the beginning of 2021, the Bank has raised up to USD 150 million to finance the working capital and long-term investment needs of MSMEs in rural and urban areas. The MSME segment development will contribute to the reduction of unemployment and accelerate economic growth in the country.

In 2021, TBC Bank raised Trade Finance Facilities in the amount of USD 40 million from Citi Bank and BSTDB. The proceeds of these facilities will support the import and export transactions of TBC Bank's customers, increasing the volume and value of trade transactions in Georgia's key economic sectors.

In 2021, TBC Bank successfully cooperated with its long-standing partner EBRD, under the EU4Business initiative, which is supported by EU, attracting a EUR 25 million (equivalent in GEL) facility to help Georgia's SMEs align their businesses with EU Directives, increase their product/service quality, and enhance their environmental responsibility. This dedicated programme brings finance, free technical assistance, and cash-back incentives together to further improve the competitiveness of local businesses.





In line with its strategy of sustainable development, TBC Bank aims to contribute to the development of green financing in Georgia. Therefore, the Bank has raised a USD 30 million facility from the Green for Growth Fund (GGF) to finance energy efficiency, renewable energy and waste management investments of corporates and SMEs. Financial support is supplemented with the fund's special technical Assistance program, which further promotes green finance investments by providing tailored expert advice to borrowers.

Besides the strong partnership with International Financial Institutions (IFIs) and commercial banks, TBC has successfully returned to Debt Capital Markets. In November 2021, TBC issued US\$75 million Subordinated Additional Tier 1 Capital Notes, its first ever AT1 transaction with a Development Finance qualification. The proceeds from the Notes are anticipated to support the growth of TBC Bank's core capital base and support its overall growth strategy, including the growth of its sustainable loan portfolio.

The Bank's fundraising activities once more underline TBC's commitment to run the business in a responsible and sustainable manner and facilitate access to underserved groups through the provision of both financial and non-financial support.

TBC impact through taxes

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

Taxes paid by TBC Group across countries in 2021 (GEL'000)

	Other tax	Profit tax	Total
Georgia			
TBC bank	85,334.99	-	85,334.99
TBC Capital	994.81	-	994.81
TBC Pay	317.94	7,461.62	7,779.56
Vendoo	754.00	-	754.00
Index	424.75	0.26	428.58
TBC Leasing	17,215.03	-	17,215.03
UFC	2,541.62	1,953.00	4,494.62
TBC Insurance	3,157.46	3,654.00	6,811.46
All Property	1,536.39	0.36	1,542.14
my.ge	2,327.54	23.84	2,351.38
TBC International	82.07	54.05	136.11
Billing Solution LLC	57.87	-	57.87
F Solution LLC	42.32	-	42.32
Mypost	74.99	2.27	77.26
TBC Space	258.30	-	258.30
TBC bank	85,334.99	-	85,334.99
Uzbekistan			
Uzbekistan bank and Vendoo	9,625.00	-	9,625.00
Azerbaijan			
TBC Credit	79.25	38.58	117.82
Great Britain			
TBC BANK Group PLC	2,287.28	-	2,287.28



TBC impact through suppliers

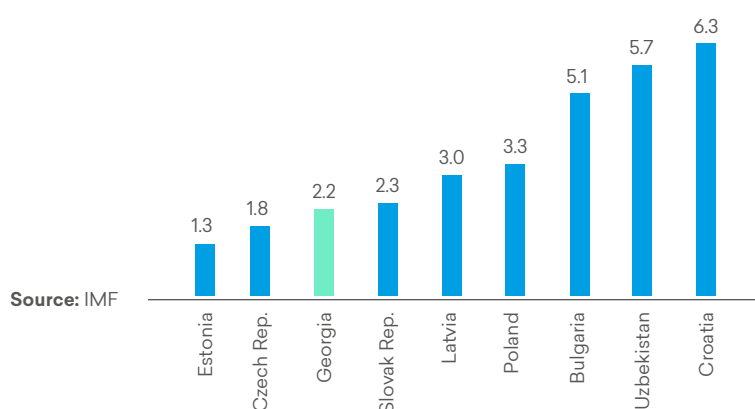
TBC Bank recognizes that it has a considerable impact on the economy through its procurement activities. TBC Bank is one of the largest purchasers in Georgia. Moreover, through our procurement procedures we ensure inclusion of a wide range of suppliers in our supply chain and, consequently, we are cooperating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

INDIRECT IMPACT ON THE ECONOMY

Advanced resource allocation practices

A core function of the Bank lies in the identification of productive investment opportunities and the allocation of depositor resources to those sectors that can make the most out of them. TBC has been actively increasing its loan portfolio over the last couple of years, with the growth of loan book amounting to 17.9% in 2019, 8.7% in 2020, and 18.3% in 2021, all excluding the FX effect. At the same time, given the systemic importance of the Bank, it is important to invest client deposits responsibly and without excessive risk-taking. Solid portfolio quality performance over the last couple of years is an indicator of sound risk management practices, which have been the defining feature of the Bank. Aside from the direct positive impact of advanced risk management concerning TBC's clients, its economy-wide effects are also considerable as investments flow to the most productive sectors, as evidenced by the low level of problem loans. In 2021, Georgia demonstrated low NPL levels compared to its Central and Eastern European peers when calculated by using the IMF's methodology, indicating not only a healthy banking sector, but also its significance in terms of overall macroeconomic stability. Despite a surge in 2020 due to the impact of the pandemic, NPLs as defined by the NBG's local standards (the percentage of total loans classified by the Bank as Substandard, Doubtful and Loss) also declined in 2021, almost returning to pre-pandemic levels.

NON-PERFORMING LOANS TO GROSS LOANS (% , AS OF 2021-Q3)



Non-performing loans in Georgia (NBG methodology)

% of Gross Loans	2021	2020	2019
Market	5.2	8.2	4.4
TBC	3.9	7.7	3.1
Other lenders (market w/o TBC)	6.0	8.6	5.2

Source: NBG



FINANCIAL TECHNOLOGIES

TBC is constantly striving to improve its payment technologies and offer advanced on-line banking services to its customers. With 97% of transactions currently conducted by retail customers outside its branches, TBC significantly contributes to the improvement of productivity in the economy through lowering transaction costs. TBC Bank balances its economic rationale with the responsibility of giving access to financial services to the customers, creating good coverage of economically advanced as well as less prominent regions. Our digital solutions are very simple and easy to use and allow our customers to conduct most of their banking operations comfortably online. In addition, digital offerings increase financial inclusion of people (e.g. self-employed customers) who otherwise would have an issue in getting products and services, and customers from remote areas, with no access to physical branches. Furthermore, distance banking solutions have become particularly important in the face of the COVID-19 outbreak to ensure the smooth adaptation to a new reality.

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 2021, SME accounted for 59.7% of employment and 56.3% 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 2021, TBC Bank serves 81,000 active MSME customers and is continuously designing and developing products and services specially adapted for their needs. Moreover, TBC is willing to share knowledge and expertise to help the SME sector. In 2017, we launched “Startuperi”, a new program aimed to help SMEs; at present, around 55,000 (47,000 in 2020) startups have been registered in the program’s various activities. The outstanding portfolio of the programme is comprised of 493 active loans, in the total amount of GEL 196.9 million as of 31 December 2021.

PROMOTING GEORGIA INTERNATIONALLY

As a publicly listed company, TBC Bank directly contributes to the economy through its active engagement with existing and potential investors and serves as the first touchpoint for many investors interested in opportunities in Georgia. TBC Bank’s management regularly performs roadshows, in which a significant part of the discussion and analysis focuses on the Georgian economy. Widely spreading the word about the domestic economy and its potential amongst investors from various parts of the world sparks interest in Georgia and significantly enhances the chances for the country to attract additional investment and accelerate economic growth domestically.

RESEARCH

TBC Capital’s research division provides real-time access to comprehensive data and analytical insights for large corporate borrowers and investors. Its coverage comprises regular macro, sectoral, equity market and fixed income updates as well as in-depth analytical reports on significant developments and events. In 2021, the research division continued to provide corporate borrowers and investors with regular updates on the recovery of Georgian economy through its regular, weekly, monthly and quarterly publications and online events. In 2021, TBC Capital successfully launched its coverage of equity markets and provided its audience with weekly updates on developments in global equity markets. The research division closely monitored the recovery of tourism and real estate sectors through a monthly sector watch series. Other important areas, sectors and issues were covered in sector specific publications. Overall, in 2021 TBC Capital published more than 200 publications, keeping the interested audience continuously updated about important macro-sectoral developments and the projections of key parameters. The full list of reports is available at www.tbccapital.ge.

The coverage of our reports has increased significantly since last year both locally as well as among international investors and analysts. Additionally, our macro updates are broadcast on a regular basis via the business media online channel. In addition, in 2021 TBC Capital started to produce regular video updates on its most important research findings and economic developments to diversify the format of its content. Furthermore, throughout the year, we organized several large-scale online conferences for our customers, covering challenges and trends in the Georgian economy from a macro and a sectoral perspective.



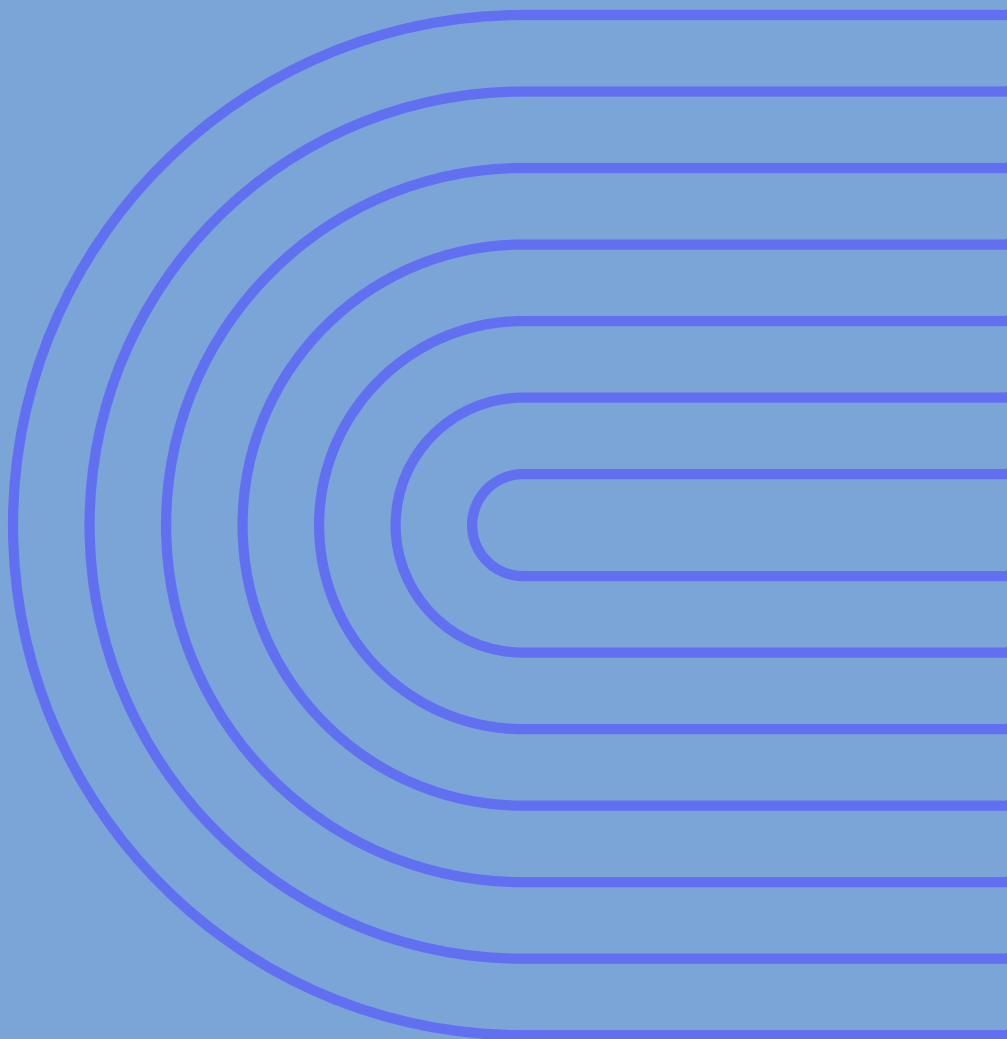
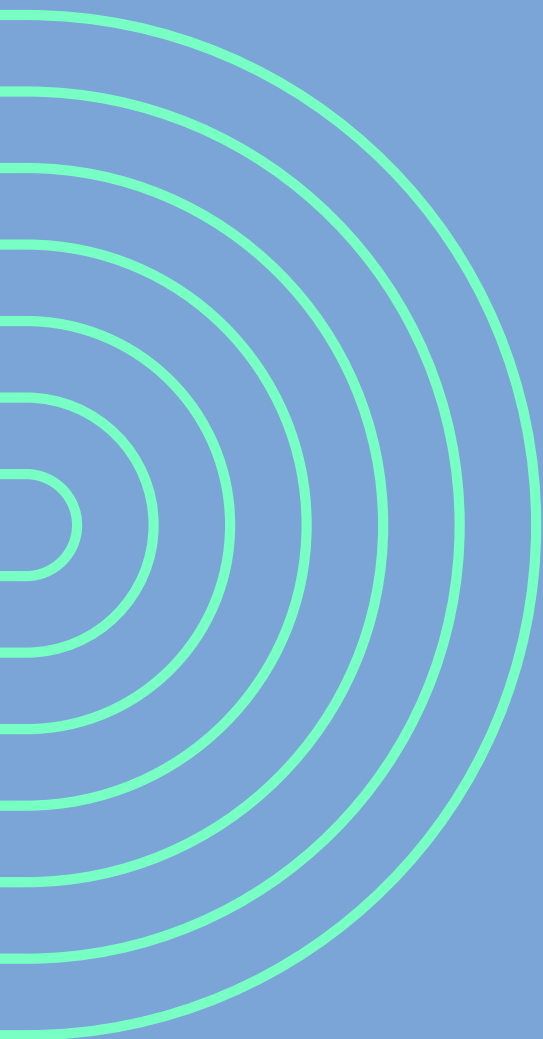


TBC CAPITAL

The National Bank of Georgia named TBC Capital as the best macroeconomic forecast provider in 2021. The evaluation of the 2021 macroeconomic forecasts survey revealed that the forecasts provided by TBC Capital had the smallest average deviations from the actual indicators. This was also mentioned in the May monetary policy report of 2022.

The Monetary Policy Report for May 2022 can be found at: bit.ly/report-nbg.







ENVIRONMENTAL RESPONSIBILITY

- **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 RESPONSIBILITY

ENVIRONMENTAL POLICY AND MANAGEMENT APPROACH

Policy

Since the environmental and climate change issues are accelerated worldwide, we comprehend our role and contribution in the process of adaption and mitigation and are committed to manage our direct and indirect environmental and social impacts stemming from our operation by developing the continuous enhancement of TBC's Environmental Management System (hereafter EMS). Based upon this perception, in 2020, we took active measures to manage the environmental and social risks associated with our activities. We further strengthened our EMS across the Group and obtained ISO 14001:2015 certificate. TBC is the first company in the country that, in parallel with the challenging reality, has successfully completed this process. During 2021, the recommendations provided by ISO were fulfilled and implemented accordingly, which led the organization to smoothly pass surveillance (re-certification) audit with no any further adjustments. This certificate serves as testament to our EMS's full compliance with international standards. In addition to being a great achievement, it also confers the responsibility to maintain and further develop our EMS.

TBC's Environmental policy governs our EMS within the Group. The policy ensures that we comply with applicable environmental, health and safety, and labor regulations and use sound environmental, health and safety, and labor practices, as well as take reasonable steps to make sure that our customers also fulfill their environmental and social responsibilities. Our Environmental Policy defines our values, system, goals and tasks.

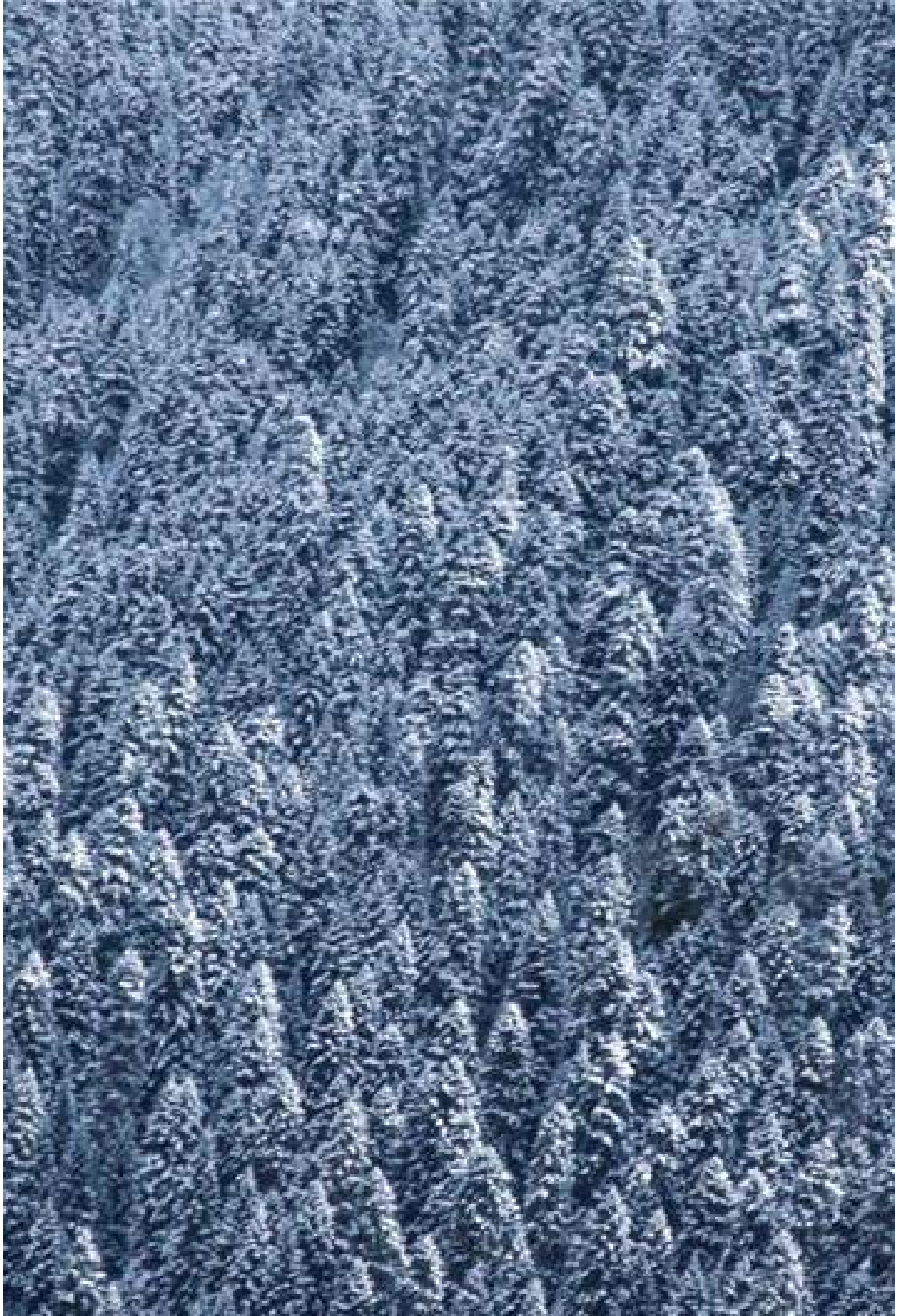
The Environmental Policy:

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

OUR EMS IS BASED ON FOUR PILLARS:

- Internal environmental activities;
- Environmental and social risk management in lending;
- Sustainable finance; and
- External communications.





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

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

Our Environmental Policy is publicly available at: www.tbcbankgroup.com.

TBC Bank has a dedicated Environmental and Social Risk Management (hereafter ESRM) Team, which is comprised of three full-time employees. Our ESRM team is responsible for overseeing the implementation and operation of our EMS across the Group. It provides assistance to our subsidiaries on environmental and social issues and conducts trainings on a regular basis. It is also accountable for reporting environmental management plans and results to the Environmental Committee on a quarterly basis. Our ESRM team is part of the SME and Corporate Business Credit Risk Department, which reports directly to the Chief Risk Officer.

Management Approach

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

Our top management is actively involved in implementation of the Environmental Policy. The Environmental Committee meets a minimum of three times a year and at least one representative of the Board of Directors always participates in it. In 2021, three committee meetings were held. At the Group level, environmental topics and policy implementation are coordinated through the production of the annual Greenhouse Gases Emission Report. Based on the results, respective action plans for the coming year(s) regarding resource usage and decreasing direct impact on environment are developed.

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

Risk Management and Legislative Compliance

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

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

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

In 2021, the company had no fines or non-monetary sanctions for non-compliance with environmental laws and regulations.







ESG AMBASSADORS IN TBC

TBC Bank initiated an ESG Ambassadors programme to increase the involvement of TBC employees as focal points for ESG matters. Ia Kalmakhelidze, a Business Lending Expert for small and medium loans in the Mtatsminda branch, Tbilisi, became one of the 18 ESG Ambassadors with her awareness-raising initiative. „I believe that the businesses have an important role in this process. To this end, it is crucial to provide companies with exhaustive information and make them aware that considering environmental and social issues contributes to effective risk prevention, improved management, good relations with customers, suppliers, and employees. “

Ia aims to use her capacity and expertise to contribute to this process.



Employee Engagement in implementing the Environmental Policy

TBC Bank's ESRM Group's main motto is "start from yourself". It is very important to ensure that employees have a sufficient level of awareness, motivation, involvement and participation. In order to raise their awareness, our Environmental and Social Risk Management Group regularly holds trainings and discussion meetings. In that regard, an Environmental and Social training program was developed, which includes:

- "Welcome" training;
- Training for new employees;
- E&S training for credit staff;
- Annual mandatory online EMS e-learning course for all staff, followed by a self-evaluation test;
- Mandatory on-boarding trainings;

In 2021, 95% of all staff including TOP management of TBC successfully passed online course and a self-evaluation test about TBC's EMS.

In 2021, several E&S training sessions were held and 145 employees were trained, including SME and Corporate Credit Officers, Credit analysts, Credit Risk Managers and Business SME Lending/Sales Coordinators.

For better and effective communication, the video was created that briefly describes TBC's EMS, structure and approaches. It is used both for training with staff and for meeting with partners and stakeholders.

TBC Bank believes that raising environmental awareness among its employees is vital for effective implementation of EMS and encouraging new eco-friendly ideas and initiatives within the organization. One of the clearest example of this is online employment contracts initiative, which was implemented in 2021. New initiative is adapted to the remote work format caused by COVID-19 situation. In addition to being fast and flexible and avoiding operational and legal risks, it creates an automated, paper-free environment as the employment contracts no longer need to be printed and archived and avoids the costs associated with these processes.

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

HOW WE MANAGE OUR DIRECT ENVIRONMENTAL IMPACT

Since banking is not a high-polluting activity, the implementation of an internal EMS 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 the operational activities, procured items and outsourced services that it can control (present and planned) and has identified all the material environmental aspects relevant to the business. These are sub-categorized into indirect and direct environmental aspects, analyzed based on a comprehensive scorecard and managed accordingly.

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

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

As a result of the 2021 GHG emissions count, annual environmental action plans tailored to their business specifics have been defined for the subsidiaries as well which cover resource efficiency, GHG emissions reductions and relevant KPIs.

Calculation methodology

For the GHG inventory, the following steps have been set: defining organizational boundaries, operational boundaries, gathering data and calculation of carbon dioxide (CO₂)

equivalent. This report describes all emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 (Scope 1 and 2) and, in addition, the emissions under Scope 3 that are applicable to the business. In preparing the emissions data, the emissions factors from the UK Government's Greenhouse Gas Conversion Factors for Company Reporting 2017 and National IPCC emission factors for electricity (tCO₂*/MWh) were used. The required data was collected and a report developed for the boundaries of TBC PLC's main activities, as follows:

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

Scope 2 (purchased electricity for own use for lighting, office appliances, cooling, etc.) includes emissions from used electricity at owned and controlled sites; to calculate the emissions, the conversion factor for National IPCC emission factors for electricity (tCO₂*/MWh) was used;

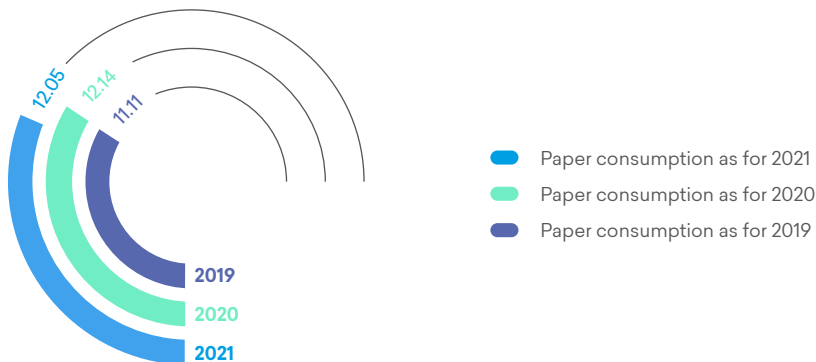
Scope 3 includes emissions from air business travels (short haul, medium haul, long haul and international haul); it should be noted that information on the travel class was considered and an "economy class" conversion factor was used for the emissions calculation from the following link: www.atmosfair.de.

Material Usage - Paper

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

Compared to previous year, paper consumption on a group-wide is decreased by 0.7% due to the increase the number of staff within the group.

PAPER CONSUMPTION PER PERSON IN REAMS (TBC PLC)



Target: For the year 2022, it is planned to control the paper usage increase below 0.4%.





PAPER RECYCLING

Since 2015, TBC Bank has contracted a company for paper recycling. TBC delivered more than 250 tons of paper for further processing.

The company produces household paper.

Energy Usage

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

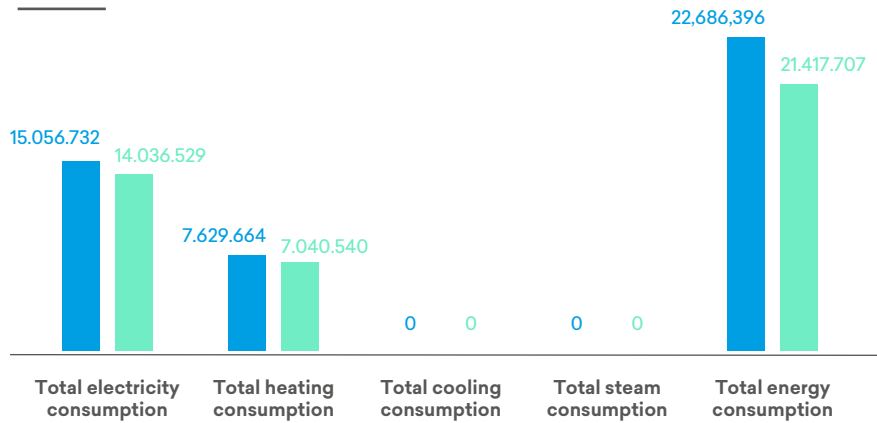
TBC Bank operates green car fleet, which is comprised of electric and hybrid vehicles.

Energy Consumption data

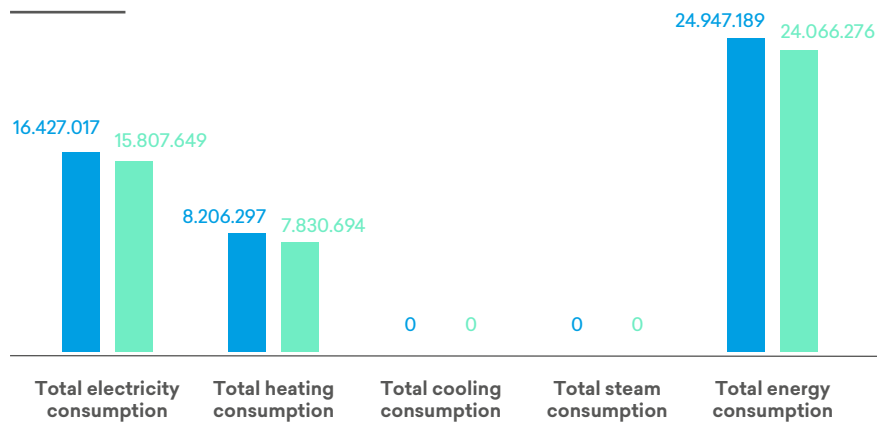
Measured in kW/h

- Energy Consumption 2020
- Energy Consumption 2021

BANK



GROUP



The Group has undertaken the following energy-efficient measures:

- Energy usage is one of the most significant sources of our direct environmental impact. It comprises electricity consumption of our premises and equipment, the usage of heating and cooling systems, transportation and more. To reduce our impact on environment, we use energy-efficient approach during renovation and construction of our offices and branches, as well as consider green and energy-efficiency recommendations to the extent possible.
- We use energy-efficient LED lighting and operate energy efficient heating and cooling systems in the Bank's offices. This has helped us to reduce the consumption of energy in the previous years.
- The Bank operates green car fleet, comprised of electric and hybrid vehicles, which positively affects fuel consumption and reduces GHG emissions.

Energy consumption was decreased by 880 913 kW/h for the whole Group in 2021, including electric energy, heating systems and fuel for generators.

Total electricity consumption of TBCbank Group PLC in CO₂ was increased by 6% while TBC Bank managed to reduce it by 7% (around 95,800 CO₂kge). The increase is due to business expansion/branch network development in Uzbekistan, which brought additional electricity consumption. Additionally, TBC Insurance and Leasing companies increased electricity consumption by around 105,000kWh annually, which is equivalent to 9,870 CO₂kge.

Target: for the year 2022, it is planned to control the energy usage increase below 2%.





SAVING ENERGY

TBC celebrated Earth Day with the energy efficiency initiative - from April 21, during non-working hours, we reduced the lighting in 134 branches in Tbilisi and the regions, and from now on, we will continue to maintain this energy efficiency regime.

As a result, we will save 120,000 kWh of electricity per year and avoid emitting 23,400 kg of CO2 per year.



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 2021 reached 82 567 m³ Group-wide (TBC Bank – 69 522 m³; others – 13 045 m³). Water consumption in 2020 reached 78 021 m³ Group-wide (TBC Bank – 72 113 m³; others – 5 908 m³).

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.

In 2021, the water consumption per employee decreased by 6% year-on-year compared to the 2021 target level of 5% reduction.

In 2022, it is planned to install water pressure control devices in more locations.

Target: It is planned to control the water consumption increase below 1.5% in 2022.

GHG Emissions

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

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

TBC Bank has established a comprehensive internal system to manage its GHG emissions within the Group. The guidelines for documenting environmental data were developed and responsible staff was assigned in subsidiary companies to collect and provide the required data. TBC Bank also commissioned an independent Health, Safety, Environment (HSE) consulting company to verify the measurements of its GHG emissions. It is to note, that the Group is a low energy user in the United Kingdom and does not consumer more than 40,000 kwh of energy.

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

Scope 1 Emissions

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

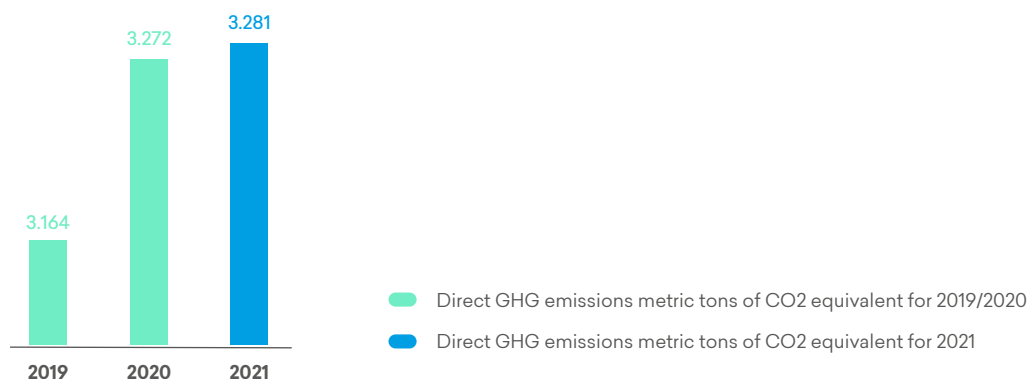
TBC's direct GHG emissions in 2021 amounted to 3,281 tons of CO₂.



Direct GHG emissions metric tons of CO2 equivalent

Gross direct (Scope 1) GHG emissions

GROUP



Scope 2 Emissions

Scope 2 - Purchased electricity for own use (lighting, office appliances, cooling, etc.) includes emissions from used electricity at owned and controlled sites. To calculate the emissions, the conversion factor for National IPCC emission factors for electricity (tCO₂*/MWh) was used.

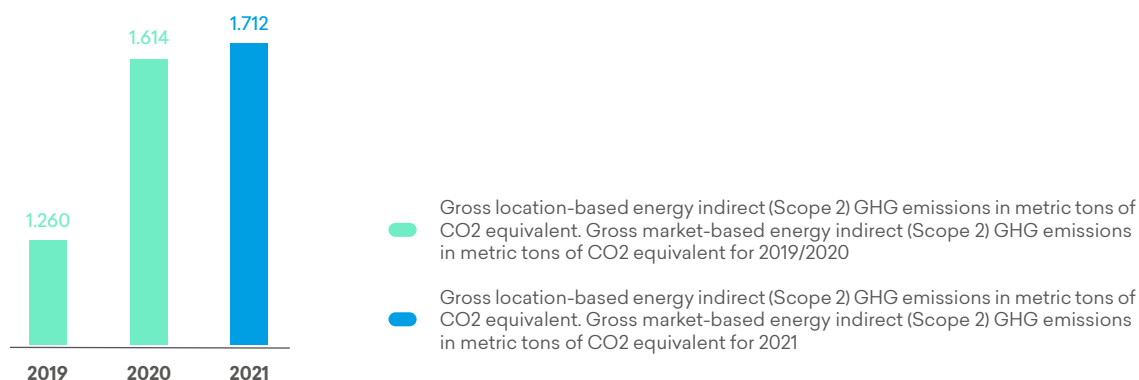
TBC's gross market-based energy indirect GHG emissions reached 1,712 tons of CO₂. Emissions in the base year equaled 1,614 tons of CO₂.

Total electricity consumption of TBCbank Group PLC was increased by 6% while TBC Bank managed to reduce by 7% (around 95,800 CO₂kge). The increase is due to business expansion/branch network development in Uzbekistan, which brought additional electricity consumption. Additionally, TBC Insurance and Leasing companies increased electricity consumption by around 105,000kWh annually, which is equivalent to 9,870 CO₂kge.

Energy indirect GHG emissions, metric tons of CO2 equivalent

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

GROUP



Scope 3 Emissions

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

Total scope 3 emissions constituted 72 tons of CO₂ (the gases included in the calculation were CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃).

Base year emissions constituted 144 tons of CO₂.

Due to the Covid-19 pandemic environment business flight are decreased drastically twice by 50%. It should be noted in terms of Uzbekistan country specific and considering long distances between cities, domestic flight are used regularly which contributed negatively.

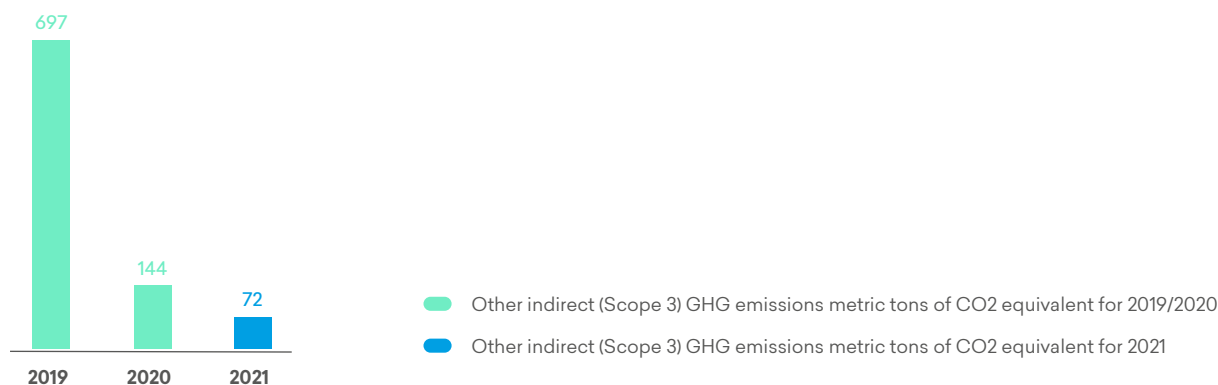
In order to calculate the GHG emissions deriving from business trip flights, the detailed route of each trip (including transfers between international flights), the type of flight class (first, business, and/or economy), and the number of persons on each business trip were taken into account.

Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source - www.atmosfair.de.

Other Indirect Scope 3 Emissions:

Other indirect (Scope 3) GHG emissions metric tons of CO₂ equivalent

GROUP



Overall, in 2021 GHG emissions increased by 35 000 kg of CO₂ group-wide and decreased by 275 000 kg of CO₂ bank-wide.

Generally, the Group remains on the same level in terms of total GHG emissions. In contrast, due to staff number increase in average YoY by 1000 people, respective indicator per employee shows quite positive reduction. It should be noted, that TBC Bank's positive impact (reduction) of GHG emissions was offset by several daughter companies' performance during the analyzed period.

Reducing Consumption Targets 2022

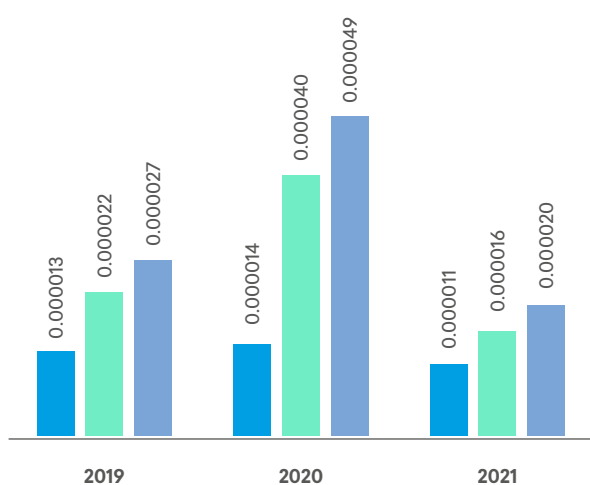
GROUP

	Reducing Consumption Targets 2021	Total GHG emissions (CO2) (tonnes) and KPIs (Increase)
Fuel consumption	6%	Below 4%
Electricity consumption	5%	Below 2%
Water consumption (pp)	5%	Below 1.5%
Paper consumption (pp)	5%	Below 0.4%
Total greenhouse gas emissions	5%	Below 3%
Per employee Greenhouse Gas emissions	5%	Below 3%

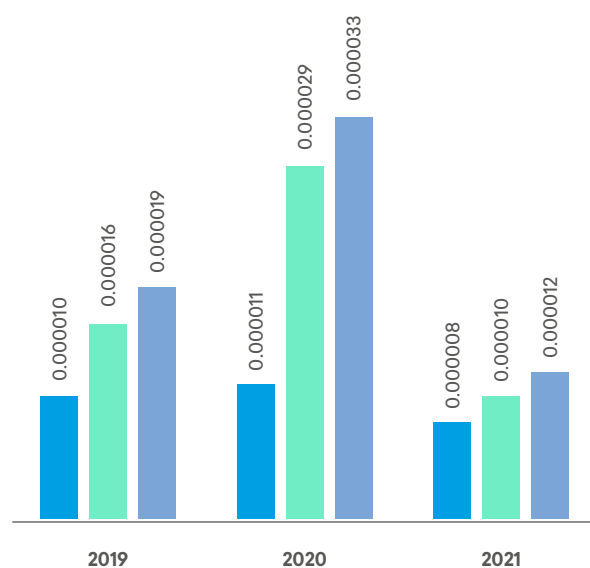
Intensity Ratio

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

TOTAL CO2 INTENSITY RATIOS TBC PLC (TONS)



TOTAL CO2 INTENSITY RATIOS TBC BANK (TONS)



■ tCO2e/Revenue (USD)

■ tCO2e/EBTDA (USD)

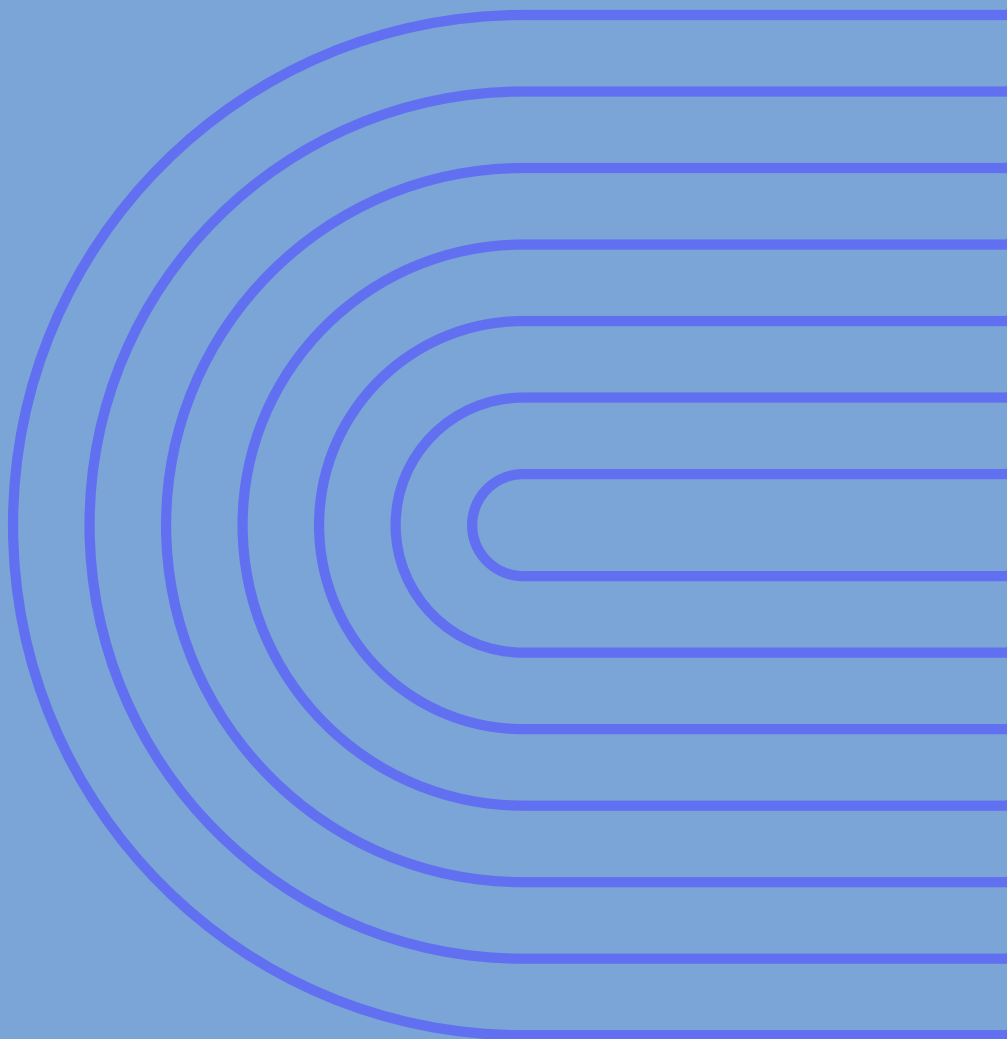
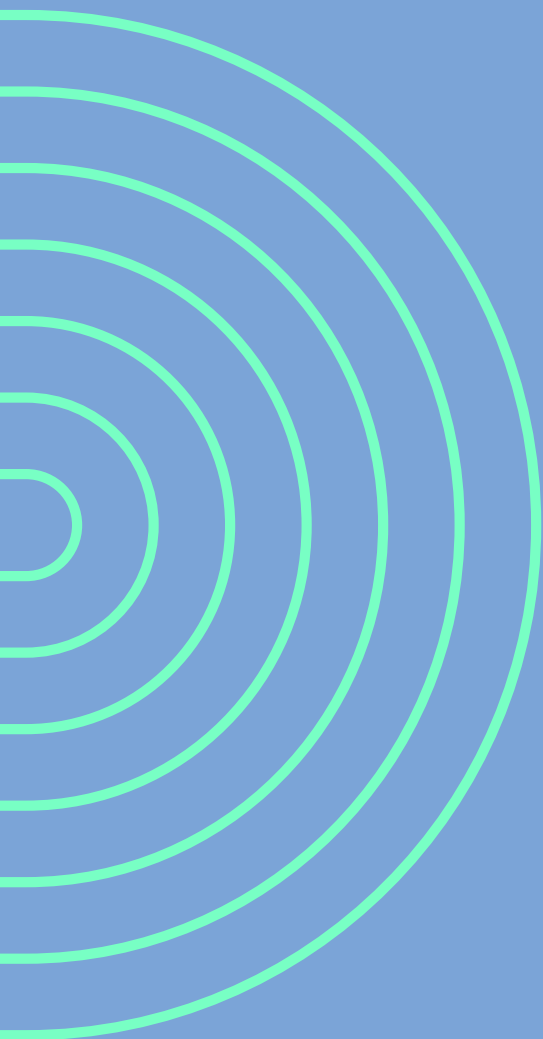
■ tCO2e/Net Income (USD)



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.





RESPONSIBLE EMPLOYER

- **Policy and Management Approach**
 - Management Systems
 - Grievance Procedure
 - Informing Employees about the Grievance Procedure
 - Submitting Complaints/Grievances
 - Investigation in HR
 - Number of Incidents
- **Our Employees**
- **Diversity and Equal Opportunities**
- **Salary and Benefits, Employee Social Protection**
- **Family Friendly Bank**
- **“Tibiselebi” Fund – Employees Supporting Each Other**
- **Employee Safety and Health, Professional and Occupational Sickness Prevention**
- **Work Climate, Employee Motivation and Engagement**
 - Satisfaction and Happiness Research
- **Talent Management (Recruitment, Trainings, Professional Development and Leadership)**
 - Recruitment
 - Performance Review
 - Career Development
 - Startup-leave



RESPONSIBLE EMPLOYER

TBC is one of the largest employers in the country. As of the end of 2021, TBC Bank employed 7,310 people. The total number of TBC Group employees is 9,858. We understand how our corporate culture and employment policy impact the well-being of our employees, their families and society as a whole.

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

For TBC, having a sustainable and successful business means treating all employees equally and fairly, supporting and coaching them throughout their whole career. We provide a safe work environment free from any kind of discrimination in which every employee is valued, respected, and treated equally regardless of race, colour, sex, language, age, citizenship, origin, place of birth, place of residence, social or property status, profession, religion or belief, nationality, ethnicity or social belonging, profession, family/marital status, health, disabilities, sexual orientation, gender identity and expression, political opinion or other beliefs. In 2022, the Board of Directors approved the Diversity, Equality and Inclusion Policy (an upgraded version of the Gender Policy dated 25th of November 2021), which sets targets and establishes a methodology to advance diversity, equality, and inclusion, integrating its approach into the operations of the company and focusing on diverse areas including gender, multicultural, multigenerational and disability backgrounds. We treat our employees with the utmost respect and strive to offer them a fair and diverse environment, in which people feel valued and have motivation to realise their full potential and perform to a high standard. We plan to further improve the gender balance at managerial level.

We remain committed to having a gender-balanced workforce through a workplace environment and culture that supports and empowers women. 71% of employees at TBC Bank are women while the share of women in senior roles is 36% (35% in 2020).

To identify needs and baseline information, TBC Bank partnered with DEG, the German development finance institution (DEG) and OeEB the development bank of Austria¹. In collaboration with DEG, OeEB commissioned a research study on the transformative impact of gender-lens investing in TBC to explore the factors and pre-conditions that enable women to advance in their workplaces and the relationship between women's leadership and economic empowerment. Research findings were based on an analysis of documents provided by TBC as well as seven focus groups with female employees working at different levels of the company, which took place between July and August 2021. Based on the analysis, TBC was named an exemplary company for women empowerment in Georgia.

This year we also launched a leadership school, which aims to identify top talents within the company and support their development. Within the scope of this programme, we introduced an extensive leadership programme for middle management in partnership with a leading international training company. This programme includes four modules: a strategic mindset, managing change, cross-functional trust, and leadership. Going forward, we plan to introduce tailored development programmes for selected candidates and offer targeted rotations to expand the required skill sets. Eight courses have already started at the Leadership Academy so far, the number of participants is 112, including 62 women (or 55 %).

¹ https://www.deginvest.de/DEG-Documents-in-English/About-us/What-is-our-impact/Case_Study_Report_Gender_lens_investing_TBC.pdf





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

Staff category breakdown by age group

Staff Categories	2019			2020			2021			2021 – subsidiary*		
	20-30	30-50	>50	20-30	30-50	>50	20-30	30-50	>50	20-30	30-50	>50
Front Office	68%	31%	1%	61%	37%	1%	59%	39%	1%	68%	30%	2%
Back Office	50%	45%	5%	47%	49%	4%	45%	51%	4%	54%	43%	3%
Middle Management	7%	89%	4%	4%	92%	4%	3%	90%	7%	24%	74%	3%
Technical Staff	53%	38%	9%	59%	38%	3%	41%	56%	4%	34%	57%	10%

Employee well-being has been our priority since the start of the pandemic. We have been regularly conducting check-ins to ensure our colleagues have sufficient support for their physical, mental, social and financial well-being, whether working remotely or on-site. Management supported front-line staff by ensuring a Covid-free environment. Managers have also been received support in how to lead and manage teams remotely. Moreover, our own epidemiologist held regular consultations with employees, in order to raise awareness about appropriate measures. COVID-19 response provides insights into good practices for companies to navigate COVID-19 in an inclusive and employee-friendly manner. Employees strongly valued the transparent information provided by leadership early on, as well as the quick response to enable home office options for most employees, where possible. With the establishment of a health hotline, TBC also supported all employees during the pandemic.

Within the last year, we have enforced call center positions (sales and service teams) and reserve staff for the branch positions due to the business requirements. Around 260 new call center employees and up to 800 employees as a reserve staff for the branch positions were recruited and hired for the professional paid training program, which is mandatory for the independent job performance.

In addition to the above-mentioned, our target was to fulfil the hiring of tech profiles, specifically with middle and high seniority levels. Although the demand for tech profiles is high, we have a scarcity of talents in the Georgian market. Therefore, our hiring strategy moved to international staffing. For that reason, we have contracted several international headhunting companies over the world, in addition to the work of our experienced recruiters. For this moment, as of May 2022, we have 12 active international tech professionals.

Last year was active for the company in the scope of recruitment, as was updated and reviewed the Recruitment Policy and Procedure, that cover the requirements for equal employment opportunities, operational risks and compliance policies in terms of external and internal hiring, ensuring smooth process flow, that at the end should cover the best results for the company and candidates itself.. Team is working on the implementing a new ATS (Applicant tracking system), which aims to create modest and comfortable working environments for the applicants and all stakeholders involved in the hiring process. Finally, the number of TBC staff members grew by 651.

*Subsidiaries: TBC UZ, Insurance, Leasing, Pay, UFC, Space, Capital





POLICY AND MANAGEMENT APPROACH

Relationships at work are regulated by our Code of Ethics, Code of Conduct, and a range of policies and procedures. The key policies are: the Remuneration Policy, the Human Rights Policy, the Disciplinary Sanctions Policy, the Employee Confidentiality Policy, the Anti-Harassment Policy, the Complaint Policy, Incident Management Policy and the Diversity, Equality and Inclusion Policy. Relevant procedures and instructions include the New Employee Hiring Procedure, the Vacation Procedure, the Procedure on Engaging in Other Business Activities, the Parental Leave Procedure, the Employee Learning Co-Financing Procedure and others. These policies and procedures ensure that employee relationships are aligned with local legislation, international standards, and best practices. These HR policies apply to the Bank. In 2021, TBC Bank's human capital management team started working on harmonizing policies and procedures across the whole of TBC Group. TBC works to integrate Bank's policies in the operation of the Group's subsidiaries. Furthermore, the employees of the subsidiaries will be trained to have a clear understanding of the importance and the objectives of these integrated policies. In 2022, the bank started sharing mandatory trainings to TBC Group subsidiaries in order to raise awareness about processes and harmonize the procedures. We strengthen our culture by collaboration with different departments. We continue together to enhance effective management and consider the relevant tools and governance in decision-making processes, focused on the continuous improvements within the group governance and management processes.

We remain committed to workplace diversity and inclusion. To expand our approach with more gender-focused topics, we elaborated a Gender Policy, based on the Women Empowerment Principles (WEPs), which offer guidance to businesses on how to promote gender equality and women's empowerment in the workplace, marketplace and community. This policy is implemented by detailed action plans. In 2021, we elaborated a Gender Action Plan in partnership with UN Women Georgia. The Gender Action Plan was developed in accordance with the WEPs and contains clearly defined indicators, with designated units for the implementation of each activity. In 2022, furthermore, to include and address broader range of issues, the Gender Policy was expanded and became a Diversity, Equality and Inclusion Policy, considering other priority areas of the policy, which are multicultural, multigenerational and disability backgrounds.

In support of

WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the
UN Global Compact Office



Considering the level of aggression from customers, which increased due to the negative effects of the pandemic, in 2021, we started to work on a separate Policy on Employee Protection which was finalized and approved in 2022. The policy applies to all employees, customers and all persons with whom employees have a relationship to provide services. The policy covers rules and detailed procedures in cases of violence defined as physical and/or mental violence committed by a person while receiving any service, as well as the threat of damage to a person or property, other forms of violence, verbal abuse, psychological pressure, sexual harassment, etc. The policy establishes a committee which is responsible for reviewing the cases and decision-making, including cancelation of services, if it is deemed to appropriate. The policy is important for the Group, as an employer, to provide a safe and secure environment for employees, both in the front and back office.

Management System

Our management system aims to create mechanisms that efficiently comply with company policies and relevant legislation. Incidents and non-compliance are monitored through a range of channels and tools. Because our company is constantly evolving, more and more information needs to be processed and consolidated. The Human Resource Management System (HRMS) enables us to collect, store and process very large amounts of information, which is used by the Human Capital Department in decision-making. It allows the company to keep track of all its employees and employee data, as well as information on benefits, such as enrollment and status changes. In 2022, the Bank aims to upgrade the overall management system with new tools in order to increase the compatibility with other systems.

In 2020-2021, we continued to introduce various self-service tools and interfaces in the Bank's intranet for employees, such as vacation, changes in terms of personal information (mobile phone, experience, education, etc.) and health insurance, which are integrated in the HRMS. Those services enable employees to become part of the everyday HR activities and be self-reliant. In 2021 we introduced one more self-service for employees to register and see their working hours if needed.

In 2021, the Human Capital department implemented an electronic confirmation process for employee contracts, which means that all contracts are signed electronically. We believe that this is a very important breakthrough, as the process is faster, transparency is increased, compliance and data integrity is improved, and associated costs are reduced.

Grievance Procedure

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

Informing Employees about the Grievance Procedure

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

Submitting complaints/grievances

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

- Anonymous Hotline: +995 32 2 27 27 27 *1998
- Anonymous website: <https://www.tbcbank.ge/web/ka/web/guest/anonymous-hotline>
- Anonymous letter: 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, or physical, moral or psychological pressure, the HR team manages the case, in cooperation with the Compliance Department.

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

Investigation in HR

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

If the complaint is unfounded or unsustainable, the complainant will be informed accordingly and disciplined by HR for unnecessarily bringing a charge against another employee. If there is a case, HR in liaison with the complainant's line manager will decide on further actions in the Grievance Committee, together with the employee or their representative. Depending on the severity of the case, matters may be brought to the attention of the senior management. If this occurs, a management representative will participate in the Grievance Committee. When complaints are anonymous, HR in liaison with the 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 was a total of 75 incidents in 2021 (15 in 2020), ten of which were sent via anonymous channels. They were all related to breaches of the Code of Ethics and the Code of Conduct, and all of them were reviewed and decided upon. Depending on the incident's severity, the Bank took a range of measures: in some cases, this took the form of a discussion with the employee and rotation to another position, while in other cases stricter disciplinary measures were applied. To support our corporate culture, TBC Bank has implemented a whistleblowing policy, which is available to all employees. The policy identifies the rules and conduct required of all individuals working for the Group and defines employee rights and responsibilities. For more information, see Chapter 07, Ethics and Integrity on pages 70-77.



OUR EMPLOYEES

TBC Bank is one of the largest employers in the country. At the end of 2021, the Bank employed a total of 7,310 people.

Number of Employees, gender breakdown:

	2019		2020		2021	
	%	Number	%	Number	%	Number
Total	100%	6301	100%	6659	100%	7310
Female	71%	4448	70%	4680	71%	5200
Male	29%	1853	30%	1979	29%	2110

Number of Employees, contract type and gender breakdown:

2019			2020			2021		
Employees	%	Number	Employees	%	Number	Employees	%	Number
Short term contract		1143	Short term contract		1062	Short term contract		1104
Female	80%	918	Female	86%	912	Female	84%	931
Male	20%	225	Male	14%	150	Male	16%	173
Long term contract		5158	Long term contract		5597	Long term contract		6206
Female	68%	3530	Female	67%	3768	Female	69%	4269
Male	32%	1628	Male	33%	1829	Male	31%	1937

Compared to 2020, the number of employees with long-term contracts increased in 2021. We believe that switching from a short-term to a long-term contract is beneficial when an employee brings essential knowledge and value to the company. Moreover, the rights of long-term employees are better protected as they receive employee benefits and become a part of our culture. Therefore, we view the increase portrayed in the table above as a positive change and aim to increase it more, thereby strengthening our commitment to the rights, safety, and well-being of our employees.

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

2019			2020			2021		
Employees	%	Number	Employees	%	Number	Employees	%	Number
Full time		6146	Full time		6555	Full time		7192
Female	70%	4299	Female	70%	4580	Female	71%	5092
Male	30%	1847	Male	30%	1975	Male	29%	2100
Part time		155	Part time		104	Part time		118
Female	96%	149	Female	96%	100	Female	92%	108
Male	4%	6	Male	4%	4	Male	8%	10



Number of Employees, Tbilisi/Region breakdown

2019			2020			2021		
Front								
Employees	%	Number	Employees	%	Number	Employees	%	Number
Total	100%	3483	Total	100%	3976	Total	100%	4345
Tbilisi	67%	2344	Tbilisi	65%	2592	Tbilisi	66%	2851
Outside the capital	33%	1139	Outside the capital	35%	1384	Outside the capital	34%	1494
Back / Head Office								
Employees	%	Number	Employees	%	Number	Employees	%	Number
Total	100%	2818	Total	100%	2683	Total	100%	2965
Tbilisi	88%	2478	Tbilisi	94%	2525	Tbilisi	95%	2812
Outside the capital	12%	340	Outside the capital	6%	158	Outside the capital	5%	153



DIVERSITY AND EQUAL OPPORTUNITIES

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

To mainstream gender equality and women empowerment, we have set different goals last year. In effort to achieve the planned goals, we developed an organization-wide gender equality and employee diversity strategy and action plan that identify specific priority areas where further enhancement can be made; we established company-wide goals and targets for gender equality, women's empowerment and employee diversity and measure progress through clear performance indicators; we designated focal points who champion the gender equality and employee diversity agenda in the company; we started to widely communicate the gender equality and employee diversity strategy and goals to staff and a wider audience; we advocate for gender equality, employee diversity and women's empowerment and promote the company's commitment in public forums; we take a proactive role in promotion of women to higher positions to reduce the gender pay gap; we collect, analyze and report sex-disaggregated data; we regularly train staff on discrimination, sexual harassment, domestic and gender-based violence topics; we aim to establish support services for survivors of violence and harassment; and report annually on progress in the implementation of the Women's Empowerment Principles. In this chapter, we will discuss the results of the listed activities in detail, portray our progress towards achieving the goals set in the previous report and describe the implementation process and the faced challenges.

Committing to gender equality: To express support for advancing equality between women and men, in August 2021 TBC Bank signed the Women's Empowerment Principles (WEPs) and started integrating them into the gender equality and employee diversity strategy. The WEPs are a set of principles offering guidance to businesses on how to promote gender equality and women's empowerment in the workplace, marketplace and community. By becoming a signatory of the WEPs, we are committed to using working practices that empower women and men equally through creating a safe, decent, and inclusive environment for them. In addition, we regularly inform our employees about the process of integrating WEPs into the company's operations and the progress made toward their implementation. We use internal and external communication channels to disseminate the information on gender mainstreaming activities among our employees and a range of other stakeholders.

*To enhance this cooperation further, **TBC** became the first private company in Georgia to sign a strategic partnership memorandum with **UN Women Georgia**.*

Partnership for women empowerment: To enhance this cooperation further, TBC became the first private company in Georgia to sign a strategic partnership memorandum with UN Women. The strategic partnership has the following goals: supporting women's professional development; supporting women-owned and women-led entrepreneurship in urban and rural areas; enhancing women's and girls' upskilling and employment in information and communication technologies (ICT); capacity development of TBC management and staff; and public awareness-raising on gender equality.





VAKHTANG BUTSKHRIKIDZE, CEO OF TBC BANK AND KAORI ISHIKAWA, UN WOMEN COUNTRY REPRESENTATIVE IN GEORGIA ARE SIGNING THE MEMORANDUM OF UNDERSTANDING BETWEEN TBC BANK AND UN WOMEN.

To mainstream diversity, gender and inclusion issues and strengthen our efforts toward integrating the WEPs in our business, we have developed a Diversity, Equality, and Inclusion Policy, which was approved by the Board of Directors of TBC Bank Group PLC in March 2022.

Through this policy, TBC emphasized the importance of gender equality and the empowerment of women and girls in the sustainability of the company and its stakeholders, including customers, employees, suppliers, partners, and the community.

WEPs - Principle 1

Create high-level corporate leadership for gender equality



Our contribution to WEPs 1: The Risk Committee, Corporate Governance and Nomination Committee and ESG and Ethics Committee assist the Supervisory Board in monitoring and evaluating compliance with this policy by the Management Board of the TBC Bank. The ESG Committee supports the Management Board in the implementation process. The ESG Coordination Department integrates diversity, gender and inclusion mainstreaming among involved parties, identifies opportunities for improvement, provides knowledge, and leads the competence center for ESG (diversity, equality, and inclusion) topics. To ensure timely and proper implementation of the action plan and its coordination with the WEPs, we also assigned a full-time employee as a Diversity and Gender Specialist, who coordinates diversity, gender and inclusion-related action plans, the monitoring and evaluation of diversity, gender and inclusion-specific projects, initiatives, and research.

WEPs - Principle 2

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



Our contribution to WEPs 2: As a leading financial institution and one of the largest employers in the country, we understand our influence and responsibility in terms of employment. Our effort starts with the recruitment process as we strive to pay attention to the language used in announcements, job descriptions and application forms to attract a diverse range of applicants. The candidate evaluation and selection process is based on fairness, transparency, and applicants' demonstration of their ability to perform the job as expected. At the interview stage, we aim to mitigate any unconscious bias by having structured interview process and show our commitment to diversity. We make sure that all candidates are treated equally, are allocated the same amount of time and are informed in advance of all hiring steps in the process.

We also aim to address gender inequalities in so called non-traditional professions by supporting women and girls in boosting their ICT skills through training, internship, mentoring and employment opportunities, as described in the Memorandum of Understanding signed by the TBC bank and UN Women. As a part of our culture, we promote diversity and do not discriminate against potential and existing employees based on their race, nationality, religion or disability. Since our employees are citizens of 12 different countries who are treated equally, we ensure a diverse and inclusive working environment for them. We also take special care of our colleagues with disabilities and strive to improve our work environment to make it more flexible. Furthermore, we support them to have the same access to learning, development and job opportunities.



WEPs - Principle 3

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



Our contribution to WEPs 3: We understand that violence of any kind can occur within and beyond the workplace that could impact the well-being of a person negatively. According to principle 3 of the WEPs, to ensure the health, safety and well-being of all women and men workers, it is crucial to recognize the signs of and eliminate violence and sexual harassment against workers in a timely manner. To this end, in 2021, we developed a training module on sexual harassment for our employees with subsequent testing as a monitoring tool. It supports our employees to identify and properly address any sign of violence. During 2022, we are developing the training module for security staff and managers to recognize signs of violence against women, human trafficking, labour, and sexual exploitation. We also plan to establish legal and psychological support services for the victims/survivors of domestic violence and inform employees about them, to make sure they feel protected and safe within the environment of TBC.



WEPs - Principle 4

Promote education, training and professional development for women



Our contribution to WEPs 4: Training is a crucial component in supporting equality, diversity and inclusion. It helps to raise awareness, providing an understanding of the context and issues across a range of topics. It also provides the means to deal with sensitive subjects such as unconscious bias. We understand that an effective and long-term approach to fostering an inclusive workplace culture is cooperation with our employees. To this end, we ensure they receive accurate and comprehensive knowledge and information about equal opportunities and diversity. Therefore, we partnered with UN Women Georgia to commence a series of training on gender equality in the workplace, thus contributing to the incorporation of principle 4 of the WEPs: education and training for gender equality.

- In February, March and April of 2022, five online training sessions were conducted for 155 middle managers, regional managers and HR department employees.
- Two face-to-face sessions were conducted for the senior and executive management to discuss gender equality issues in general, women empowerment in the company, and the effective integration of the WEPs in the business.
- Furthermore, all employees will receive mandatory training on gender, equality, and diversity issues within training modules on sexual harassment, stereotypes and discrimination, diversity and equality, types of violence; types of violence and their identification and communication. The modules consist of training videos and materials; their effectiveness is measured through mandatory tests for the employees elaborated based on the prepared materials within each module. In 2022, the module on sexual harassment was already completed by 6002 employees.

WEPs - Principle 7

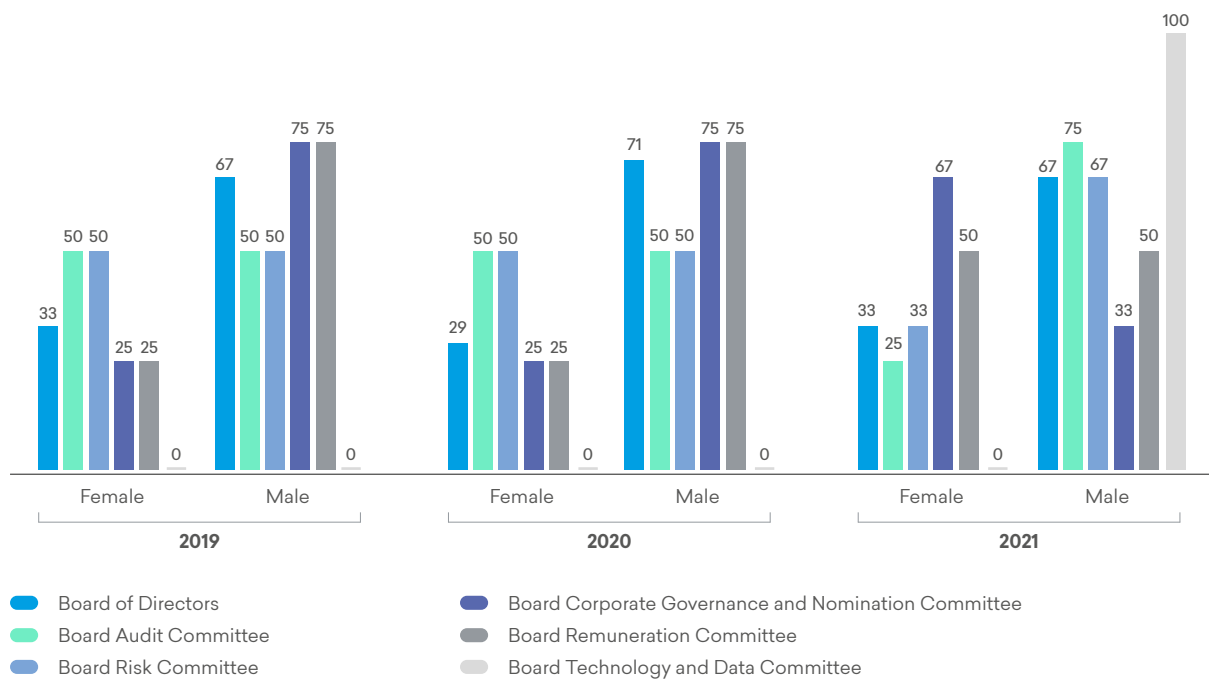
Measure and publicly report on progress to achieve gender equality



Our contribution to WEPs 7: To support and demonstrate inclusion through fair and transparent operations, we review and evaluate our policies, procedures, and practices, including employee performance, career progression, remuneration, recruitment, complaints, disciplinary cases, benefits, employee turnover, learning and development. Additionally, for monitoring and evaluation purposes, we collect, analyze and report sex-disaggregated data to create the baseline and measure the outcomes and impacts of our efforts.

GENDER DIVERSITY IN GOVERNANCE BODIES

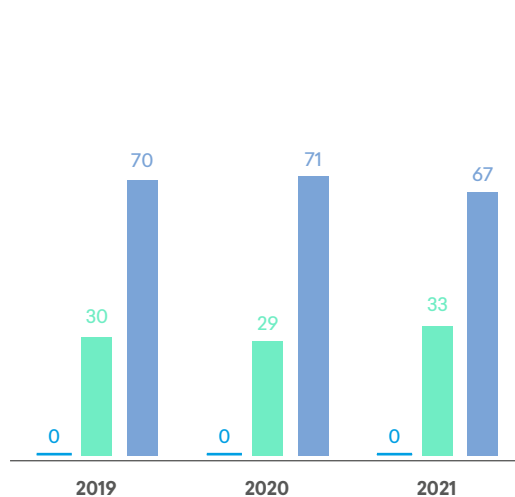
(in %)



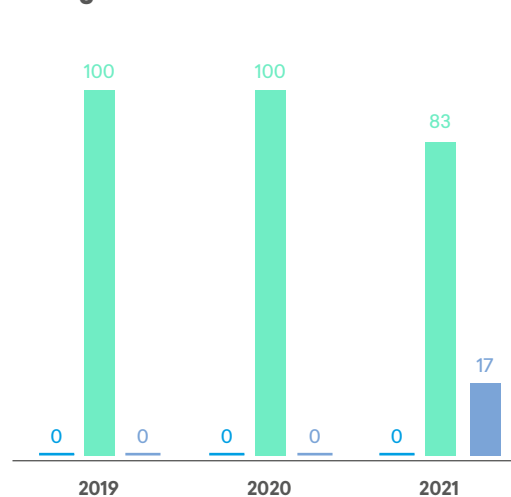
AGE DIVERSITY

(in %)

Board of Directors



Management Board

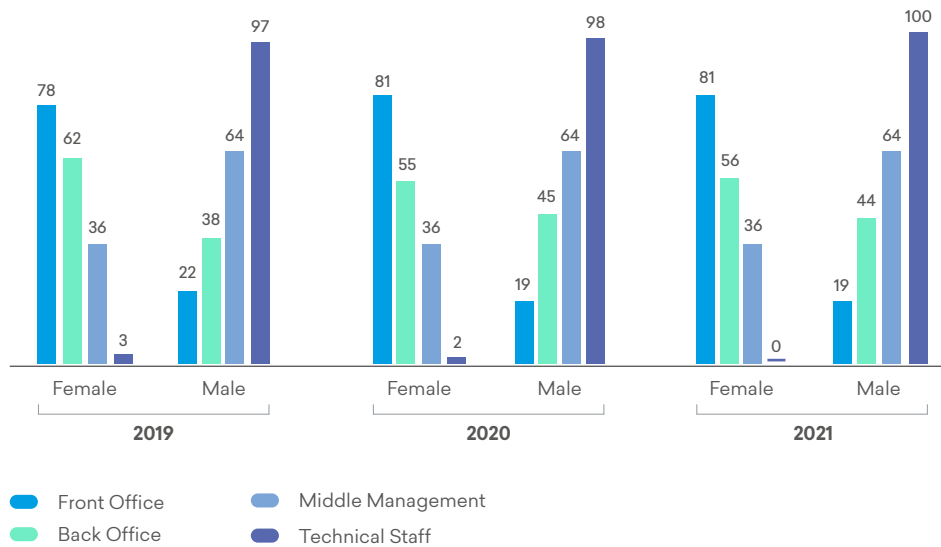


■ 20-30 ■ 30-50 ■ >50



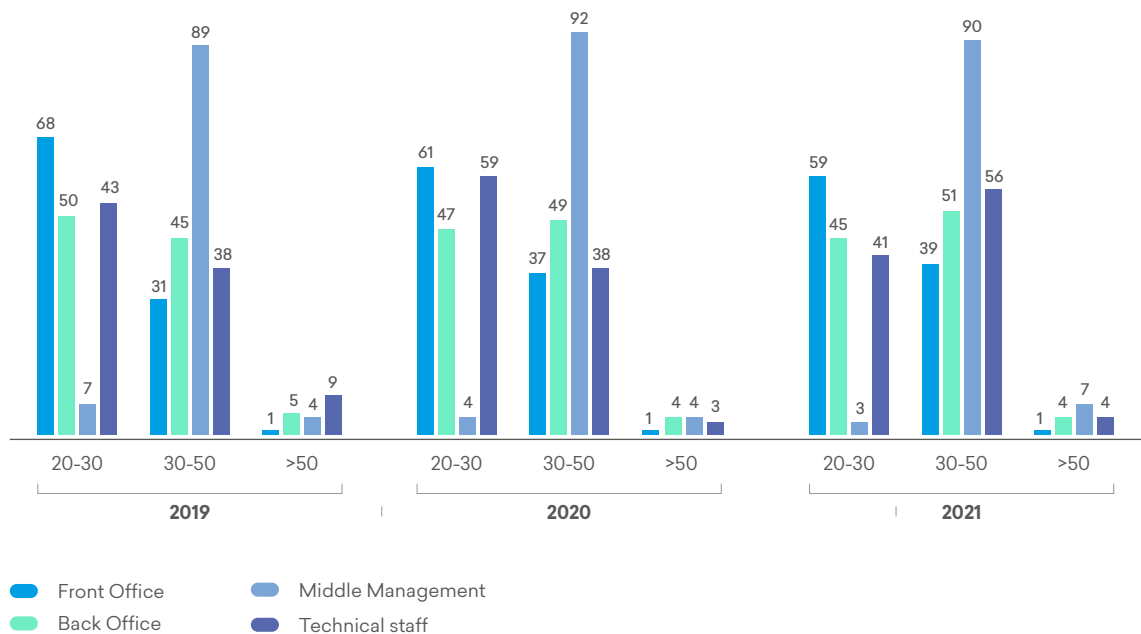
GENDER DIVERSITY – VARIOUS STAFF CATEGORIES

(in %)

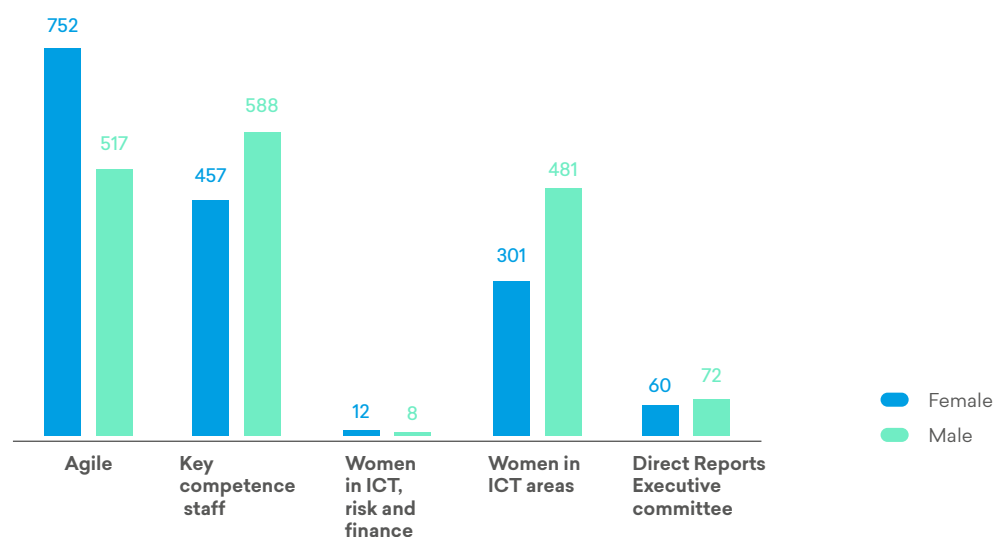


GENDER DIVERSITY – VARIOUS STAFF CATEGORIES

(in %)



GENDER DIVERSITY IN VARIOUS CATEGORIES



SALARY, BONUSES, BENEFITS AND EMPLOYEE SOCIAL PROTECTION

We believe that one of the most important issues that influences 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. The remuneration package includes monthly salary, a performance-related bonus, private healthcare and life assurance. Monthly salary rewards a position in accordance with level of responsibility, skills and professional experience. We also provide an attractive benefits package. The benefits listed below apply to all permanent employees, both full-time and part-time.

Total compensation includes fixed and variable pay - performance based bonuses and benefits package. It is the key focus of our remuneration framework, with variable pay differentiated by performance and adherence to the TBC core values. We monitor employee pay trends via labour market compensation surveys in the financial sector and in local and international organizations. The results of the survey and the analysis of internal data have confirmed that the Bank remains a competitive employer.

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



Mean Gender Pay Gap in hourly pay, %

Total Bank	%
Mean gender pay gap in hourly pay	43%
Median gender pay gap in hourly pay	43%
Mean bonus gender pay gap	49%
median bonus gender pay gap	34%
Number of employees	6441
Share of women	69%
Middle Management	%
Mean gender pay gap in hourly pay	-4%
Median gender pay gap in hourly pay	-14%
Mean bonus gender pay gap	12%
Median bonus gender pay gap	-25%
Number of employees	226
Share of women	34%
Front Office	%
Mean gender pay gap in hourly pay	54%
Median gender pay gap in hourly pay	51%
Mean bonus gender pay gap	63%
Median bonus gender pay gap	61%
Number of employees	3681
Share of women	81%
Back Office	%
Mean gender pay gap in hourly pay	21%
Median gender pay gap in hourly pay	15%
Mean bonus gender pay gap	26%
Median bonus gender pay gap	3%
Number of employees	2760
Share of women	53%

The gender pay gap is based on data from April 1, 2021 to April 30, 2021. The gender bonus gap is based on data from April 6, 2020 to April 5, 2021.



FAMILY-FRIENDLY BANK

TBC's work structures and culture confirms that the creation of a family-friendly work environment is a driving factor of gender equality and women's leadership. We are committed to ensuring that TBC bank is workplace, where everyone feels supported, valued, and respected. In 2022, we are going to introduce family friendly policies according to the UNPFA guidelines to expand the support approach and mechanisms for our employees.

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

Families with Multiple Children

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

Multi-Child support 2021

	2019	2020	2021
Number of employees who received bank support (for the 4th, 5th or more children)	8	11	15
Total support in Gel (Gross)	102,040	140,306	242,347

Marriage and child birth support

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

The total value of financial assistance in 2021 under the marriage and child support program amounted to GEL 439,031.

Parental Leave

According to local legislation, a company is not obliged to remunerate parental leave; however, TBC employees receive paid parental leave based on their full remuneration rate for 183 or 200 days, depending on whether they had a standard or complicated delivery. In 2021, 375 employees in total received parental leave pay.



Parental Leave

	2019	2020	2021
Parental Leave	Number	Number	Number
Employees who became parents	457	411	446
Female (all)	372	339	383
Female (permanent)	296	297	375
Male (all)	85	72	63
Male (permanent)	85	72	63
Employees who took the leave and received parental leave pay (permanent)²	297	298	375
Female	296	297	375
Male	1	1	0
Employees who returned to work from parental leave	282	271	321
Female	282	271	321
Male	0	0	0
Employees whose parental leave ended during the last two years and who were still employed 12 months after their return to work	426	441	537

The Tibiselebi Fund – Employees Supporting Each Other

The Tibiselebi Fund (“Tibiselebi”) was founded in 2009. It currently unites employees of JSC TBC Bank and six other subsidiaries from TBC Bank Group PLC as donors and beneficiaries. Employees donate 1% or 2% of their monthly salary on a voluntary basis to the Tibiselebi Fund, which in turn supports its contributing employees and their immediate family members financially in case of significant health issues. Specifically, the Fund provides financing to support cases where sickness represents a danger to health or life, or to purchase additional hearing aids, wheelchairs, special nutrition or artificial insemination. Tibiselebi has a rotating, representative Board, made up of delegates from participating companies, which makes all financing on how to allocate its funds through majority voting. In 2021, Tibiselebi provided funding for 356 applications, totaling more than GEL 1,440,000.

EMPLOYEE SAFETY AND HEALTH, PROFESSIONAL AND OCCUPATIONAL SICKNESS PREVENTION

Since our employees are our most valuable asset, it is our obligation to ensure protection of their lives, health and safety. Although workplace-related health and safety risks in the financial sector are not as high as in many other industries, they still exist. The biggest potential risks in our field include customer aggression, attacks on frontline employees, risks related to cash collection and car park management activities. Furthermore, creating a safe environment inside and outside the workplace for women and men is our priority. We ensure employee health, safety, well-being, and freedom from violence in the workplace under several policies. We prioritize flexibility and work-life balance through providing equal access to health insurance and promoting employees' well-being, improving productivity, and supporting long-term retention.

In 2020, one of the priorities was to ensure the safety and wellbeing of our employees. The company shifted pregnant and risk-category employees to a remote working regime in the very first days of the pandemic. In the beginning of March 2020, we announced remote work for HQ employees. Thanks to our strong digital capabilities and technical capacity, we were able to set up the necessary infrastructure for remote working practices in a very short period of time: by the end of March 2020, 95% of our back-office employees were able to work from the safety of their homes.

² Employees with temporary contracts can benefit from parental leave, however, the parental leave is not paid by the company additionally; the employees received compensation according to the Labour Code.





During the pandemic, we have learnt a lot about the benefits and challenges of working from home. So, moving to hybrid work model was the most relevant decision for our employees, based on the feedback we have received. Overall, we were encouraged by our ability to work by hybrid model which is flexible and effective.

The past year prompted us to reflect on how and where we work best to balance the needs of our employees. We quickly adapted our work environments to prioritise the health and safety of our colleagues, listened to our people to understand their needs and we empowered leaders to utilise and support the best working environments. Our hybrid working model seeks to enable what is best for our teams. With our people's physical and mental health being a priority, we have appointed "one day in office", that helps our teams on better communication and integration.



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

In 2021, once the situation changed after pandemic, we conducted research amongst employees, which revealed their willingness to move to a hybrid work model. In 2022, we started moving to this model.

Where possible, and in line with local government guidance, we have undertaken a programme to gradually increase the number of colleagues returning to working in the office. We encourage colleagues to work flexibly to balance and integrate their work-life balance. We gave the opportunity to many colleagues to work in a hybrid way, spending part of their time working from office and part of their time working from home.

According to Georgian legislation, since September 2019, every company has been obliged to hire a Health, Safety and Environment (HSE) specialist to ensure implementation of the HSE management system and standards. We outsourced HSE management to an experienced company that, together with the Bank’s team, developed an HSE policy and strategy. Once every four months, HSE specialists carry out inspections and develop specific reports about the risks and hazards in all branches and offices. Twice a year, HSE specialists measure the microclimate and light in every branch and office to make a more comfortable working environment for employees. Risk assessments are updated every four months, highlighting which risks and hazards should be controlled. Every six months, we conduct fire and evacuation drills. Once a year, we conduct trainings for all employees in HSE, fire, electric, ergonomics, emergency action plan, stress and human factors. The Health and Safety framework applies to all employees and contractors, both full-time and part-time. In 2021, one incident took place. The customer which visited the branch got injury in front of the glass door. He immediately received medical help (first aid) and the issue was solved.

In 2021, the procedure related to Health, Safety and Environment (HSE) was updated.

Drivers

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

Cash Collection

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

Front Office Staff

Since the most important health and safety related risks in the financial sector are aggressive customers, attacks and robberies, the Bank conducts special learning activities for front-office staff concerning workplace safety. Every branch employs several security administrators who ensure the timely and efficient identification and prevention of risks. As a result, only two cases of attempted robbery have taken place in TBC Bank over the last 19 years of operation. We also have a contract with security police, who attend to any incident as soon as it is identified.



WORK CLIMATE, EMPLOYEE MOTIVATION AND ENGAGEMENT

Our goal is to create a value-driven organization, in which employees share the same values and are led and driven by the common mission “to make life easier” for our customers. We also strive to create a family-friendly environment, in which employees can better balance their family and work.

Our key initiatives in this regard are as follows:

- Our CEO plays an important role in promoting our corporate culture through active, regular communication about our core values in person and online. Twice a month, the CEO meets with our employees to speak about a wide range of topics and answer staff questions.
- Top management regularly conducts online meetings with employees to keep them up to date on the Group’s strategy, performance and recent achievements. Staff has an opportunity to ask questions and share feedback. We conduct an open dialogue with our staff via a Facebook group, in which we regularly share the Group’s achievements and success stories about individual employees.
- We actively use a wide range of communication channels for internal communications, including Facebook, the intranet and e-mail.
- In the post-pandemic world, we allow all back-office employees to work remotely or from the office. This initiative not only resulted in improved employee satisfaction levels, but also increased efficiency across the Group.

TBC Academy provides learning programs to uniting nine different schools. Due to the pandemic, we transformed the training format and switched to Zoom. Maintaining a safe work environment remained our top priority in 2021. Our whole team constantly seeks new and effective ways to improve mental health of the employees which, include:



- Monthly mental health monthly newsletters for employees;
- 8 workshops for branches with different external speakers;
- Online team-building activities; and
- Introducing hybrid work models.

Satisfaction and Happiness Research

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

2021 INDEX

- Employee happiness - **85%**³
- Engagement - **88%**⁴
- ENPS - **66%**⁵

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 2021, a Bank-wide survey was conducted by Amsterdam University, in which 3,912 employees, constituting 59% 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.

In 2021, the staff turnover rate in the Bank was 12.8%, compared to 8.3% in 2020 and 15% in 2019.

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

We understand that our success derives from our employees: how we manage to attract and keep the best of them, and how we support their professional growth and motivation. We believe that our approach has been successful in attracting, retaining and developing our employees despite strong competition. This process is dynamic, requiring us 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.

In 2021, the recruitment team worked on upgrading the recruitment framework, developing statements that emphasize our corporate culture. TBC values are represented by a person who shows a firm attitude and strong belief that all will be fine, is delighted with work, is always eager to look into causes, is bold enough to look for and implement new opportunities, admits mistakes, always articulates ideas decently, and feels and takes responsibility for their own words and deeds.

³ The Employee Happiness Index was assessed internally, based on a comprehensive survey prepared with the assistance of the world's leading consulting firm and measures whether employees feel happy and satisfied with their job. The index was measured in July 2021 for the Bank's employees.

⁴ The Engagement Index was measured in October 2021 by an independent consultant for the Bank's employees and measures how much employees feel involved in and committed to TBC Bank.

⁵ The Employee Net Promoter Score was measured in October 2021 by an independent consultant for the Bank's employees.



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

In 2021, TBC Bank finalized the acquisition of an application tracking system (ATS) solution, which will help to reduce hiring cost, to manage whole recruitment process and to enable more detailed reporting.

In 2020, TBC Bank recruited 1,424 candidates in total, of whom 635 were pre-existing employees promoted to new positions and 789 people were newly recruited.

In 2021, TBC Bank recruited 2,200 employees in total, including full staff employment and temporary employment agreements. In addition, 1,132 employees were promoted to new positions and 2,845 people were horizontally transferred to the new roles.

Attracting new talents

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

In 2022, one of our major recruitment priorities is to strengthen our team with more senior IT staff, including international personnel in order to support our digital transformation. By the end of 2021, we had employees from 10 countries, including Georgia.

In order to promote ICT employment opportunities among young people, we established an IT Academy in 2019. The academy is run by experienced staff members and leading professionals from relevant fields. This programme is free of charge for selected students. This initiative has proved to be very successful: out of over 11,000 applications since 2019, 640 students were selected to join the academy and 220 were employed at TBC Bank after graduation.

IT Academy statistics by years

IT Academy	2019	2019	2020	2020	2021	2021
Total Number of participants	45		290		310	
Women	9	20%	75	26%	68	22%
Men	36	80%	215	74%	242	78%
Total Number of course graduate	25		212		200	
Women	6	67%	41	55%	60	30%
Men	19	53%	171	80%	140	70%
Employed by the Group	25		102		111	
Women	6	100%	26	63%	32	53%
Men	19	100%	76	44%	79	56%







FROM BIOLOGY LAB TO TBC IT ACADEMY

Ani Tkhelidze became interested in programming when she worked at the molecular biology lab. “When I worked at the lab, I realized that programming is used in everything and has no boundaries. Despite my different professional background and little programming knowledge, TBC IT Academy gave me a chance to show my diligence and willingness. Now, I work at TBC Bank in a profession that allows me to constantly develop and become more experienced.”

I believe there are boundless opportunities in all difficulties, and the TBC IT Academy helped me prove it.”



We have added new courses for external candidates, focused on DevOps, Data Engineering and Outsourcing; furthermore, we created new courses for employees, covering SQL Advance, Power BI and HTML CSS. In 2021, 350 employees were upskilled via the courses.

In March 2021, the IT Academy started a new program with a special focus on women in technology. A series of webinars and courses aims to encourage and empower women in technology and provide them with opportunities to grow and develop professionally. We hosted online open day events to disseminate information about our courses among tech professionals and young people and increase interest in this area. More than 200 people attended the events.

At the end of 2020, we also established the Risk Academy, which offers various courses in risk management to young professionals. The aim is to equip them with specific banking sector knowledge in risk management, which is not usually taught at universities, and better prepare them for their future careers. All courses are offered free of charge and the best students will be offered employment at TBC Bank. In 2021, the main focus was on key analytical skills, which is important for entry-level risk positions. The training topics include SQL, Microsoft Excel, Data Visualization in Power BI and Data Science. In 2021, two groups were selected, each of 20 candidates. After graduating risk academy, we employed 4 candidates in 2021 and one in 2022.

Trainee Programs

Since 2011, we have run a wide-scale internship programme for the best students from Georgia's leading universities. This program has been very successful, helping us to identify new talents who are part of our team today. This year, out of 127 participants (58 man and 69 woman) who were involved in our internship program, 72 are still with us, out of which 30 people became full-time TBC employees in various departments including finance, risks, corporate, marketing, IT and data analytics. 42 still are interns. Overall, since its establishment, we have recruited 498 students under this program.

Furthermore, we continue to run TBC Camp, a program that was established in 2019 and runs a Stock Pitch Competition for fourth year finance students. This competition is comprised of intensive online lectures, trainings and the preparation of real investment cases in selected companies, which are presented to a panel of judges. The two selected teams are awarded a special prize in the form of TBC shares.

TBC Camp combines priority directions for TBC such as new generation and education. Our goal is to raise investment banking awareness in young generation and support education in this direction. In the scope of the program, students gain actual working experience, get acquainted with financial markets and investors' expectations. Program winners represent new generation of financial specialists. It is noteworthy, that winners of the second intake of the program are members of TBC Capital for 1 year already, and successfully work in the direction of financial markets, obligations and reporting.

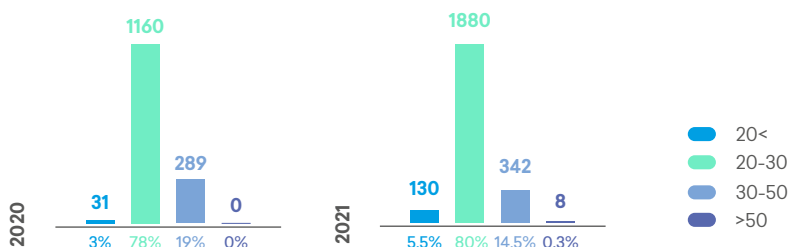
TBC Camp helps to increase awareness of investment banking among young people, and helps us to identify bright talents and recruit them into the corporate investment banking department.



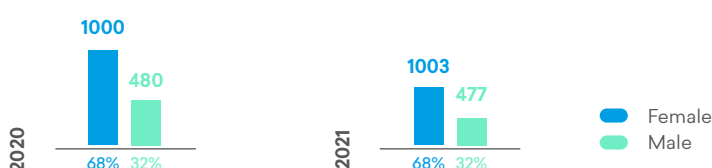


BREAKDOWN OF NEW EMPLOYEES BY AGE GROUP, GENDER AND REGIONAL DIVERSITY⁵

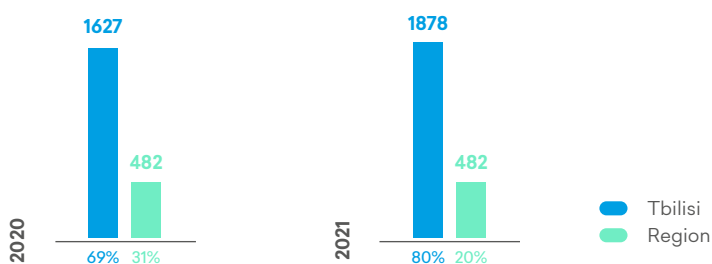
Age Diversity



Gender Diversity



Regional Diversity



Performance Review

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

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

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

⁵ The unique number of employees hired during the year. It includes the number of temporary employees who were called to work in 2021 but were recruited in previous years.

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

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

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

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



Performance Review

Employees who had a regular performance review	2019	2020	2021
Female	3462	3612	4784
Male	1504	1645	1893
Front office	3078	3049	4042
Back Office	1888	2208	2635



*We encourage internal promotions and under equal circumstances give priority to internal candidates. During 2021, around **19%** of our employees were promoted to more senior positions.*

Career development

TBC, as a group of diverse companies, offers a wide range of career growth opportunities. Employees can have career growth within one organization or be transferred to another, to engage in new directions or be promoted to a higher position. In 2021, 1132 employees were promoted, which is 19% of staff.

Breakdown of promoted employees

Employees Promoted	2019	2020	2021
Total	621	904	1132
Female	411	644	795
Male	210	260	337
<20 years	1	8	5
20-30 years	389	530	667
30 - 50 years	225	360	452
> 50 years	6	6	8
Tbilisi	527	771	928
Out of Capital	94	133	204
Front office	335	392	568
Back office	286	512	564

In 2022, we continue to strengthen feedback culture in the company and promote growth mindset amongst employees. During the year, we will deliver effective feedback training to our employees, also we are creating video training on feedback, which will be available for all the employees in the organization.

Statistics

Middle Managers promoted	2020	2021
Total	37	22
Female	18	8
Male	19	16



Training

We are proud to operate an efficient digital learning system, through which employees are trained in, and tested on, issues such as operational risks, IT security and compliance. In total, seven different trainings were organized in 2021.

Due to the pandemic, trainings were conducted online which gave us an opportunity to involve more employees. In 2021, we conducted 339 online trainings via Zoom, in which 7,828 employees participated. In 2020, a total of 4,640 employees participated in the trainings. In 2019, the number of unique participants was 3,800.

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

Employees Trained and Training Hours

Employees Trained	Number 2020	Number 2021
Total (Hired before 2020 and 2021 respectively)	4950	7828
female	3465	5480
male	1485	2348
Total (New employees)	2741	2549
female	1920	2003
male	821	858
Training Hours	Hours 2020	Hours 2021
Existing employees	1317	11520
new employees	2621	1830
Front office	3719	6007
Back office	648	7343

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 2021, a total of 1,134 employees participated in various learning activities in TBC Academy. The most frequently addressed training topics were:

- Business development
- Banking
- Change management
- Leadership
- Financial analytics
- Soft skills, such as time management and presentation skills.

Outsourced trainings/learning financed by the company for employees

Financing outsourced trainings for employees that help them to develop their talents and succeed in their career is a common practice in TBC Bank. In 2021, we financed trainings in banking products, coaching and talent development, and the agile work system. Employees also received financing to complete international certification programs such as ACCA, CFA and PMP.

During 2021, 1140 employees received financial support for external trainings.



Table Employees who received financing

Detail info	Number of staff trained	Female	Male
External trainings	180	57%	43%

The data given in the table above depicts the number of individual participants; the group training sessions are not included.

Financing local studies and abroad

In 2012, we established the TBC Scholarship Fund, which provides co-financing to our top employees to study at the world's leading universities. Financing opportunities are open to any employee who has a long-term contract with the Bank. We offer financing of 100% or co-financing of 70%, 50% and 30%. The selection process is managed through a dedicated procedure that lists the decision-making criteria. In total, 49 employees have received financing and co-financing to study abroad as well as in local universities from the Bank. In 2021, 16 employees have received financing and co-financing to study abroad, 8 of them were women. Total amount of financing was GEL 492 643.

Startup-leave

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

The process

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

In 2021, 14 applications were submitted to the Startup leave project, eight of which were from women. This year, out of many interesting and original business ideas, we selected 4 projects, of which one was from woman.



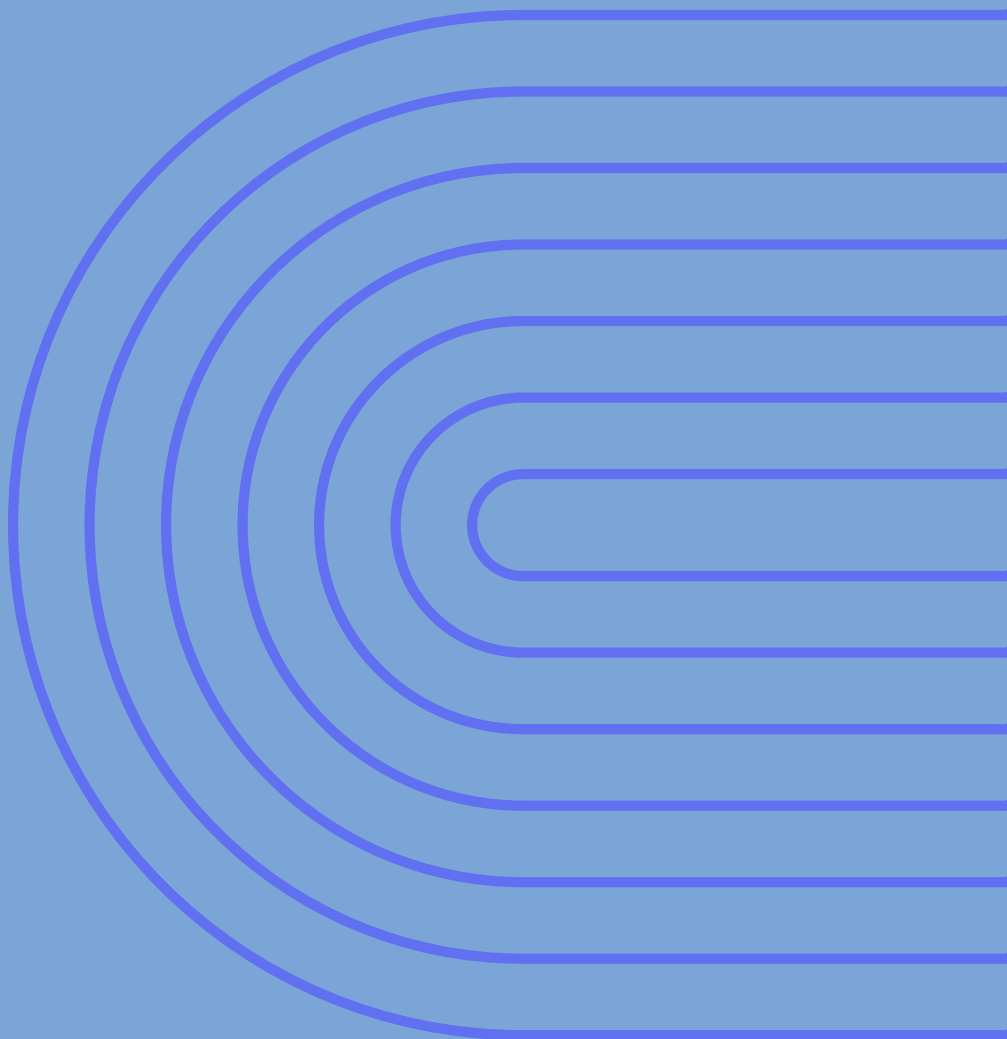
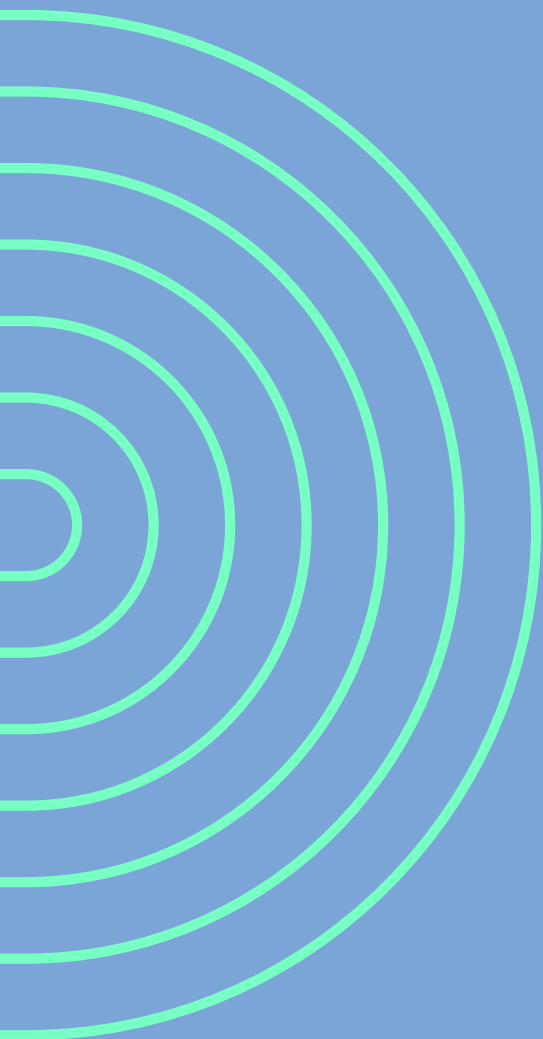


STARTUP LEAVE - SUPPORTING INNOVATION

GZA is the first digital platform that simplifies the pre-travel process and acts as a digital companion for travelers. One of the “Startup Leave” finalists Revaz Kuperadze and his team decided to create an innovative startup. The platform consists of three main functions: Digital Library - which brings together travel regulations; Travel Document Archive - helps travellers combine all travel documents in one space; Automation and consultation for filling out visa and COVID related forms (where necessary).

GZA - a digital platform that facilitates travel planning - is an innovative idea from Startup Leave winners.







TREATING OUR CUSTOMERS RESPONSIBLY

- **Customer Privacy and Data Protection**
- **Personal Information Protection Policies**
- **Identifying and Addressing Information and Cyber Security Risks**
 - Informing and Training Employees in Security Issues and Related Risks
 - Informing and Educating Clients
- **Protecting Customers' Personal Information**
- **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 and Financial Inclusion**
- **Ecosystems**

TREATING OUR CUSTOMERS RESPONSIBLY

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

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

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

TBC Bank is a leader in the retail banking segment in Georgia, serving around 1.5 million active clients. Of those, 103,162 are affluent customers.

We have a well-diversified loan portfolio, serving 7,000 corporate clients across all major sectors of the economy.

TBC Bank is the number one partner bank for micro, small and medium enterprises (MSMEs) in the country. We serve 81,000 active MSME customers. In 2021, 63% of newly registered legal entities chose TBC Bank.

CUSTOMER PRIVACY AND DATA PROTECTION

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

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

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

The Bank's Compliance Department has a function of the Data Protection Officer (DPO) and appointed the compliance officer, whose primary responsibilities are:

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

In 2021, the Bank has appointed an EU representative - *Bird & Bird GDPR Representative Services SRL*.



*It is mandatory to deliver Data Privacy trainings for new employees. Additionally, **5614** employees were trained in the Data Privacy topics via the distant learning platform in 2021.*



INFORMATION SECURITY POLICIES

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

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

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

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

Our Information Security Management System is in compliance with ISO 27001. Furthermore, in 2021, we successfully went through the ISO certification process.

In 2021, Payment Service (PSD2) Directive (EU) 2015/2366 was adopted by TBC. The regulation is stipulated by the National Bank of Georgia and will increase the alignment of local data privacy standards with international best practices.

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

IDENTIFYING AND ADDRESSING INFORMATION AND CYBER SECURITY RISKS

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

A recently built Security Operations Centre monitors every possible anomaly identified across the organization's network in order to detect potential incidents and respond to them effectively.

At least once a year, a full information security and cyber security threat analysis is performed, taking into consideration the relevant regional and sector specific perspectives. At least once every two years, as part of this analysis, an external consultant is contracted to assess the efficiency of our capabilities against industry best practices and real-world cyber-attack scenarios. The attack scenario includes Threat Intelligence led Red Teaming exercises. The analysis gives the Group a broad overview and detailed insight, helping to enhance its information and cyber security systems further.



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

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

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

Informing and training employees in security issues and related risks

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

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

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

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

Each employee is obliged to enrol in a distance learning course and receive certification on information security issues. In 2021, 98% of TBC Bank employees were enlisted in the course.

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

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

In light of the normalisation of remote working, the Group activated secure remote working policies, which ensure that homeworking environments are protected against relevant cyber threats and that the security team can provide effective oversight of teleworking channels. Although there has been a noticeable increase in phishing attempts against employees, there have been no major incidents. The Security Operation Centre and Threat Hunting teams have successfully adopted effective remote collaboration and communication tools and practices.

Informing and educating clients

The Bank has 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 suspects unauthorized activity related to personal data or accounts, they can contact the hotline 24/7 for advice, while the TBC team starts to react immediately to the reported incident.

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

The weekly TV column "Financial Security Tips" was initiated by TBC. The host of the TV column was Giorgi Kepuladze, the founder of "Society and Banks", who explains in simple and understandable language to people how to protect themselves from phishing, what is cyber fraud and other topics related to financial security. The TV column lasted until the end of 2021.



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

PROTECTING CUSTOMERS' PERSONAL INFORMATION

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

TBC Bank has implemented a Data Leak Prevention System that enables automatic monitoring. In case a leak is identified, the system blocks the 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 needed to fulfil their responsibilities.

The policy and related procedures also ensure the proper involvement of third parties with Bank data. The policy considers the legal and operational risks and limitations and ensures that only risk-free information transfers can be carried out with any third party. In 2021, in TBC Bank, no personal data leak was detected, nor was any such customer report received.

BUSINESS INTEGRITY IN CLIENT RELATIONSHIPS

Responsible and fair marketing and sales activities

By treating customers fairly, we mean that:

- Products and services promoted and sold are designed to meet the needs of identified customer groups and are targeted accordingly;
- Customers are provided with clear and accurate information in a timely manner;
- Where customers receive advice, the advice is suitable and takes account of their needs and financial circumstances;
- Customers are informed about significant risks, restrictions and limits related to specific financial products;
- Customers are provided with contracts drafted in line with the requirements of the Consumer Protection Law;
- The provided information is not intended to influence clients to make the wrong decisions;
- All promotion materials are drawn up based on Consumer Protection Law requirements
- We do not encourage customers to purchase any unnecessary financial products for the purpose of fulfilling our sales plan; and
- Customers do not face unreasonable post-sale barriers imposed by firms to change product, submit a claim or make a complaint.

Regulators require that clients be provided with full information before making a decision on a financial product purchase. The Bank practices full compliance with regulators' demands. There were only five minor cases when the information provided to the client was assessed to be insufficient or misleading. The total amount of fines was GEL 9,000.

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



Another document regulating transparent and fair relationship practices with customers is the Code of Ethics, which covers financial products' transparency, is based on best practices defined by law and covers the whole TBC Group. The document is available publicly at www.tbcbankgroup.com.

CLIENTS' COMPLAINTS MANAGEMENT

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

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

Clients have the possibility to address the Bank with a complaint in written form or verbally through the call centre, branches, internet banking and the official webpage www.tbcbank.ge.

Complaints are discussed and addressed by the Complaint Management Team in the Customer Support Department. Received complaints are uploaded on the CRM module. A complaint management specialist assesses the complaint in the timeframe defined by law. If the complaint is filed in written form, the client receives the following SMS: "Your complaint is registered. You will receive feedback within one month." The reasons for the complaint are analysed, recommendations are prepared, and subsequently, the people responsible are addressed. A decision is made after the analysis and is communicated to the client by phone or in written form.



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

In 2021, TBC Bank received 4,787 complaints, compared to 5,041 in 2020 and 3,355 in 2019. The number of complaints filed during 2021 decreased by 5% compared to 2020, as the number of requests caused by the pandemic situation decreased.

The content of the complaints breaks down as follows:

- Quality of Service: 48%
- Negotiation related to credit product terms: 12%
- Product terms and contract details: 15%
- Correction of commissions, penalties, and interest rates: 11%
- Transaction-related: 1%
- Demand for additional information or documents: 6%
- Other: 7%.

100% of all complaints were analysed and addressed. Client claims were satisfied in 36% (37% in 2020) of the cases.

During 2021, a total of 103 initiatives and recommendations were initiated by the Complaints Management Unit, compared to 95 in 2020, aimed at the revision of standards/agreements, website information editing/update, elimination of the detected systemic gaps, new IT orders etc.

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

RESPONDING TO OUR CUSTOMERS' NEEDS

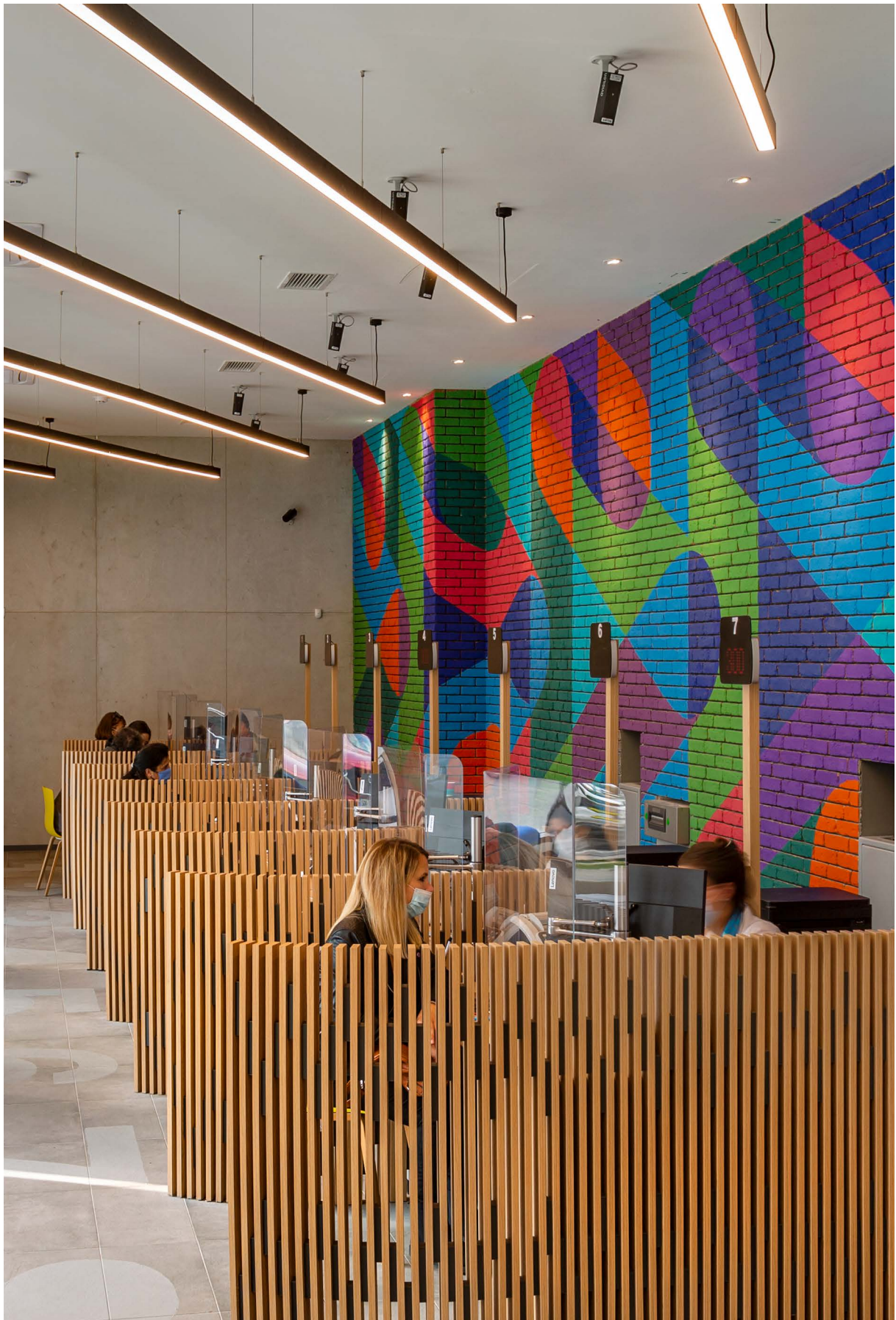
Ensuring client satisfaction

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

TBC took further steps to consolidate our knowledge and experience around customers. Consumer management and Marketing directions were combined to create a brand experience team. In addition, a new role and position, called Customer Experience Partner, was established. This position is a bridge between customers and the AGILE teams. Their main task is to listen to customer feedback and take it into account while creating a new product or simplifying existing processes. Furthermore, TBC initiated a process of design transformation. Bringing design practices into the business improves user experience (UX) approaches and makes our design thinking methodology more organic when creating products and service. This means that all processes start and end with the customer, and that TBC teams are increasingly basing the process of creating products and services on customer needs.

We regularly request feedback from our clients to analyse their needs and fine-tune our value proposition accordingly. We regularly measure customer satisfaction levels based on a range of surveys conducted by independent third party companies and maintain the highest scores in the Georgian banking sector. We also hold one of the leading positions among the whole service industry in the country. According to the latest survey, we are among the best Service Providers in Georgia in a range of service industries, such as public services, pharmaceuticals, telecommunications and the financial sector.





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

In 2021, TBC Bank further expanded its research digitalisation and acquired a special platform that enables live surveys to be deployed on any channel, provides instant feedback to customers, and increases our understanding of customers' needs.

Every year we conduct a Bank-wide survey and identified employees who demonstrate exceptional customer care. These employees are recognized as service leaders and are awarded special gifts at an annual award ceremony.

Our service quality assurance approach is described in the Service Standards and Code of Ethics documents, which cover fairness and transparency issues. Service quality evaluation is based on an international standard Service Level Agreement (SLA), operational excellence metrics, and client satisfaction survey results through which internationally recognized customer experience parameters like NPS (Net Promoter Score), CSAT (Customer Satisfaction Score), and CES (Customer Effort Score) are calculated. Base line quality standards are elaborated based on exceptional customer experience. Concrete, quantifiable Key Performance Indicators (KPIs) apply to concrete processes, such as waiting time, client pulse, NPS, Monitoring index etc.

A Quality Dashboard is drawn up every month. It contains statistical data from all departments that have a direct or indirect connection with clients, covering SLAs, Satisfaction Survey results, monitoring indexes and targets for each given component. Subsequently, components with unsatisfactory results are discussed with the relevant departments, and actions for improvement are planned. In 2021, a Quality Dashboard was introduced on the Power BI platform, leading to a more flexible and intuitive way to visualise quality management metrics and share experiences between teams.

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

In TBC, each employee participates in creating the best customer experience. In order to foster this culture of involvement, a micro-bug system has been created specifically for TBC employees, which allows an employee to fix a bug in any channel, space, product or service on any TBC channel at any time and be sure that the response will be instant. This helps the company to involve each employee in solving problems as soon as they know about them.

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

- An Outstanding Customer Service Training Package for front and back-office department employees, based on an exceptional service skills matrix;
- Exceptional service stories to highlight cases of special customer experience and ensure recognition;
- Service Leader recognition to identify and encourage employees with extraordinary customer care, based on customer satisfaction survey results;
- A "voice of the internal customer" survey for head office departments to evaluate each other's service and provide support to colleagues;
- In 2021, we continued working on the Customer Experience (CX) Appetite project, which envisages the creation of a CX measurement framework for both the Bank and its subsidiaries in the development of quality management models. In 2021, we fully introduced this model in AGILE teams of TBC Bank and plan to continue with non-AGILE teams in 2022.





TBC AWARDS FOR BEST SERVICE

Based on a customer survey, the Kutaisi branch in Imereti region became one of the TBCxAward winners in the category of the Best Service Experience for the micro sector.



- **Customer Pain Management:** In 2021, we created a platform for Customer Pain Points management, which allows us to identify the top issues for customers across the Bank's segments, products and services; to assign each "pain" to the teams responsible for solving it; to run rating system; and to encourage the best Pain Killer teams.

TBC also conducted a corporate customer survey. We asked corporate customers to assess the quality of corporate banking services, the pace of decision-making and execution related to corporate customers, the communication proactivity of bank representatives and availability of all the services we provide to corporate businesses. The survey was conducted among representatives of C level, middle management and employees of the corporate customers, who have direct contact with TBC.

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

The average annual number of survey participants is more than half a million.

Customer Experience Appetite

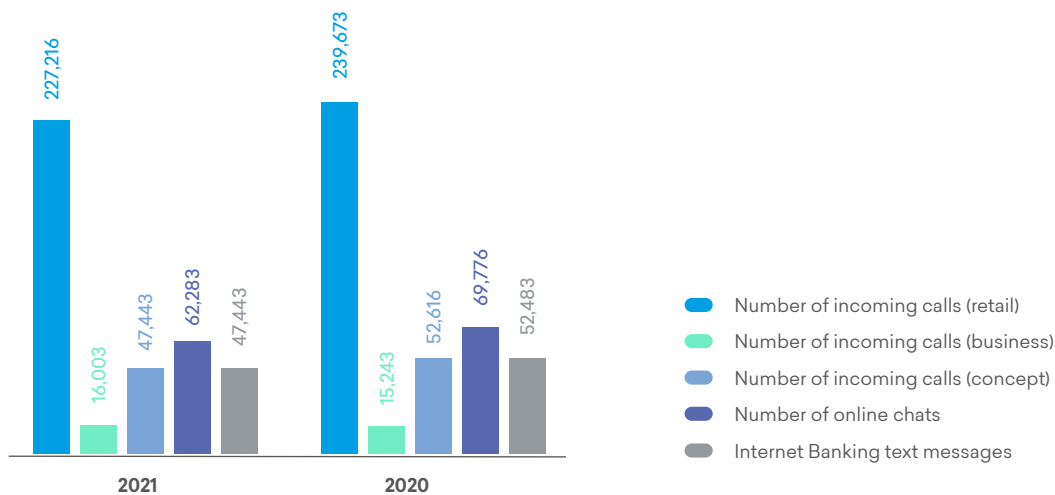
In 2021, the Customer Experience Appetite Framework was introduced to agile teams. The project helps teams reconsider the value created for the customer and the ambition that creates the outstanding customer experience as much as possible, and at the same time plan the relevant activities for its measurement and execution. The project is underway in 2022; by the end of the year, we will be able to fully cover both agile and non-agile teams.

Contact Center

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

In 2021, the total number of calls served by the TBC Bank call centre reached 2,878,281 (2,824,317 in 2020).

Number of incoming calls - monthly average



DIGITAL INNOVATION AND FINANCIAL INCLUSION

Access to financial services is important for the financial stability of the country and for giving people the opportunity to better manage their income and expenses and plan their financial future. To have a modern and transparent economy, the country needs well-established, accessible financial services, with the strong digital as well as physical infrastructure that TBC provides. As a leader in the financial sector, TBC ensures that its branch, ATM and self-service terminal network covers the whole country, including both economically important centers and remote areas with less commercial activity. Although it has a well-established physical network, which gives access to a whole spectrum of financial services to the population of Georgia, TBC's main strategic direction is the constant development of digital financial services. TBC Mobile Banking was named as the Best Corporate/Institutional Mobile Banking App 2021 in Central and Eastern Europe by Global Finance in 2021. The Bank offers contactless payment services and serves clients through a call-center and chat-bots. The bank operates 4,200 self-service terminals, 1,600 ATMs and 26,000 active merchant terminals.. TBC is developing its digital footprint on a group level as well: TBC Insurance provides clients with online insurance products, while Vendoo offers an online shopping experience, customized for local needs. Citizens can also read or listen to literature, buy real estate, and order goods delivery – all by using TBC group companies.

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 and could adapt the a new reality with support of digital services.

During 2021, customer engagement in remote channels remained high, with 97% of transactions conducted via remote channels by retail customers, including 59% coming from our internet and mobile banking applications. Before the pandemic, 93% of all transactions were already being conducted remotely. That is why TBC was fully prepared for new challenges. As a result, the changes implemented to ensure the safety of its employees and over 2 million clients did not cause any delays in terms of services and operations. Despite a drastic increase in the flow of customers in remote channels, our well-developed digital capabilities helped the company to support clients without impediment.

In 2021, TBC focused its efforts on further refining our customer journey in digital channels by introducing new products and services, increasing the accessibility of payments options, as well as upgrading branches to create a more friendly environment for customers. In addition, TBC continued to leverage our analytical capabilities to generate more tailored offerings and increase the profitability. The bank also expanded offerings to the young generation and started to target the Georgian diaspora.

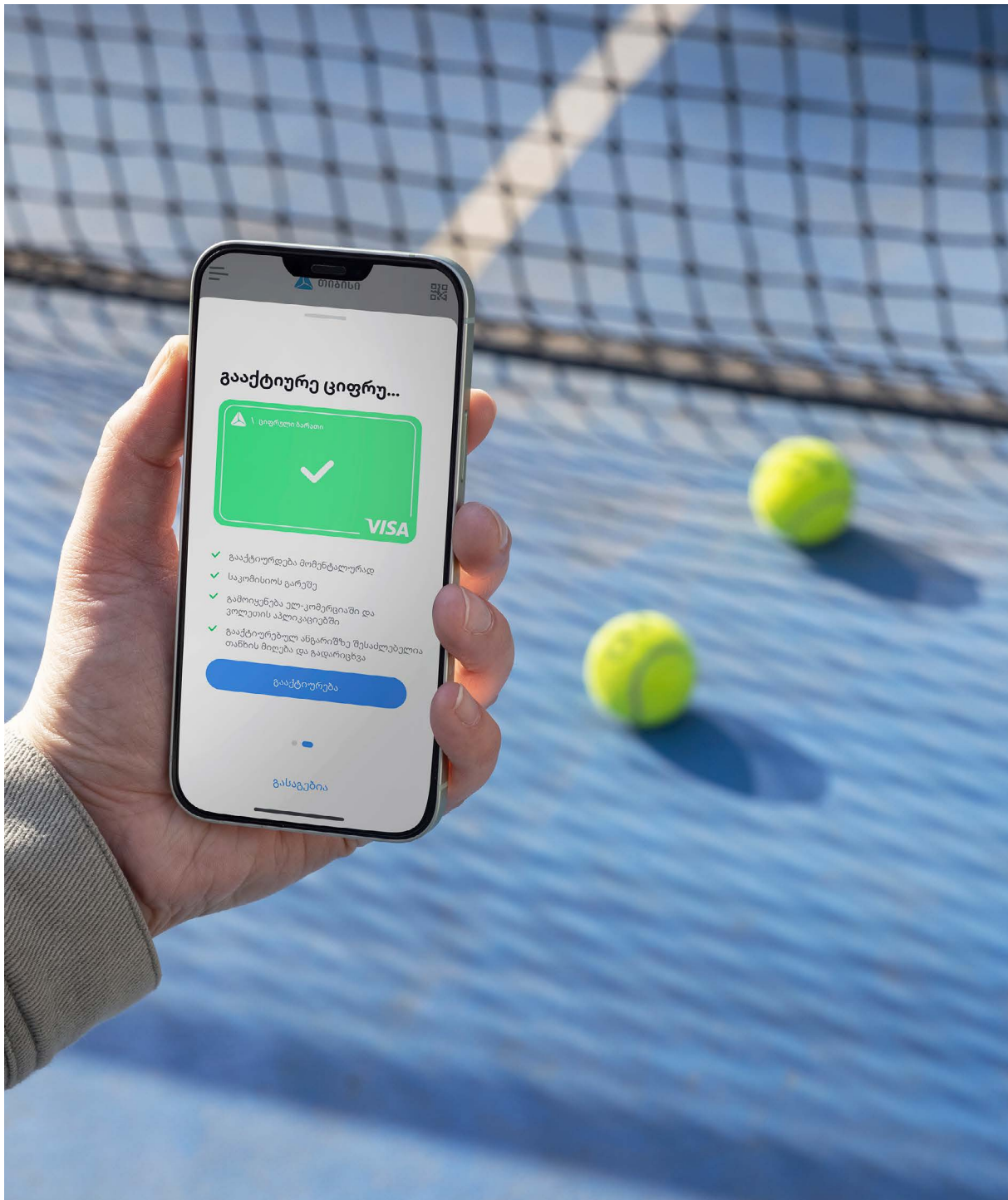
After entering Tbilisi's transport payments network in 2020, in 2021 TBC expanded presence in three other large cities of Georgia – Kutaisi, Gori and Poti. In these cities, customers can now pay using any of its debit or credit cards, or by dedicated transport cards issued by TBC. Transport cards are very easy to obtain and use. They are nameless cards, which are not tied to any bank account and have no expiration date. The transport card can be purchased in our branches, as well as several store chains. At the end of 2021, the number of active transport cards amounted to 47,100.

Another initiative on the payments side was the introduction of a simplified dispute process for unauthorized card transactions, which allows us to decrease the review period from 35 to 3 days. Furthermore, we increased the number of cases for which customers could get reimbursement in case of unauthorized card usage. These services are available for all insured cards, TBC Concept and wealth management customers, and they are also included in certain subscription options for our mass retail clients.

In order to better meet the needs of customers and allow more flexibility, in the end of 2020 TBC introduced a subscriptions model for the mass retail. With the help of advanced analytical capabilities, TBC have developed carefully selected packages for customers and is constantly updating them based on customer feedback. The bank is also actively



using various communication channels to explain the benefits of this subscription model to customers and encourage them to subscribe. As a result, our subscription model has attracted 192,000 users by the end of the year, which represents around 13% of total active retail customers. Going forward, our goal is to shift customers from a classic banking service model to the subscription model, which will help us to provide more tailored offerings to customers, increase their loyalty, reduce the churn rate, and generate more stable and long-term fee and commission income for the bank.



Another important initiative during the year was the launch of TBC for Youth, a new sub-brand of TBC targeting the young generation, in October 2021. Under TBC for Youth, we offer a set of banking products and services tailored to customers between ages of 6-17 (pupils) and 18-23 (students) via our web platform www.tbcyouth.ge. Parents of pupils can track their children's accounts via internet and mobile banking, set maximum daily limits for their spending and withdrawals, and receive SMS notifications about transactions made by their child. The platform also offers various discounts and activities to cardholders tailored to their interests regarding education, entertainment, hobbies, transportation and so on. In the last three months of 2021, the youth segment reached 165,000 active customers.

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

*The number of active digital users in the fourth quarter reached around **744,000**, up by **12.6%** year-on-year.*

4.9 Stars - mobile banking app rating on both Google Play Store and Apple APP Store.

The TBC Internet and Mobile Bank is tailored to the customer as much as possible, through voice commands, design and its ability to support different operating systems. In 2021, our internet and mobile banking remained the preferred channel of communication for our customers. We continue to enrich it with new features, introducing several new offerings, including:

- Open banking, which enables our customers to add other Georgian bank accounts to mobile banking applications and manage their banking operations centrally;
- An IBAN scanner, which simplifies money transfers;
- A number of new features such as a new module for utility payments and automatic payments as well as allowing transfers using any foreign currency.

Since 2017, TBC has operated the online lending platform called "TBC credit" (tbccredit.ge), which enables customers to obtain a loan remotely and easily. In August 2021, we launched an end-to-end lending process in our mobile banking.

- We also continued to polish our online lending platforms TBC credit (tbccredit.ge) and TBC installment platform (tbcganvadeba.ge). As a result, the share of consumer loans sold via remote channels grew from 38% in 4Q 2020 to 45% in 4Q 2021. Over the same period, the share of time and savings deposits being opened remotely stood at high 73%.

We continue to develop our digital banking platform, Space, which is particularly appealing to our youth segment as it offers simple, friendly and gamified user experience that is completely different to traditional banking. It also offers attractive loyalty programmes tailored to the young generation, including refunds in major food chains and food delivery services, as well as cash-backs for eco-friendly electric scooters.





TBC Pay is a leading payment provider in Georgia, which connects consumers and merchants to conduct digital payment transactions in a simple and seamless way. TBC Pay is a wholly owned subsidiary of TBC Bank and has been operating since 2008. TBC Pay serves more than a million users and processes hundreds of payments per minute. TBC Pay operates a wide network of c. 4,205 self-service terminals all over the country, which allows individuals and businesses to use convenient payment solutions for various daily services instantly in an interactive mode on a 24-hour basis. Payments can be made with cash or by TBC's debit or credit card. TBC Pay also operates a web platform (tbcpay.ge), which allows customers to conduct their payment operations online by using credit/debit cards from Georgian or international banks. In 2021, TBC Pay also added international cards to its digital payments channels. Overall, in 2021, the number of payments conducted through digital channels increased by 49% year-on-year, while number of active digital users reached c. 51,000. Over 2021, the volume of transactions conducted through self-service and cash management terminals as well as digital channels grew by 40% to GEL 5,636 million.

We continue to develop our digital banking platform, Space, which is particularly appealing to our youth segment as it offers a simple, friendly and gamified user experience, that is entirely different to traditional banking. It also offers attractive loyalty programmes tailored to the young generation, including refunds in major food chains and food delivery services, as well as cash-backs for eco-friendly electric scooters. In 2021, we achieved significant growth in the volume and number of transactions year-on-year, which grew by 199% and 168%, respectively, and amounted to GEL 738 million and 11.1 million, accordingly. By the end of the year, Space had around 296 thousand registered customers, up by 20% year-on-year. The age of our Space customers ranges from 18 to 44; the largest share is distributed between 18-34.

At the heart of our international strategy lies our fintech platform Space, a digital banking as a service provider. Space was developed back in 2018 with the aim of using its platform in multiple international markets. It was first introduced and tested in Georgia, and it was subsequently launched in Uzbekistan in 2020. TBC UZ, a newly established digital bank with a strong focus on innovative digital solutions, currently serving retail customers. The platform itself is a cloud-based modular solution with on-premises deployment options. It has a single source code and flexible IT architecture, which supports fast deployment and low-cost adaptation to local regulatory requirements. Operationally, Space is run centrally by a Georgian-based team, which owns the backlog for the development of the global platform and its products, while a local team in Uzbekistan is responsible for business operations. This approach ensures the efficiency and scalability of our business model and also facilitates entry into new markets. TBC UZ is the first digital bank in the country, with the ambition of transforming traditional daily banking into a much simpler, more transparent and intuitive experience, as well as allowing customers to be in complete control of their finances through best-in-class payment, savings and loan products that are only a click away. TBC UZ serves retail customers through its online banking app, while its smart, next-generation showrooms and smaller, more compact customer acquisition points are meant for client advising and consulting purposes. As of 31 December 2021, TBC UZ had 10 showrooms and 35 customer acquisition points in all major regions of Uzbekistan, covering around 97% of the country. TBC UZ was named as the BEST DIGITAL BANK IN UZBEKISTAN 2021 by The Global Economics.

Payme (legal name - LLC Inspired) is the second largest payments provider in Uzbekistan¹, which supplies high-quality payment solutions to its retail and business customers. The company handles digital wallet, P2P transfers, utility payments, USSD payments, e-commerce payments, QR payments, invoice payments, cross border money remittances as well as loan repayments. Furthermore, Payme supplies payment solutions to merchants, by offering them e-commerce and QR payment solutions and invoicing services. Additionally, a dedicated app, Payme Business, allows merchants to view and manage their payment transactions in an easy and convenient way. As of 31 December 2021, the number of merchants doubled on year-on-year basis and reached 19,300. Payme differentiates itself by a user-friendly interface and superior customer service and constantly works on fine-tuning its offerings. As a result, its number of registered users reached 5.2 million,



while the number and volume of transactions increased by an impressive 66.4% and 79.6% year-on-year, respectively. In recognition of its efforts, Payme won several awards in 2021: BRAND OF 2020 AMONG PAYMENTS SYSTEMS IN UZBEKISTAN - awarded by the Anti-monopoly Committee of the Republic of Uzbekistan and the Uzbekistan Marketing Center in May 2021 and THE MOST WIDESPREAD MOBILE APP - awarded by The Ministry for Development of Information Technologies and Communications of the Republic of Uzbekistan in June 2021.

ECOSYSTEMS

We seek to expand our value proposition beyond banking by building a digital ecosystem in four major marketplace verticals: e-commerce, auto, housing and lifestyle. This will allow us to capture most of our clients' daily needs and provide them with comfortable digital solutions supported by a variety of payment or installment options. Our ecosystem is an open platform, meaning that our clients are free to choose their preferred payment provider or request installments from the bank of their choice. At the end of 2021, we merged most of our ecosystem companies into a single entity, TBC Net. While the individual platforms retained their brand names, operating them under the same entity will help us to achieve cost optimization and synergies. In 2021, we also launched a data hub that aggregates, processes and analyzes data and makes it available to third parties.

Housing - Our housing ecosystem platform consists of Livo.ge and Myhome.ge, which together hold a 50% market share² among comparable housing platforms based on the number of unique monthly visitors, which amounted to 249,000 and 479,000 for Livo.ge and Myhome.ge, respectively. Livo.ge is a technology driven platform, offering its clients various traditional and innovative housing solutions ranging from basic property listing to real estate valuation via AI module and air pollution indication of the area. This year, Livo.ge launched a new service-housing auction, allowing any bank to sell its repossessed property online. During 2021, 173 auctions were successfully conducted. Myhome.ge has been operating in the Georgian housing market since 2011 and is a leading classified digital platform, offering real estate listings for purchase and rent. In 2021, Myhome.ge introduced an improved real estate developers' module, allowing clients to find and compare projects with more ease.

E-commerce - Our e-commerce ecosystem consists of two platforms: Vendoo.ge and Mymarket.ge. Together these platforms hold a 62% market share³ among comparable e-commerce platforms in Georgia, based on December data. Vendoo.ge is an online marketplace platform, with 202,000 monthly unique visitors in December, while Mymarket.ge is a well-established hybrid platform, offering its clients a classified listing service as well as an online marketplace, with 1,012,000 monthly unique visitors over the same period. In 2021, the GMV of both platforms amounted to GEL 10 million. During the year, Mymarket.ge rolled out several new initiatives:

- Introduced online installments for the purchase of secondhand items in order to encourage C2C sales;
- Launched a dedicated mobile app for Mymarket in Q3 2021. The app has a personalized feed for every user based on his or her interests, and also offers a personal page with favorite items and order history. By the end of the year, the number of downloads reached 130,000.

Automotive - Our automotive ecosystem consists of Myauto.ge and Myparts.ge, offering new and used cars as well as car parts. The platforms are market leaders in Georgia among comparable platforms and held a market share⁴ of 81% in December 2021, based on monthly unique visitors, which stood at 1,099,000 and 253,000 for Myauto.ge and Myparts.ge, respectively. Throughout 2021, Myauto.ge continued to run auctions, with 68 success-

¹ Based on number of registered users of Payme; internal estimates

² Source: Similarweb; Market shares are calculated based on number of unique visitors

³ Source: Similarweb; Market shares are calculated based on number of unique visitors

⁴ Source: Similarweb; Market shares are calculated based on number of unique visitors



ful auctions during the year. A dedicated app, which was launched last year also proved to be successful, with the number of downloads reaching 755,000 by the end of 2021.

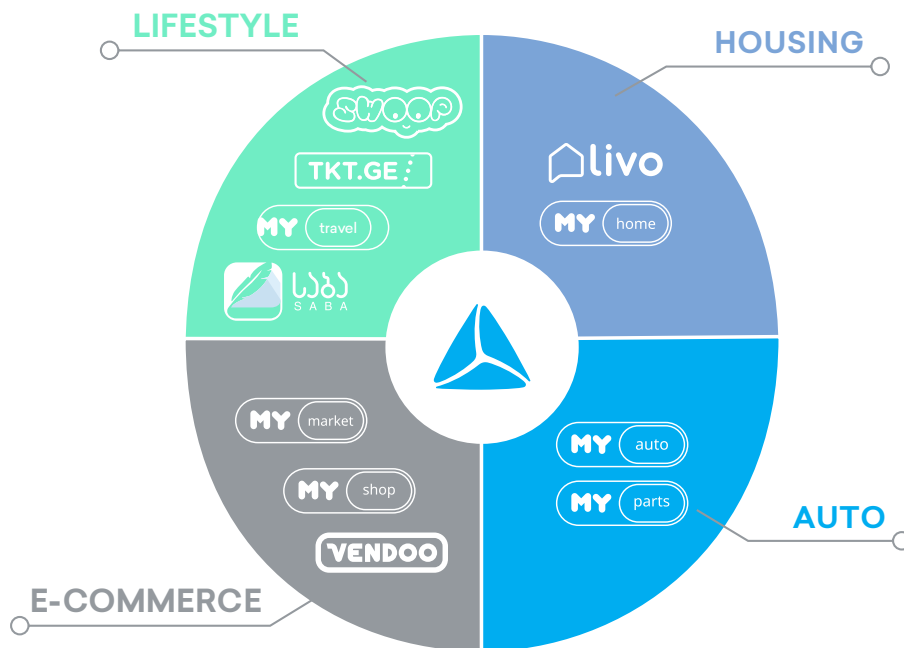
Lifestyle - The lifestyle part of our ecosystem includes Swoop.ge, TKT.ge, Mytravel.ge and Saba.com.ge. Their market share⁵ together amounted to 58% in December 2021.

Swoop.ge is a major Georgian couponing platform, offering various lifestyle discount coupons for restaurants, cinemas, beauty salons, entertainment centers as well as hotels. Number of unique visitors for Swoop reached 126,000 in December 2021.

TKT.ge is a leading Georgian online ticketing platform, where people can buy tickets for various events such as the cinema, the theatre or concerts as well as transport tickets. Number of unique visitors for TKT.ge reached 334,000 in December 2021.

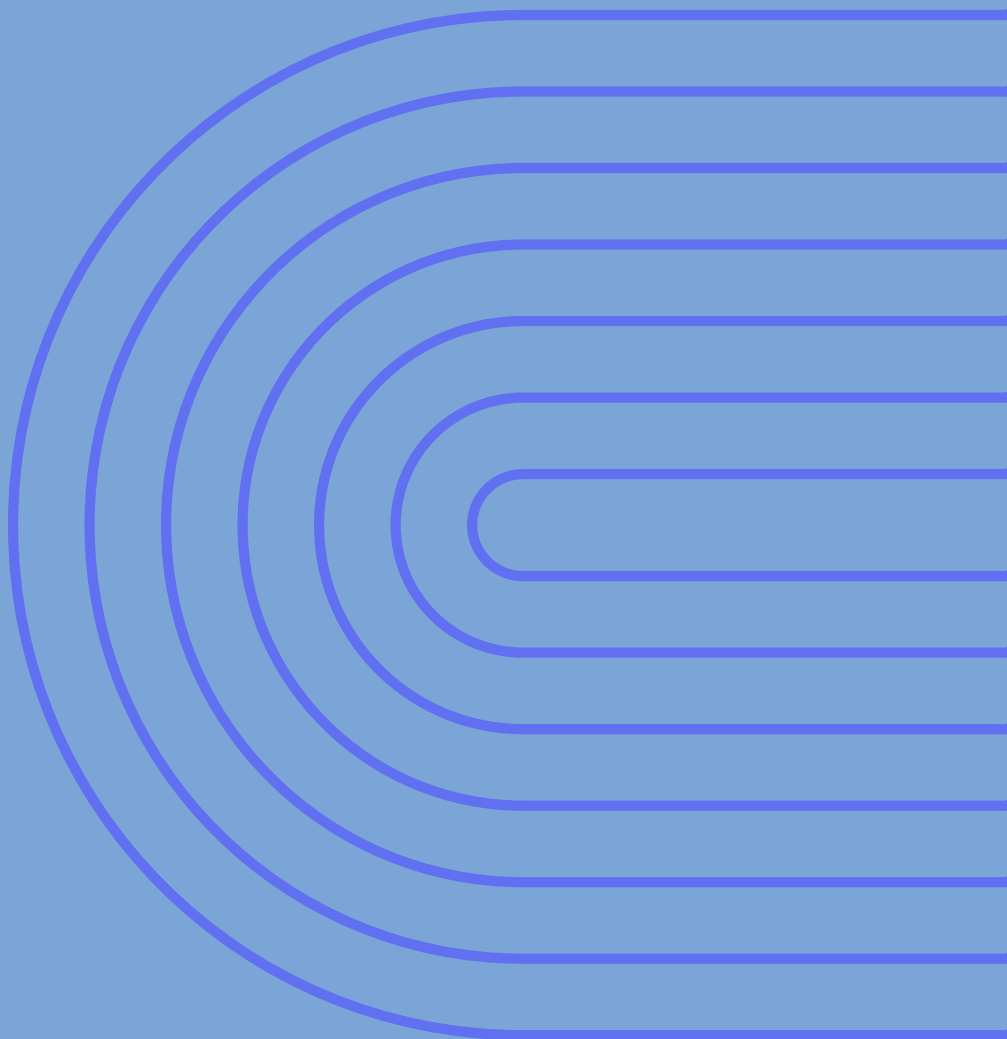
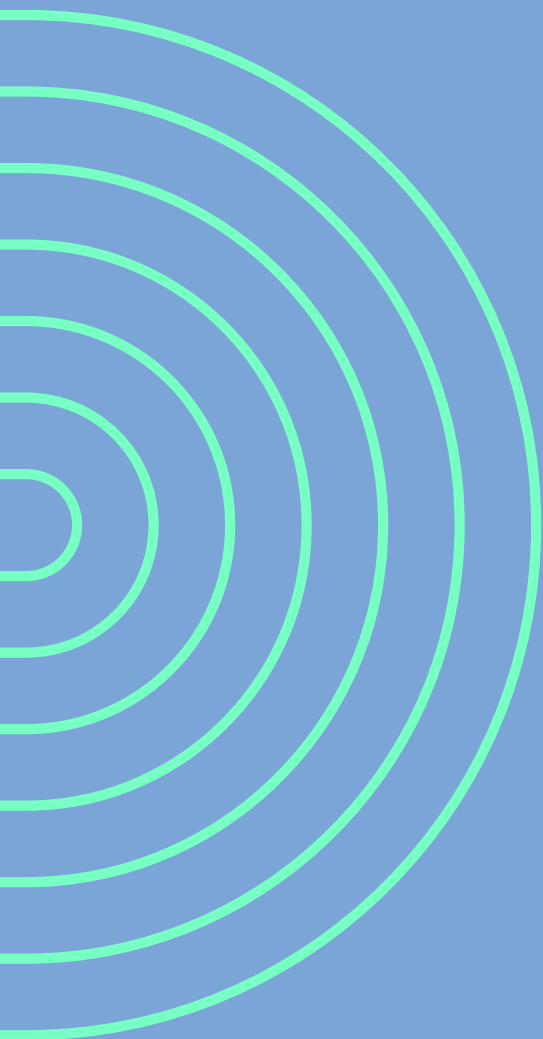
Mytravel.ge was launched in 2021 and enables travelers to rent accommodation as well as car rentals through Myauto.ge. The platform aims to promote domestic travel destinations to Georgian travelers by offering convenient accommodation and transportation services.

Saba.com.ge is a Georgian e-book platform, offering users a wide selection of Georgian and translated literature. The platform is available through web browsers as well as a dedicated smartphone application.



⁵ Source: Similarweb; Market shares are calculated based on number of unique visitors





SUPPORTING COMMUNITIES

- **Supporting Ukraine**
- **Supporting Georgian Business Community**
 - Tbcbusiness.ge
 - Business Awards
 - Startaperi.ge
 - Supporting rural enterprises
- **Well-being, Education and Development Platforms**
 - Morning Concept
 - Georgian National Museum
 - Digital Platforms
 - Tech Podcasts
 - Financial Literacy
- **TBC Scholarship**
- **Partnerships for Positive Impact**
- **Georgian Literature and Writing**
 - Saba Literary Award
 - E-books House Saba
- **Georgian Ornaments and Embroidery**
- **Physical Network**

SUPPORTING COMMUNITIES

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

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

The main projects are described below.

SUPPORTING UKRAINE

TBC has been involved in the process of helping the Ukrainians since the first days of the war and continues to support them today.

To support Ukraine, anyone interested in TBC's charity account could deposit the amount they wanted and contribute to the charity. Many citizens and companies have joined this initiative. Through joint efforts, more than 1.7 million GEL was raised to help Ukraine. The amount was fully transferred to the official charity account of the National Bank of Ukraine. The bank itself contributed GEL 200,000 to the fund on behalf of the team. TBC has also simplified the process of donating customers to digital channels and created a special template in the TBC app - "Support Ukraine". In addition, any charitable and humanitarian transfers to Ukraine became free. Commission fees were fully covered by the bank.

During this difficult period, the company stood by the Ukrainian team members and their families, financed the shipment of humanitarian aid, assisted the government and the private sector in the implementation of important projects, and international organizations, organized sectoral research and workshops / meetings to help businesses overcome this difficult period.

The financial, psychological, logistical and other assistance provided to the Ukrainians who came to Georgia, became a priority of the next stage. The donation made by each citizen and organization to the TBC Charitable Account is gradually transferred to the accounts of the non-governmental organizations operating in Georgia, which, due to their profile, will be able to most effectively help the Ukrainian people and provide them with their various needs.

The company's initiative was joined by companies belonging to the TBC Group: TBC Insurance offered health insurance to Ukrainian citizens in Georgia completely free of charge; Digital platforms - Mymarket.ge, Vendoo.ge and myhome.ge - 3% of the proceeds from the products sold to the TBC Charitable Foundation were used to help the Ukrainian people; Several new digital services have been set up to support the people of Ukraine, which could be used for free.

A special announcement form was added to Mymarket: a citizen who was unable to deliver humanitarian aid to the Ukrainian embassy could upload information about the items and the address on the website. The Mymarket courier took it all to the embassy, from where, along with other humanitarian aid, it was sent to Ukraine.



A special section was set up at Vendoo where it was possible to purchase various items to help the Ukrainian people. Transportation of items at the Embassy of Ukraine was provided by the Vendoo team.

Myhome has created a special platform for Ukrainians seeking asylum in Georgia - those who could not return home due to the current situation. It was possible to upload real estate information on the website, which for a certain period of time was provided to Ukrainian citizens free of charge. Interested parties could easily view the information on a single platform.

SUPPORTING GEORGIAN BUSINESS COMMUNITY

Tbcbusiness.ge

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

We are committed to facilitating the success of our business clients by providing them with a full-scale business support program, enriched with extensive educational resources and technological tools, which are accessible from a single platform tbcbusiness.ge. We have the largest business education program in Georgia, which has attracted over 30,000 attendees through around 1,000 lectures over the past eight years. The program has been developed in partnership with the Asian Development Bank and provides free access to live lectures on various relevant topics, such as technology, digital marketing, human resources etc. To help businesses, find and utilize the most suitable tools and software, we created an online platform businesstools.ge. This platform connects developers with users and offers a convenient way to find, compare and review various programs created for accounting, IT management, project management and other fields. Interested persons may sign up to attend the trainings or access the resources using our business support platform tbcbusiness.ge free of charge.

Regional Forums

In 2022, TBC will gradually hold a forum in all regions of Georgia, which aims to support business. Supporting business and promoting regional development are priorities for TBC. The purpose of the regional forums is to support local businesses, keep abreast of current developments in the sector and provide information.

More than 80 small and medium-sized businesses gathered in Gori for a forum organized by TBC at Gori State University. The purpose of the regional forum was to support local businesses, meet with them, get acquainted with business news and provide information. The forum speakers were experienced experts in the field who will talk about topics relevant to businesses, including opportunities to export agricultural products, the introduction of a financial accounting standard, significant tax changes in legislation, project support, and donor relations.

In May, 2022, about 300 representatives of small and medium-sized businesses gathered in Kutaisi for a forum organized by TBC, which was held at Akaki Tsereteli State University. The speakers of the forum were experienced experts in the field who talked about topical issues for business, including the export opportunities of agricultural products, the introduction of the financial accounting standard, important tax changes in legislation, current issues of branding and marketing.

In addition, the purpose of the forum is to bring businesses together and activate their community, to share ideas and experiences with each other. Representatives of small and medium businesses of Imereti region, as well as interested persons from Tbilisi took part in the forum.







NUNISI FOREST HOTEL

Nunisi Forest Hotel is the winner in the TBC Business Award nomination for outstanding role in the development of the region. The project started in 2001 and gave new life to the resort Nunisi. Nunisi is a medical, health and entertainment complex located in the Borjomi-Kharagauli National Park. The project built hotels, renovated existing cottages, employed locals, and created new hostels that gave the region a distinctive look. The opening of a resort in this hard-to-reach area has helped develop a variety of infrastructure and employ locals.

In the future, the resort will be able to receive guests during all four seasons, that will increase the number of visitors and staff.



Business Awards

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

To encourage entrepreneurship in Georgia, since 2016, we have been organizing an Annual Business Awards ceremony in partnership with EFSE. This year, the event was organized in partnership with EFSE and Forbes Georgia and attracted 41.3 million views in media and more than 3,000 businesses from various fields.

Business Award had following nominations in 2021:

- Product/service of the year
- Exceptional corporate social responsibility
- Innovative startup of the year
- Special contribution in regional development
- Best business partnership

In 2021, it was possible to hold an award ceremony in physical environment again. This was very exciting opportunity for all the participants who welcomed the possibility of reunification and networking, as well as getting accustomed with innovative ideas and businesses that strive to grow despite pandemic hardships. This year, two new nominations were added to the award: for Best Business Partnership and for Outstanding Role in the Development of the Region. 360 companies participated in the competition, the best of which were selected by an independent jury. The company that creates the transportation service of the future won the nomination for the best product or service. “Electric transport is the future,” said Daniel Donetsyan, founder of Qari, which developed a moped sharing service through the app. Nunisi Forest Hotel won the nomination for its outstanding role in the development of the region - this is a project started in 2001, which gives new life to the resort Nunisi. This year, by the decision of the jury, the honorary award was given to Lopota Spa Resort, which made a special contribution to the development of tourism in the Kakheti region, employed many people and developed infrastructure. The award for outstanding contribution to the development of the country's business was given to Adjara Group, a leading Georgian company in the fields of hospitality, lifestyle development and agriculture.

Startuperi.ge

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

We offer entrepreneurs general purpose loans, as well as special loans for restaurants, hotels and agro businesses. In addition, this year we introduced a “Startup enterprise” loan, which offers favorable terms for loans used to set up local production. Other financial offers include leasing, business cards, free internet banking and digital pass registration. The outstanding portfolio of the program is comprised of 493 active loans, in the total amount of GEL 196.9 million as of 31 December 2021.

“Startuperi” also provides clients with unmatched opportunities to develop their businesses. One such opportunity was “Startuperi APP challenge”, which brought together 40 teams with brand new ideas. The project, which is supported by FMO and was held for the second year in a row, helped three winning teams to bring their ideas to life. The aim of the competition is to create applications, softwares or other digital solutions in Georgia that will simplify the daily life of people and businesses; Also, increase and promote web development awareness among the young generation and support business in this direction.





QARI

The company that creates the transportation service of the future won the TBC Business Award nomination for the best product or service.

"Electric transport is the future," said Daniel Donetsyan, founder of QARI, which developed a electric moped sharing service through the app.



The winner startups are selected based on the following criteria: how much the application is cutting the real problem, what is the concept of the application, business model, etc. Upon completion of the competition, winners are given a specific time to complete the prototypes. The cash reward will be spent on perfecting the app. As a result of the competition, the jury revealed 3 winners. The winning team was awarded with 30,000 GEL, and the teams that won the second and third prizes were awarded with 15,000 GEL.

The places were distributed as follows: Theneo took the first place, Strange Elo took the second place and Exponent Group took the third place. All three tech startups have come a long way in winning three rounds of competition. On October 2021, the top 10 innovative teams in the final competition of the applications publicly presented a working prototype of their idea to an independent jury.

Apart from training, products and promotional support, TBC supports startups through its procurement policies, which allow contracts to be assigned in exceptional cases to start-up companies, without the usual tender procedures.

Supporting regions and rural enterprises

We aim to support Georgia's rural communities by providing local businesses with affordable finance. We partnered with three government programs, "Produce in Georgia", "Host in Georgia" and "Preferential Agro Credit", to support agricultural and hospitality businesses. The programs offer lowered interest rates through governmental subsidies. In 2021, we disbursed 2,096 loans in the amount of GEL 530.0 million within these programs.

TBC offers new products to start-up farmers to develop fruit and poultry farming in the country. The product can be used by all persons who own land or long-term leased land from the state and want to start a fruit or poultry business. The main condition of the agro-startup is that the novice farmer should consult with the agro-company selected by TBC, which will share his experience and knowledge. TBC partnership in the field of fruit growing will be provided by the company "Agro-Com", which has been successfully operating in the Georgian market for many years. In the field of poultry, TBC will cooperate with the company "Nutrimax", which is a leader in the local market in the production of poultry and animal feed. TBC has been financing startups in various fields of agriculture since 2016 and has issued more than 80 million GEL in this direction. However, until now, funding was provided only to those who had some experience, and the new project is a good opportunity for beginners who do not have the relevant knowledge to start an agribusiness. The financial resources that TBC offers to farmers range from 20 thousand GEL to 1.5 million GEL. The maximum loan term is 10 years. It should be noted that part of the fruit growing can be fully funded under the state program "Preferential Agro Credit", which fully finances fixed assets, which includes the cost of cultivating and maintaining gardens before commercial use (fencing, planting seedlings, irrigation systems and maintenance).

Small and Medium Enterprise Development Association (SMEDA) is holding the first regional business forum with the support of TBC. SMEDA is the first digital association in Georgia, which was established about a year ago to develop and promote small and medium (SME) business. The organization brings together successful professionals with many years of experience, who work with businesses, the public sector, local and international donors, the non-governmental sector, financial institutions and other stakeholders to strengthen the role of small and medium businesses in country's economy. By this time SMEDA already has about 170 official members and plans to increase them to 2,000 by the end of 2022.

Adjara Business Forum, which is supported by TBC, is partly planned in digital format. According to SMEDA representatives, the hybrid format will increase the radius, scale and effectiveness of this event. In addition to SMEDA, the business forum will be attended by representatives of local governments, donors, financial institutions and, of course, representatives of small and medium-sized businesses.



WELL-BEING, EDUCATION AND DEVELOPMENT PLATFORMS

Morning concept

In order to support customers and people in Georgia in general, in the difficult circumstances caused by the pandemic and its aftermath, TBC created several projects for mental health support, networking and education.

Since 2019, Concept Meetings were created, where successful people from various fields could meet with TBC clients, share their knowledge, experience and ideas on topics that are as important in the work environment as in everyday life. During pandemic, meetings have moved to the online space of Zoom. All thematic videos were tailored to the audience's interests and needs. People could choose their topic of interest, be it various fields of art, psychology, business, parenting, etc. In parallel with online meetings with various speakers, TBC Concept also shares blogs on a variety of topics. At the end of 2020, TBC Concept launched a new self-development platform called "Morning Concept", based on the growing interest, and need for morning content, which was identified through extensive customer research. This projects have continued in 2021 and by end of it moved again offline, as pandemic related regulations have been eased.

In addition, TBC added several interesting initiatives in 2021, to enrich experience and give people wider possibilities of human interaction, education, as well as business networking.

Book club and coaching sessions

TBC Concept Book club has been established in newly opened TBC Concept premises where customers could gather and listen to interesting speakers, who discussed concrete book, its author and epoch described in the book. Fruitful and engaging discussions were held during this meeting. In total, 19 meetings have been held with over 400 attendees in total. This project will continue in 2022.

TBC held 4 coaching sessions in cooperation with International Coaching Federation and 4 sessions in cooperation with Forbes Georgia discussing leadership in crisis. These sessions have been attended by up to 300 participants.

TBC is committed to support public in education, networking and coping with post pandemic psychological stress and will continue its projects, providing more options and realizing more ideas in 2022.

Georgian National Museum

TBC partners with Georgian National Museum fifth year now. This is very important partnership for TBC, because it is supporting Georgian national heritage's proper maintenance and presentation in modern communication forms. TBC prioritizes new generations education and helps important institutions to create bridge to new generation.

In 2021, Georgian National Museum, with support of TBC, opened new archeological museum in Vani, which is a site of ancient Georgian civilization, very important part of Georgian history. In summer 2021, TBC cooperated with Georgian National Museum and the Embassy of Italy in Georgia and organized an exhibition "Life and Death – Glory of Pompeii". The treasure from Pompeii Archeological Park was presented first at Vani Archeological Museum and then in Tbilisi, at National Museum of Georgia. This project demonstrated two important civilizations of antiquity, side by side: Vani as representative of Ancient Georgian culture and Pompeii as representative of ancient Rome. The exhibition was very successful and become one of the most popular cultural events of the year, accounting over 20,000 visitors.

Digital platforms

Web portal helloworld.ge is aimed at the Georgian public. Hello Blog hosts interesting articles about culture, arts, technology, music, travel, education, parenting tips and other interesting topics. This is the biggest advertisement-free online resource in the Georgian



language, where readers can enjoy high quality analytical and news articles. The content comprises TBC projects as well as interesting development in the world of literature, modern art, music etc. in Georgia. Hello Blog has up to 500,000 visitors per month and its top articles are viewed by more than 50,000 readers.

Tsa-Music (Sky-Music) is a platform for young Georgian musicians, enabling them to promote themselves. It is a storytelling platform for musical projects, collaborations and events, happening in modern Georgian musical landscape. Tsa-Music also provides interesting articles for music lovers about trends in world music and some historical content. Its content is hosted on hello blog. However, Tsa-Music has its own Facebook page with over 45,000 followers: facebook.com/TheSkyMus.

Blue Mountains is a platform supporting Georgian mountain tourism by creating engaging content about alpinism, skiing, hiking and other mountain activities. The platform hosts content regarding Georgian mountain resorts, stories about life in the mountains, the activities of professional alpinists, skiers, mountain bikers and mountain life lovers in general. Blue Mountains has over 90,000 followers on Facebook and hosts its content on hello blog.

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

Tech Podcasts

In 2021, TBC started special series of podcasts related to technology, its use in financial services and general technology novelties. TBC invited speakers from its own staff, who specialize in diverse fields: UX of technological services, Customer experience with digital products, digital literacy, cyber security for using digital financial services, future of financial products, fin techs etc.

The goal of the monthly podcast is to educate public and promote interesting Georgian Tech startups. 8 episodes of TBC Tech Podcast have been released on various topics during 2021 and first half of 2022. According to reviews podcast helps not only to share knowledge to those who work in technologies, but also serves as a good guide in native language for those who want to work in the field or bring in technological solutions to their businesses. The podcast is streamed on YouTube, SoundCloud and Spotify. It has already accumulated more than 80,000 views.

Financial literacy

TBC recognizes financial literacy as one of the key factors for the country's economic development and stability. Responsible lending, customer education to promote savings and the digitalization of banking services for greater transparency and customer comfort are among TBC's top priorities. TBC has been actively promoting financial literacy for several years. In 2021, our main activities were:

- Cooperation with the National Bank of Georgia, organizing a contest for over 1,000 children on financial literacy.
- Promoting financial literacy topics through the Facebook page Edufin, which is designed to popularize financial literacy through interactive posts, videos and blogs, attracting respectable authors, who are well known in Georgian society, to contribute to the page and thus make financial literacy an attractive topic.
- Holding a campaign related to financial literacy in digital world and cyber security, through blogs, podcasts, communication to clients with internal channels and sponsorship of discussions in TV.
- TBC, together with other Georgian commercial banks, works in the scope of Banking association, on creating common approaches and shared communication campaigns, for educating public in financial literacy, cyber security and banking products effective usage in general.





STARTUP CULTURE IN STUDENTS

“Second” is the winning team of the Startup Development Course at Georgian-American University (GAU), organized by TBC Business in 2021. The members of the winning team - Ilia Danelia, Eldar Jikia, Davit Buchukuri are first year students of GAU Business School. They will undergo a 6-month internship at TBC in the desired direction.

The startup course was first held in 2018. The 8-week training course covered the initial phase of startup development. TBC Business aims to get as many students as possible interested in the startup culture.

The aim of the course was to establish a startup culture in students.



TBC SCHOLARSHIP FOR SCHOOLCHILDREN

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

Georgia is full of talent that needs support to overcome economic hardships, gain access to knowledge and have the possibility to develop. Many of them could also be an example and source of motivation for others, if their endeavors were known about. The TBC scholarship program for schoolchildren has runs from 2019 and each year, 200 children received 100 GEL per month for twelve months. In total, for 4 years, 380 schoolchildren (207 girls and 173 boys) participated in the program.

TBC cooperates with 14 high profile organizations, who have an opportunity to choose talented youngsters for TBC Scholarship program. These are special schools with enhanced STEM or ART education; various competition programs for youth covering STEM, Financial Literacy, Entrepreneurship, Fiction Literature, English language and other; Sport Federations and schools from socially vulnerable regions. In this way, TBC makes sure that its scholarship is available to maximally diverse set of young people in Georgia.

Apart from monthly scholarship, TBC offers lectures and educational gatherings for participants, which were halted during pandemic but will resumed in 2022. TBC uses cultural and educational events it organizes and supports, to engage scholarship participants and provide them with interesting new experience with entertainment and education components.

PARTNERSHIPS FOR POSITIVE IMPACTS

Social Impact Award 2022 – Supporting Youth

In 2021, TBC and UNDP Georgia have signed a memorandum to support local startups, small and medium-sized enterprises, empower young people, improve access to finance in the regions, and support women in business development.

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

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

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

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

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





SOCIAL IMPACT AWARD 2021

“Gradation” is a therapy center in Lanchkhuti, Guria region, which takes care of the development of children with disabilities with the involvement of specialists.

An education accessible to people of different abilities and disabilities, a space that does not exclude and help a child with a disability to adapt, - this is the mission of the social enterprise that is among the finalists of the Social Impact Award 2021.

The therapy center “gradation” is a finalist of the Social Impact Award 2021 with an inclusive mission.



In 2021, among 11 teams that made it to the finals, the jury named four winners, and one team became a public favorite by voting. All five projects respond to current social problems and offer innovative ways to solve them. The winners received a cash prize for their business idea and attend the International Social Impact Award Summit. The winners of the 2021 Social Impact Award were:

- CosmoTronix - a cognitive-entertaining board game aimed at increasing the interest of young people in electrical engineering;
- ChargeX - Electric Vehicle Infrastructure Rental Platform;
- Curie Lab - A box for students with materials needed for scientific experiments;
- Butko - Plant Hotel Butko, which offers a variety of services to plant lovers;
- Rugs from Racha - a social enterprise that will help restore the tradition of hand-knitting rugs in Upper Racha and create new jobs in this direction.

A record number of entries were submitted under the Social Impact Award 2021. An independent jury selected 11 finalist teams from over 200 applications, who spent two months actively developing their ideas and developing realistic business plans with the help of individual mentors.

Grace Hopper awards – Promoting Women in ICT

Promoting Women in ICT TBC, as a technology-driven company, puts special emphasis on women's empowerment in tech industries. Since 2021, the company partnered with USAID as the main sponsor and established Grace Hopper Award Program, which recognizes and inspires more Georgian women in the ICT industry. The mission of the Grace Hopper Award is aligned with the company's deeply rooted aspiration to support and encourage more women's active involvement in Tech industries. Youth development, equality and women empowerment are a strong part of TBC's culture and represent a set of priorities that the company pursues with the outmost dedication. In 2022, for the second consecutive year, the Grace Hopper Award Program will acknowledge outstanding individuals, programs, and organizations in six categories (Emerging leader, ICT champion, Tech startup, Program award, Industry award, Supporter award). The Award ceremony was held on June 10th and like the previous year, TBC will provide the winners of Emerging Leader and Tech startup categories with specially tailored capacity-building programs to support their professional growth and/or business expansion.

500 Women in Tech – Development of Future Tech Talents

One of the most effective ways to break gender stereotypes and empower women is to support women and girls in technology.

500 Women in Technology is being implemented with the support of UN Women and with the involvement of Business and Technology University, TBC Bank, the Women's Empowerment Principles (WEPs) signatory companies and IT representatives. Five hundred women across Georgia will be selected and will be trained in information and communications technology (ICT). The six-month programme is for both beginners and experienced candidates. The programme integrates important modules such as Front-End Development, Back-End Development, UI/UX Design, Graphic Design, Digital Marketing, Digital Product Testing and more. In addition to technology modules, the program offers women intensive English language courses and a career boot. Women will receive training in leadership, teamwork, critical thinking, entrepreneurship, business communication and career planning.

The TBC IT Academy will train at least 100 participants on different topics. It is noteworthy that successful graduates will also have the opportunity to be employed by TBC and its subsidiary companies. Indeed, TBC as a tech-driven company is prioritizing the education of young people as well as the development of future tech talents not only in Georgia but beyond.

TiDa Conference – Supporting a data-driven entrepreneurship

Data analytics field provides opportunity for businesses and their leaders to make better, data based decisions. Data collection is one of the main challenges, followed by data processing, analysis, and interpretation. This is particularly important in the early stages of



a business when it is planning its strategy. Today, we have wide variety of solutions that help both data professionals and businesses in this sophisticated process of data analysis.

Second year in a row, TBC supported TIDA (Tbilisi International Data Analytics) conference enabling Georgian companies and individuals to attend and listen to leading specialists in data analysis, visualization, and other related disciplines. In 2021, interested public could listen to specialists from Netherlands, United Kingdom and Georgia. The aim of the conference was to create a Georgian-based community for data professionals and business owners interested in data analytics. Due to the pandemic, the conference was held in online format. Up to 1,200 listeners attended the sessions.

In July 2021, TiDA organized a session on “Monitoring Machine Learning Models”. This time, the session for data analysts was led by Emily Dral, a machine learning instructor and co-founder of Evidently AI, and she shared information about monitoring machine learning models with the audience.

The meeting focused on the following issues: • How the accuracy of the model decreases over time; • How can model accuracy be monitored and what metrics should we keep an eye on; • What is the early monitoring methodology, according to which it is possible to determine the decrease in the accuracy of the model at an early stage.

TIDA is the first Conference on Business Data Analytics in the region and aims to bring together data analytics professionals and businesses interested in using analytics, internationally. TIDA discusses how businesses should create real-value data analytics. The purpose of the conference, as well as online sessions, is to share and exchange the latest information around the topic.

Strategic partnership between USAID and TBC - Strengthening the economy

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

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

Under the memorandum, USAID and TBC will contribute to Georgia's inclusive economic growth, market diversification and the creation of high-paying jobs. It is planned to mobilize \$ 30 million in financial resources to support micro, small and medium-sized businesses in the country in the future. Priority will be given to rural enterprises and businesses run by women; More than 1,200 high-paying jobs will be created and help businesses generate USD 6 million in sales.

E-Commerce Academy in Partnership with TBC and USAID

The e-Commerce Association has established an e-Commerce Academy in partnership with TBC and USAID Economic Security Program. The e-Commerce Academy is an educational initiative in the field of vocational training aimed at developing digital capabilities and skills for micro, small and medium-sized businesses and job seekers at various stages of the e-commerce cycle. The goal of the e-Commerce Academy is to facilitate the introduction and development of e-commerce in micro, small and medium-sized companies by providing a supply of qualified and professional staff. Graduates of the program, who will receive the qualification of Strategic Manager of the e-Commerce Association, will be able to design, plan, implement and manage an e-commerce strategy based on the needs of the company. The project plans to develop a training program tailored to the needs of the e-commerce academy, to find partner academic, private and public organizations, and most importantly, to create an online learning platform.

The educational initiative aims to develop digital capabilities and skills for micro, small and medium-sized businesses, as well as those who want to work in the e-commerce sector. The academy provides a 4-month intensive vocational training program for novice e-commerce managers, including a 14-week training cycle that runs twice a year. The first course started in March, 2022.



C | USAID egic Partnership



USAID AND TBC BANK SIGNED A STRATEGIC PARTNERSHIP MEMORANDUM. THE EVENT WAS HOSTED BY USAID DEPUTY ADMINISTRATOR ISABEL COLEMAN, WHO WAS ON AN OFFICIAL VISIT TO GEORGIA, AND TBC BANK CEO VAKHTANG BUTSKHRIKIDZE.

“Ring the Bell” for Gender Equality – Mainstreaming the Diversity

TBC Joined the UN Women Global Initiative “Ring the Bell” for gender equality.

With the support of the United Nations Women and the Georgian Stock Exchange, the international and local banking and financial sectors have been united to empower women. The annual Global “Ring the Bell” for Gender Equality Global Initiative has been launched in Georgia once again, focusing on the important role that the banking and financial sector can play in achieving gender equality.

The event was hosted by UN Resident Coordinator in Georgia Sabine Makhli, Ambassador Extraordinary and Plenipotentiary of the Kingdom of Norway to Georgia Helen Sand Andresen, President of the National Bank of Georgia Koba Gvenetadze, CFO of Georgian Stock Exchange Nino Kurdiani, IFC Regional Manager for the South Caucasus Ivana Fernandes Duarte. Representatives of government agencies and business associations attended the event.

TBC also joined the initiative this year. Nino Masurashvili, Chief Risk Officer and Nino Suknidze, Member of the Supervisory Board participated in the event. Representatives of international and local financial institutions and commercial banks presented their visions and experiences regarding gender equality initiatives. Participants also discussed current challenges and joint cooperation plans.

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 19 years of history, SABA is the most prestigious literary prize in Georgia. SABA motivates writers with a prestigious award, as well as monetary prizes: 6,000 GEL for the winners of each category, and 10,000 GEL for the winner of the Special Contribution to Georgian Literature. Prizes are given to nine categories:

- Best Novel
- Best Poetry
- Best Prose
- Best Play
- Best Literary Debut
- Best Literature Critique
- Best Non-fiction Literature
- Best Translation from Foreign Language into Georgian
- Special Contribution to Georgian Literature

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

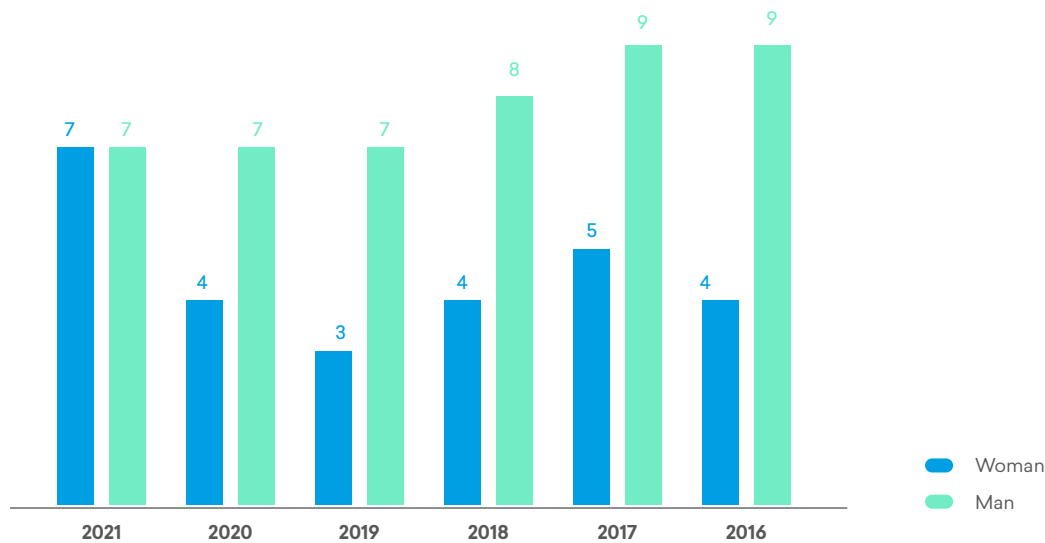
In 2021, the Saba awards were presented for the 19th time in a special online ceremony. However, in order not to deprive the joy of receiving SABA Statuette, we also handed over the awards to each individual winner on the street, taking them by surprise and giving them even more satisfaction and joy than in a typical “red carpet” style ceremony.

In 2021, SABA started new partnership and in cooperation with NGO Transparency International founded a special prize for reflection of Soviet and Post-Soviet history in Georgian literature.

Saba is the most prestigious award given for Georgian-language literature. In 19 years, more than 4,0000 books have been evaluated, 184 awards were given to 150 authors, 80 different members served in the committee and up to 1,000,000 GEL in total was awarded.



SABA Winners



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 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 7,500 built-in books, audio books, podcasts, lectures, and more. The users of the app have unlimited access to literature and receive an outstanding, modern experience.

Along with the Literary Award SABA, the House of Electronic Books was founded in 2012 by TBC. During these 10 years SABA Collected More than 200,000 registered users and 10,000 active monthly readers.

During the last 5 months, readers have spent 10,000,000 minutes measuring reading time in SABA Reader after a new "Reading Time" feature was added to the app in May 2021. It shows the customer the time spent reading and is a way to see, on the one hand, how much time you spend reading today and, on the other hand, to watch the development of personal statistics over the months. 10 000 000 minutes read over 5 months means that readers have devoted almost 19 years to literature and have read an average of 5 000 000 pages and 20 000 books.



SABA



GEORGIAN ORNAMENTS AND EMBROIDERY

Georgian Textile - Culture Meets Entrepreneurship

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

In 2021, new partnership has been launched with one of the most successful Georgian startups “Meama”, producing packaged coffee and coffee machines. In collaboration with “Meama”, Georgian textiles were matched with two new coffee cocktails that the company launched for autumn season. New product was sold in cups decorated with Georgian ornaments and coffee lovers could enjoy tasty flavors in modern cups, painted in traditional décor. This is one more step towards bringing tradition into modernity and supporting Georgian startups with new product launches. Cooperation with “Meama” will continue in 2022.

“Adjarian Bride’s Treasure” – Supporting Handicraft Master Women

For centuries, Georgian women in mountainous region of the country, Adjara, passed through generations knowledge of making fine embroidery. This is very delicate and fine craft, creating exclusive artistic works which resemble Georgian traditions and found its way to modernity. Irma Sharikadze, modern Georgian artist, created a short documentary, describing Adjarian women skills, tradition and modern state of dowry embroidery. TBC organized panel discussion together with EBRD and UN Women representatives and Irma Sharikadze, discussing the importance of supporting women in turning the traditional knowledge in source of income and equipping them with skills that will support women on job market in general. Panel discussion was accompanied by the documentary film screening and exhibition of traditional embroidery samples at TBC gallery.

The Adjarian embroidery, as one of the greatest and most significant constituents of Georgian traditional handicrafts, is in danger of being completely lost today. In 2020, the Embroidery of Adjara was awarded with the status of the Intangible Cultural Heritage Monument in Georgia. Empowering women and preserving heritage for the new generation are vital for TBC culture, therefore we are committed to the further development of the project.





PHYSICAL NETWORK

As a leader in the financial sector, TBC ensures that its branch, ATM and payment box network covers the whole country, including both economically important centers and remote areas with less commercial activity. In parallel to the physical coverage, TBC improves the accessibility of its facilities for people with disabilities. 79% of all branches have been modernized and necessary changes in building constructions has been carried out. In the regions, the share of adapted branches is even higher (87%). In 2022, further locations will be added.



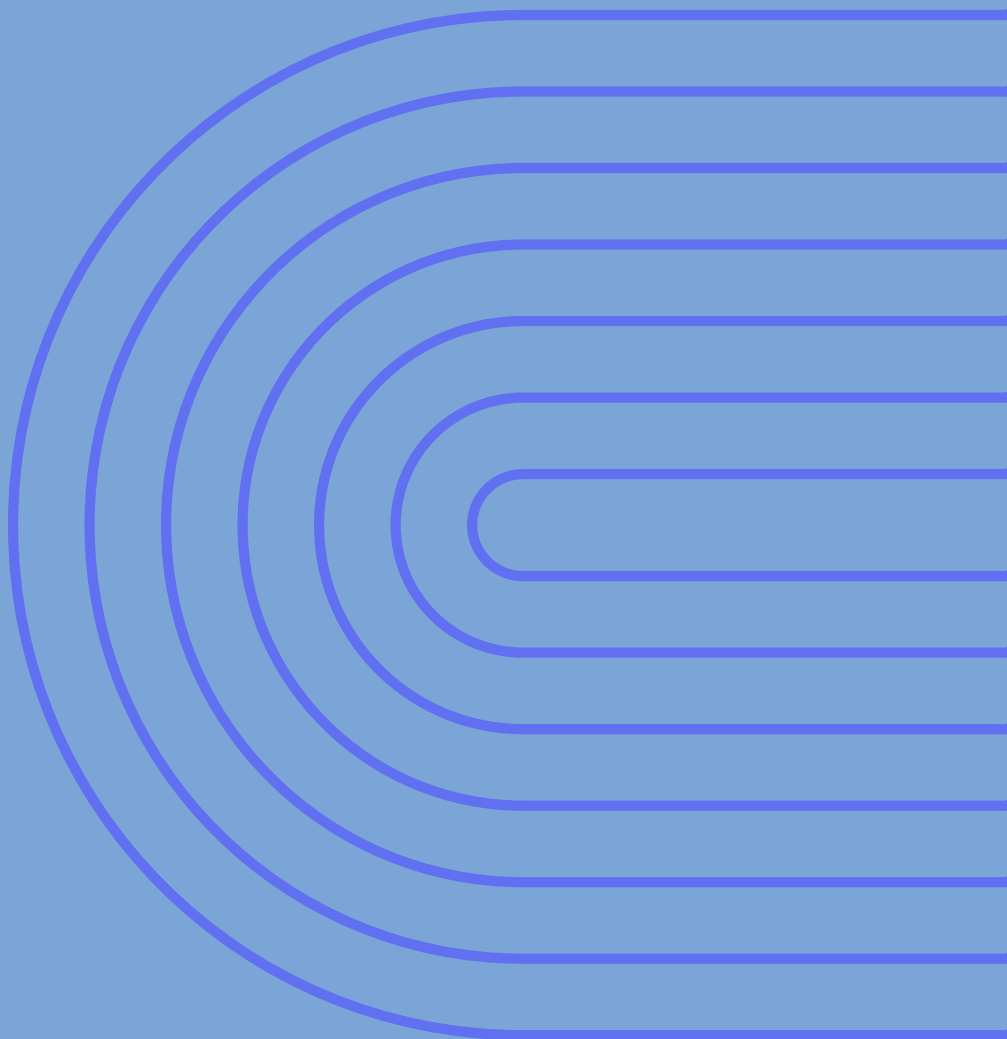
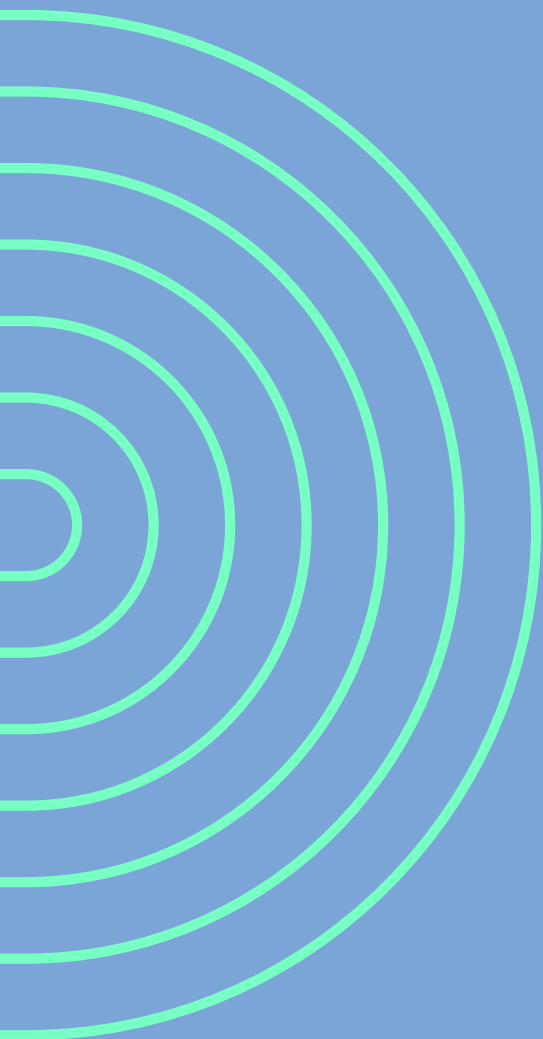
Physical Network

Branches	Tbilisi	Other big cities:	Rest of the Country:	Total
		Kutaisi, Batumi, Rustavi,	economically less developed	Georgia
		Gori, Poti, Zugdidi	rural areas and small towns)	
Total at the beginning of 2021	66	24	45	135
Change in 2021	-1			-1
Total for the beginning of 2022	65	24	45	134
Population of Georgia (according to 2014 census of National Statistics Agency)	1,108,717 (30%)	558,183 (15%)	2,046,905 (55%)	3,713,804

ATMs	Tbilisi	Other big cities:	Rest of the Country:	Total
		Kutaisi, Batumi, Rustavi,	economically less developed	Georgia
		Gori, Poti, Zugdidi	rural areas and small towns)	
Total at the beginning of 2021	359	116	125	600
Change in 2021	10	10	2	22
Total for the beginning of 2022	369	126	127	622
Population of Georgia (according to 2014 census of National Statistics Agency)	1,108,717 (30%)	558,183 (15%)	2,046,905 (55%)	3,713,804

Payment Boxes	Tbilisi	Other big cities:	Rest of the Country:	Total
		Kutaisi, Batumi, Rustavi,	economically less developed	Georgia
		Gori, Poti, Zugdidi	rural areas and small towns)	
Total at the beginning of 2021	1707	1205	746	3658
Change in 2021	154	-180	316	290
Total for the beginning of 2022	1861	1025	1062	3948
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





TREATING OUR SUPPLIERS RESPONSIBLY

- **Our Suppliers in 2021**
 - Proportion of Spending on Local Suppliers
 - Supplier Selection and Payment Policies
- **Dialogue with Suppliers**
 - Complaint and Grievance Management
 - Supplier Remedy
- **Managing the Environmental and Social Risks of Our Purchases**
 - Green Procurement Recommendations
 - Responsible Procurement Training
 - Supplier Screening – Environmental and Social Risk Management Questionnaire
- **Strategic Budgeting and Procurement Directions**

TREATING OUR SUPPLIERS RESPONSIBLY

The data presented in this chapter applies to TBC bank only

OUR SUPPLIERS IN 2021

TBC is one of the largest purchasers in the country. Therefore, our responsible purchasing practices and relationships with suppliers can have a significant impact on the well-being, financial stability and development of suppliers, as well as on the economy as a whole. We understand the scale of our impact, treat our suppliers responsibly, strive to have permanent dialogue with them, and understand and respond to their needs. We also stimulate implementation of environmental and social risk management standards in our purchasing activities. TBC Bank cooperates with a wide range of suppliers, from small startups to large companies, as well as individual providers of services, with resident companies and those from abroad. We pay special attention to small local suppliers and promote their inclusion in our supply chain. The Bank operates a project called Startuperi, through which we support local start-up companies - producers of products and services, as well as importers. We strive to support startups through offering them various tailor-made banking products and involving them in our purchasing activities. We understand that, as a very large buyer, the Bank can significantly contribute to start-up company development through its procurement deals. We are always ready to involve suppliers with little experience in our supply chain and, with more effort, contribute to their development. TBC cooperates with 7,523 (6158 in 2020) different suppliers, out of which 1,385 (1208 in 2020) are new to the Bank.

Proportion of spending on local suppliers

The share of local suppliers remained constant in 2021, with 90% of the Bank's suppliers being registered in Georgia. Under the category "local suppliers", we consider Georgian resident companies that sell locally produced, as well as imported goods or services. This is a clear indicator of our input into local economic development. At the same time, we also understand that operations with local suppliers help to decrease CO2 emissions related to the transportation of goods.

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

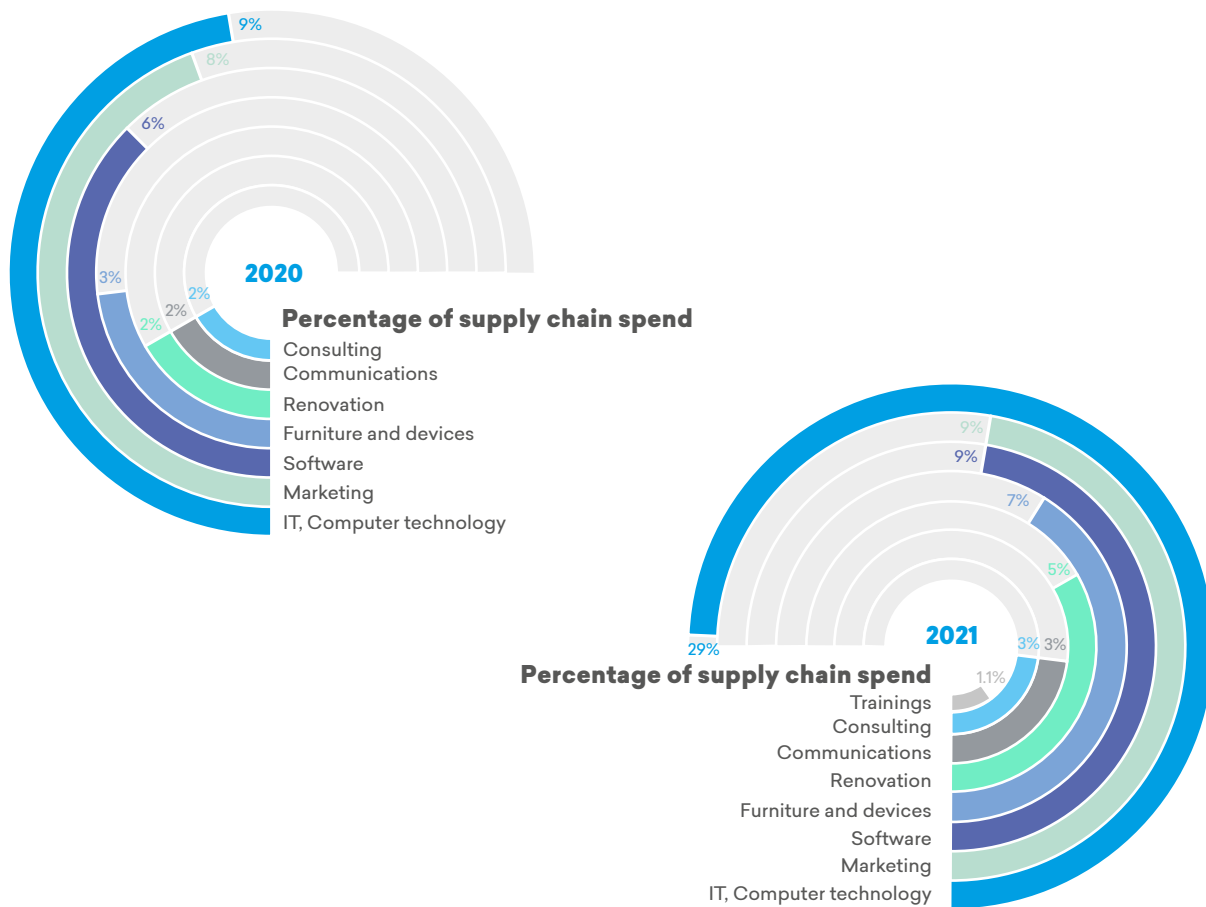
Procurement by Type

In 2021, the main procurement categories, with at least 2% share in the total procurement or significance from strategic point of view, were as follows:





BANK SUPPLY CHAIN EXPENDITURES 2021



Supplier selection and payment policies

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

The Bank intends to establish partnerships with suppliers, not only contracts. The supplier relationship process is optimized in three different ways: decreasing bureaucracy, shortening the decision-making time, and updating contracts. We clearly understand that one of the most important aspects of cooperation with suppliers is the company payment policy. We strive to adapt our payment policy to supplier needs and, at the same time, consider the company's financial stability. TBC Bank applies various approaches, including a flexible policy of advance payments. As for the payment period, the Bank takes responsibility for paying for the contracts in short periods, thus contributing positively to suppliers' cash flow. Although this is one more activity to support our partners, this approach also pushes the Bank to be faster.

DIALOGUE WITH SUPPLIERS

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

The Covid-19 pandemic brought new topics to the agenda of procurement teams. Dialogue and partnership became even more important and intense, requiring new solutions for processing requests and documentation. Integrating electronic signatures into the procurement process is one of the areas where further development is foreseen in 2022.

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 levels and needs. The Supplier Complaint Management system and process are described in the Bank's Procurement Procedure. Complaint rules are communicated in the tender documentation, requiring the presentation of complaints to the Procurement Division Curator Director within three days once the tender outcome has been communicated to suppliers. As soon as a complaint is received, the potential supplier is invited to a meeting in which the complaint is discussed. In most cases, the complaint response is sent to the potential supplier in written form, via e-mail or official correspondence. In 2021, no complaints were received.

MANAGING THE ENVIRONMENTAL AND SOCIAL RISKS OF OUR PURCHASES

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

Green Procurement Recommendations

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





THIS IS THE RENDERING OF THE PROJECT



NEW ENERGY-EFFICIENT HEAD OFFICE

New energy-efficient head office: Power consumption at the new head office will be seven times less than according to the baseline data.

CO2 saving: 992,070 kg CO2/a, rated by the Global Climate Partnership Fund (GCPF) according to international (EDGE) standards.





Supplier Screening - Environmental and Social Risk Management Questionnaire

In 2019, we developed an Environmental and Social Risk Management Questionnaire to screen suppliers. The screening process helps the Bank to decide about cooperation with suppliers. We regularly assess our long-term contractor companies' environmental and social risks. In case any non-compliance with our E&S standards is detected, respective Environmental and Social Action Plans (hereafter ESAPs) are provided. In 2021, we assessed five of our long-term contractor companies' environmental and social risks. As a result of the assessment, the need to develop the Environmental and Social Action Plans (ESAPs) for contractor companies was not identified. We continually provide assistance to and ensure monitoring of the implementation of the ESAPs.

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

1. The company's Environmental Management System;
2. Pollution Prevention and Waste Management Systems;
3. Working Conditions;
4. Labor Rights;
5. Labor Safety; and
6. HR Management.

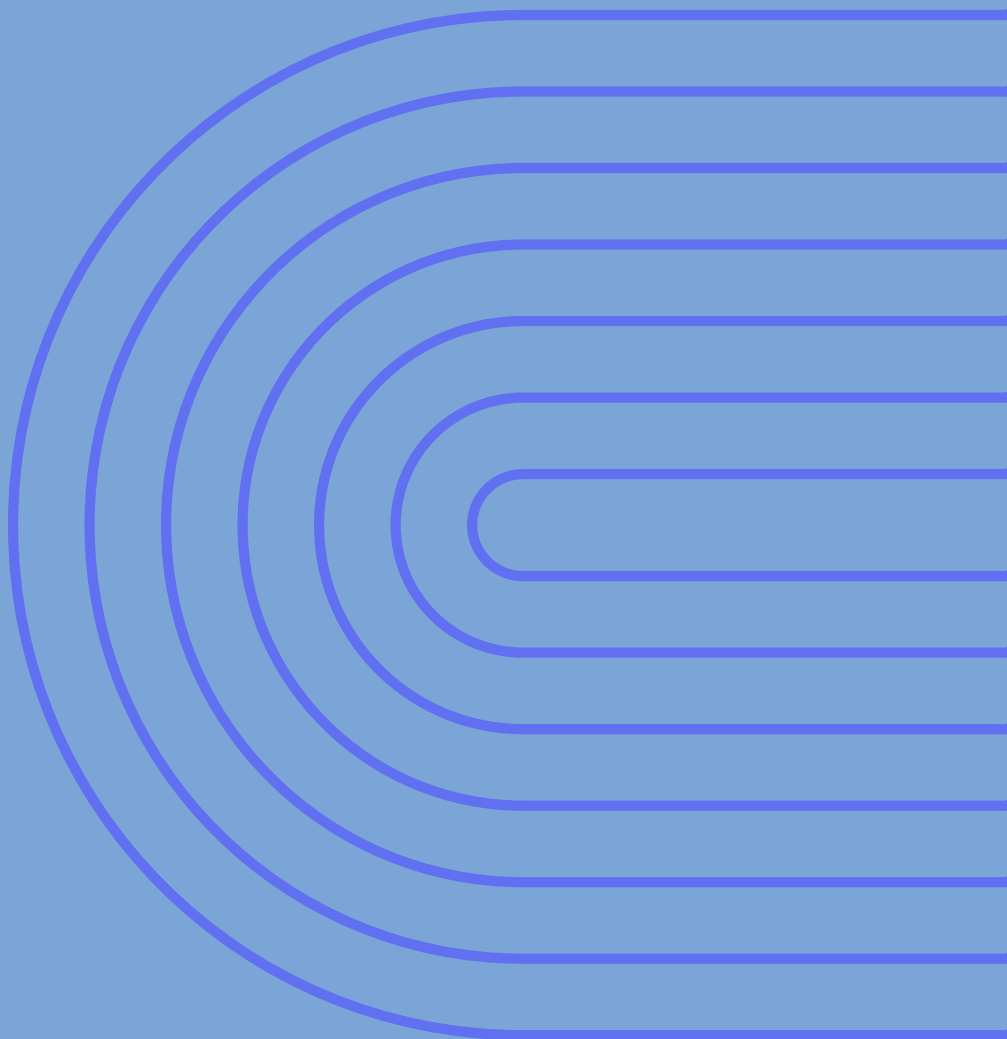
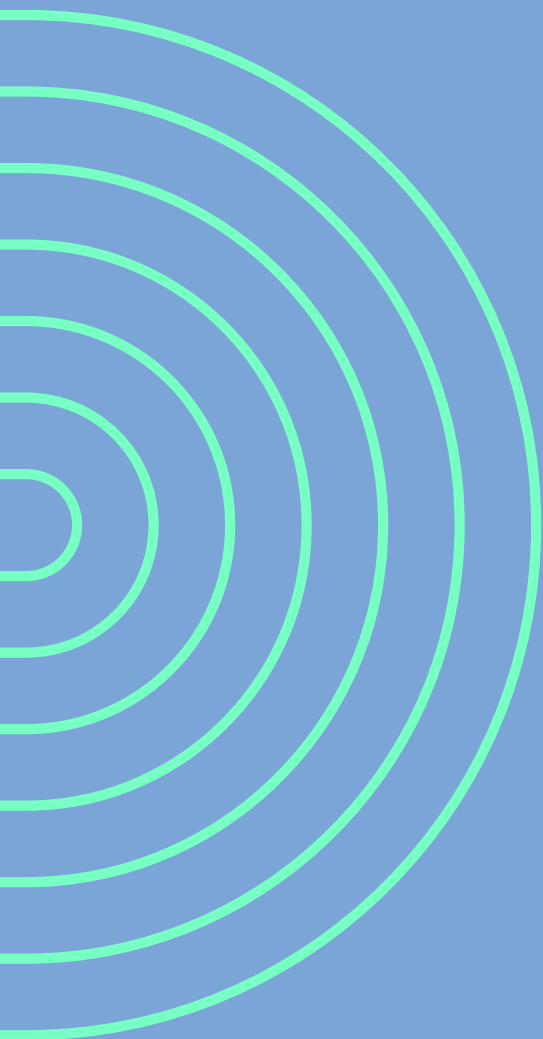
The evaluation of suppliers is carried out by the Environmental and Social Risk Management Group and the Logistics and Procurement Departments.

In 2021, a Know Your Partner (KYP) questionnaire for suppliers was developed and implemented. The questionnaire allows for deeper analysis of a company's profile and gives a comprehensive overview of its management, areas of operations, relations with the Bank, general contract terms etc.

Strategic budgeting and procurement directions

Our responsible purchasing practices and relationships with suppliers can have a significant impact on the well-being, financial stability and development of suppliers, as well as on the economy as a whole. In 2021, we committed to develop more tailored approaches towards green procurement initiatives, women-owned companies, startups and local (made in Georgia) businesses and to set targets, where feasible. As a result, we incorporated those targets in our ESG Strategy with a procurement volume goal of GEL 5 million in 2022-2023. Since the deployment of advanced responsible procurement policies requires additional resources, knowledge and tools, we will review our procurement policies in order to incorporate best practices and intensify our cooperation with partner organizations, such as UN Women, Tbilisi Impact Hub, which support different economic actors that require an affirmative and responsible procurement approach.





RESPONSIBLE BANKING

- **Introduction**
- **Transaction Qualification and Categorization**
 - Screening Against the Exclusion List
 - E&S Risk Categorization
 - Low
 - Medium
 - High
 - A Category
- **Mitigation and Control**
- **Monitoring and Reporting**
 - Monitoring
 - Reporting
- **Awareness and Competence Raising**
- **External Communications**
 - Grievance Mechanism
- **Products and Services Offering**
- **Social and Environmental Added Value**
- **TBC Leasing – Sustainable Finance**

RESPONSIBLE BANKING

INTRODUCTION

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

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

THESE PROCEDURES INCLUDE:

- **Transaction qualification and risk categorization;**
- **Identification and appropriate assessment;**
- **Mitigation and control; and**
- **Monitoring and reporting.**

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

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





TRANSACTION QUALIFICATION AND CATEGORIZATION

Screening against the exclusion list

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

The 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, labour rights and so on. To see the full list of excluded business activities, please visit: www.tbcbank-group.com.

E&S risk categorization

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

Low - Transactions with minimal or no adverse social or environmental impacts, which are not generally subject to further assessment (beyond their identification as such), except for the requirement for customers' compliance/non-compliance with local and national environmental, health and safety, and labour laws and regulations.

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

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

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

TBC Bank's E&S risk assessment standard is in line with IFC/EBRD Performance Standards and Performance Requirements (PS/ PR).

THE PS/PR QUESTIONNAIRE COVERS THE FOLLOWING TOPICS :

- **Social and environmental assessment and management system;**
- **Labour and working conditions;**
- **Pollution prevention, resource conservation and energy efficiency;**
- **Community health, safety and security;**
- **Land acquisition and involuntary resettlement;**
- **Biodiversity conservation and sustainable natural resource management;**
- **Indigenous peoples; and**
- **Cultural heritage.**

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

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

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

MITIGATION AND CONTROL

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

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



MONITORING AND REPORTING

Monitoring

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

Due to the COVID 19 outbreak, TBC Bank's E&S Risk Management group has been working remotely while spot-check monitoring visits to clients have been temporarily stopped. Monitoring of Corrective Action Plans is conducted distantly. Monitoring of Corrective Action Plans (CAPs) has been conducted regularly, once every fortnight. In 2021, a total of 45 clients' Corrective Action Plans were monitored. 25 of those clients completed their action plans successfully, while the remaining 20 clients were given new deadlines.

Reporting

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

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

AWARENESS AND COMPETENCE RAISING

- "Welcome" training;
- Training for new employees;
- E&S training for credit staff;
- An annual, mandatory online EMS e-learning course for all staff, followed by a self-evaluation test;
- Mandatory on-boarding trainings.

*In 2021, **95%** of all staff including the top management of TBC successfully passed the online course and self-evaluation test about TBC's EMS.*

In 2021, several E&S training sessions were held for 145 employees, including SME and Corporate Credit Officers, Credit analysts, Credit Risk Managers and Business SME Lending/Sales Coordinators.

To ensure more effective communication, a video was created that briefly describes TBC's EMS, structure and approaches. It is used both for training staff and in meetings with partners and stakeholders. In addition to raising environmental awareness among employees, TBC pays significant attention to external communications with current and potential customers and other stakeholders, and is actively involved in various conferences and forums.

In 2021, TBC participated in a green economy forum organized by TBC and the European Bank for Reconstruction and Development's (EBRD) Green Economy Financing Facility (GEFF). The forum aimed at raising awareness of renewable energy, climate change adaptation, and green financing opportunities.



TBC, represented by the Head of ESRM team, was one of the speakers at the Annual Sustainable Finance Forum/ Eastern Europe Caucasus Central Asia organized by GreenPact, discussing green finance practices among regional and local banks.

TBC Bank's ESRM team members endeavour to raise their qualifications and expertise by participating in different workshops, webinars, and training sessions. These include: Investments in Solar Technology, organised by the EBRD; Corporate governance, environmental, social and governance standards, and sustainable development, organised by the National Bank of Georgia and the Banking Association of Georgia; the Government-Industry Working Group on Energy Efficiency, led by the Ministry of Economy and Sustainable Development of Georgia and the United Nations Industrial Development Organization (UNIDO); Towards Zero Pollution in the Eastern Partnership Countries, convened by EU4Environment Community of learning by IFC; and the Sustainability in trade and trade finance online training program run by the ADB.

We strive to help our clients and potential clients in compliance with E&S requirements to receive financing and to fulfil the actions agreed upon in the contract. In addition, TBC Bank's E&S Risk Management team participates in business forums organized by TBC, in which participants (existing and potential business clients) receive information about the Bank's E&S risk management standards, as well as local legislation requirements.

Follow-up visits

The feedback and recommendations received from our international partners and other stakeholders enable us to continuously improve our performance. In 2021, a two-day due diligence process was held by FMO: Entrepreneurial Development Bank, during which meetings were held with TBC Bank's ESRM team and TBC's business analysts from the construction and renewable energy sectors. In consequence, TBC's EMS was evaluated positively.

BlueOrchard representatives met with the ESRM team and discussed in detail TBC's EMS and management practices regarding environmental and social risks related to the activities of the Bank's business clients. The meeting highlighted TBC's role in sustainable development and the fight against climate change.

In November 2021, the EBRD evaluated TBC's EMS system, discussed and reviewed TBC's ESRM procedures, internal environmental activities and plans in detail. The evaluation confirmed TBC's compliance with EBRD's standards.

EXTERNAL COMMUNICATIONS

Grievance mechanism

Transparency and open communication are an essential part of our daily activities. The feedback and recommendations received from our stakeholders and other interested parties enable us to continuously improve our performance. In doing so, we have developed a grievance mechanism to enable interested parties to provide their complaints related to E&S issues. Records of all communication are stored, including responses in line with the TBC Bank's procedure for addressing external E&S queries and concerns. Interested parties may submit their query on the webpage: www.tbcbank.ge or to the following e-mail address: E&Srisk@tbcbank.com.ge.

During 2021, no such complaints were received related to environmental and social issues.

The main purpose of this procedure is to inform stakeholders and ensure and increase their proper involvement.

PRODUCTS AND SERVICES OFFERING SOCIAL AND ENVIRONMENTAL ADDED VALUE

TBC strives to increase its positive impact on society and the economy through introducing new financial products and services that are designed to deliver a specific social or environmental benefit.



Green Lending development

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

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

Since February 2022, TBC has offered long-term loans to companies to promote access to solar panels and business energy independence. Although solar energy has long been used successfully by some businesses, the promotion of renewable energy solutions and respective financing products is essential for increasing the impact on businesses and the environment. Solar energy production has great potential in Georgia, as it has over 250 days suitable for electricity generation each year. Therefore, the use of solar panels is not only an environmentally friendly decision, but it also bears significant financial benefits, as solar panels could reduce electricity consumption by 75%.

TBC, TOGETHER WITH PARTNER ORGANIZATIONS, OFFERS NUMEROUS BENEFITS FOR CONSUMERS WHO MEET THE CRITERIA SET BY THE PROJECT, SUCH AS:

- A loan interest subsidy for the full term of the loan (as a part of the “Enterprise Georgia” program);
- 10-20% grant for businesses in the regions (as a part of the “Enterprise Georgia” program);
- Subsidizing loan interest (as a part of the Rural Development Agency program);
- A cash-back option;
- Depending on the business specifics, individual repayment schedule taking into account the grace period.

TBC Bank became first commercial bank in the Caucasus region accredited by the Green Climate Fund (GCF). As an accredited entity, the Bank has direct access to GCF funding to finance programs and projects for adaptation and mitigation of climate change and that contribute to combatting climate change in the Georgia. Accreditation further strengthens TBC's commitment to run its business in a responsible and sustainable manner and contribute towards improving the environment.

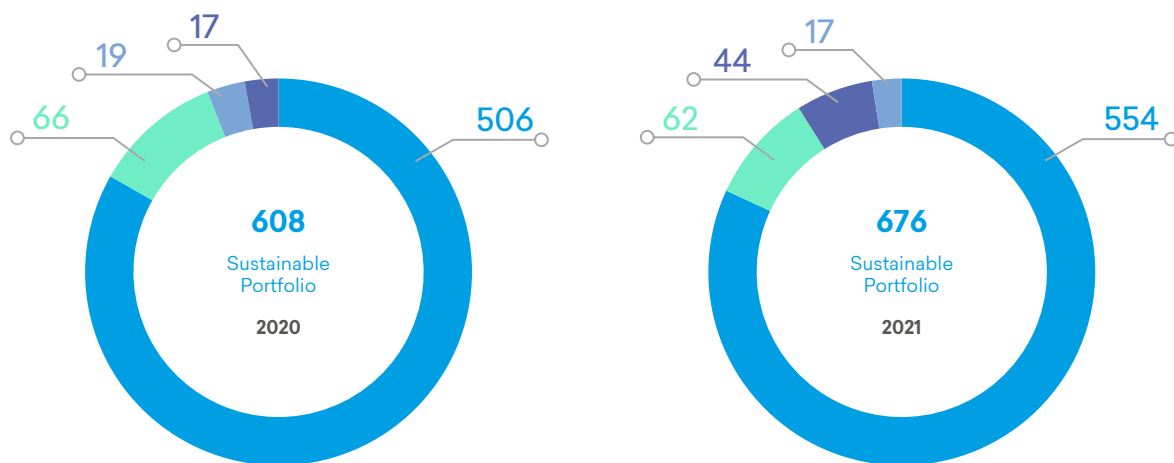
In 2022, we plan to develop green lending further, actively encourage and support private companies in the eco-friendly management of their businesses and contribute to sustainable development by providing green financing opportunities for the private sector. The ESG Strategy sets targets for the growth of our total sustainable loan portfolio, including financing energy efficient, renewable energy and resource efficient projects, women-led and women-owned business, start-ups and rural businesses. TBC aims to have a GEL 1 billion sustainable portfolio for 2023.



Currently, we offer the following, tailor-made products:

- Women in Business
- Renewable Energy
- Energy Efficiency
- Youth Support

BREAKDOWN OF SUSTAINABLE LOAN PORTFOLIO (IN GEL'm)



TYPE OF SOCIAL AND ENVIRONMENTAL BENEFIT³

Cleaner energy generation from Hydro power plants	Renewable Energy (RE)
Financing energy efficient projects including fuel-efficient vehicles, housing and home improvement	Youth Support*
This financing supports women's empowerment	Women in Business (WiB)*
To support the young generation through education and development	Energy Efficiency (EE)*

In 2021, our sustainable portfolio achieved 761,446 CO₂kg/a in CO₂ savings, according to data provided by our green facility fund providers. Over the same period, our renewable energy portfolio impact (in terms of avoided GHG emissions) amounted to 9,458 kg/a, according to the estimates of the external consultant under the Green for Growth Fund (GGF) Technical Assistance Facility, represented by Finance in Motion GmbH and financed by the European Union under the EU4Energy Initiative.

³ Examples are cleaner production, energy efficiency, renewable energy, carbon finance, management system improvement, sustainable supply chain, corporate social responsibility etc.

* Portfolio data is provided according to the utilized fund of IFIs.







RENEWABLE ENERGY IN HOSPITALITY INDUSTRY

TBC actively works on developing green financing. Kvareli Palace Ltd. has been operating in the hotel market near Kvareli Lake, Kakheti region, since 2010. The hotel has a unique location: a view of Alazani Valley, an artificial lake, quiet and secluded environment surrounded by forest. Kvareli Palace Ltd. started a new phase of development in 2021 - the construction of a 60-room hotel. TBC supports this process, especially in the energy-efficient initiatives.

In 2022, in cooperation with the Green for Growth Fund (GGF), TBC supported Kvareli Palace in the purchasing and installing solar panels.



TBC LEASING (TBCL) – SUSTAINABLE FINANCE

TBC Leasing has started financing solar panels for a variety of purposes, including: agriculture, service, catering, sports complex, industrial enterprises, hotels and solar farms. It is important for TBC Leasing to support a project that is focused on environmental protection, such as the production of renewable energy.

Supporting energy efficient projects

Under the EU4BUSINESS SME Competitiveness Programme established by the European Bank for Reconstruction and Development (“EBRD”) in cooperation with the EU, we raised EUR 3 million.

The program aims to help finance MSMEs to support sustainable investments in technologies, meeting best standards in the field of product quality, occupational health and safety, environmental protection, and promoting the use of green technologies, thereby enhancing MSMEs’ competitiveness locally and regionally. By participating in this programme, we commit to enhancing the business of leasing to MSMEs in line with the eligibility criteria set out by EBRD.

Within the scope of this arrangement, our clients are entitled to apply for an investment incentive payment and are eligible to receive up to 15% of the investment cost.

The programme includes technical cooperation provided by local and international expert consultants, who are appointed and managed by the EBRD. Consultants will facilitate the successful operation of the programme by assisting with the implementation and monitoring and by providing technical assistance to our clients in terms of meeting technical eligibility criteria.

Moreover, our long-term partner the Green for Growth Fund (“GGF”) allocated EUR 150,000 in sponsorship under the Deep Greening Scaling Initiative to provide development finance for energy efficiency and renewable energy investments and promote solar PV systems in Georgia. The sponsorship entails compensation for design and installation costs of solar panels. In 2021, three solar panel projects were financed with approximately GEL 1.2 million in total, out of which roughly GEL 58,000 was subsidized with funding from the European Union under the EU4Energy Initiative.

Deep greening – scaling initiative: promoting solar PV systems in Georgia

In light of recent developments in Georgia, the GGF, represented by Finance in Motion supported us in the origination of solar photovoltaic (PV) projects with our commercial and industrial clients.

With the GGF facility, TBCL was able to support our clients’ design and installation costs associated with the initial solar PV projects. The sponsorship total budget is EUR 150,000 and is available to commercial and industrial clients, covering a maximum of EUR 10,000 per client.

During 2021, three solar panel projects have already been financed with total financing volume of c. GEL 1.2 million, out of which c. GEL 58,000 was subsidized with the funding by the European Union under the EU4Energy Initiative.

Digital solar marketplace (“DSM”)

In parallel, we have also started to develop a digital platform where interested customers will be able to provide the main characteristics of their prospective solar photovoltaic project and obtain quotes from us. DSM will be integrated in our website and will have a leasing and impact calculator for solar PV systems, enabling our potential clients to calculate leasing rates from different technology suppliers including the main impact metrics such as energy and Carbone-dioxide (CO₂) emission reduction, savings in monetary terms and estimated payback period.

The GGF project has received funding from the European Union under the EU4Energy Initiative. The EU4Energy Initiative covers all EU support to improve energy supply, security, and connectivity, as well as to promote energy efficiency and the use of renewables in the Eastern Partnership countries Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. It does this by financing projects and programs that help to reform energy markets and to reduce national energy dependence and consumption. Over the longer term, this makes energy supply more reliable, transparent, and affordable, thus reducing energy poverty and energy bills for both citizens and the private sector. More information is available on the website: [EU4Energy.eu](https://eu4energy.eu).



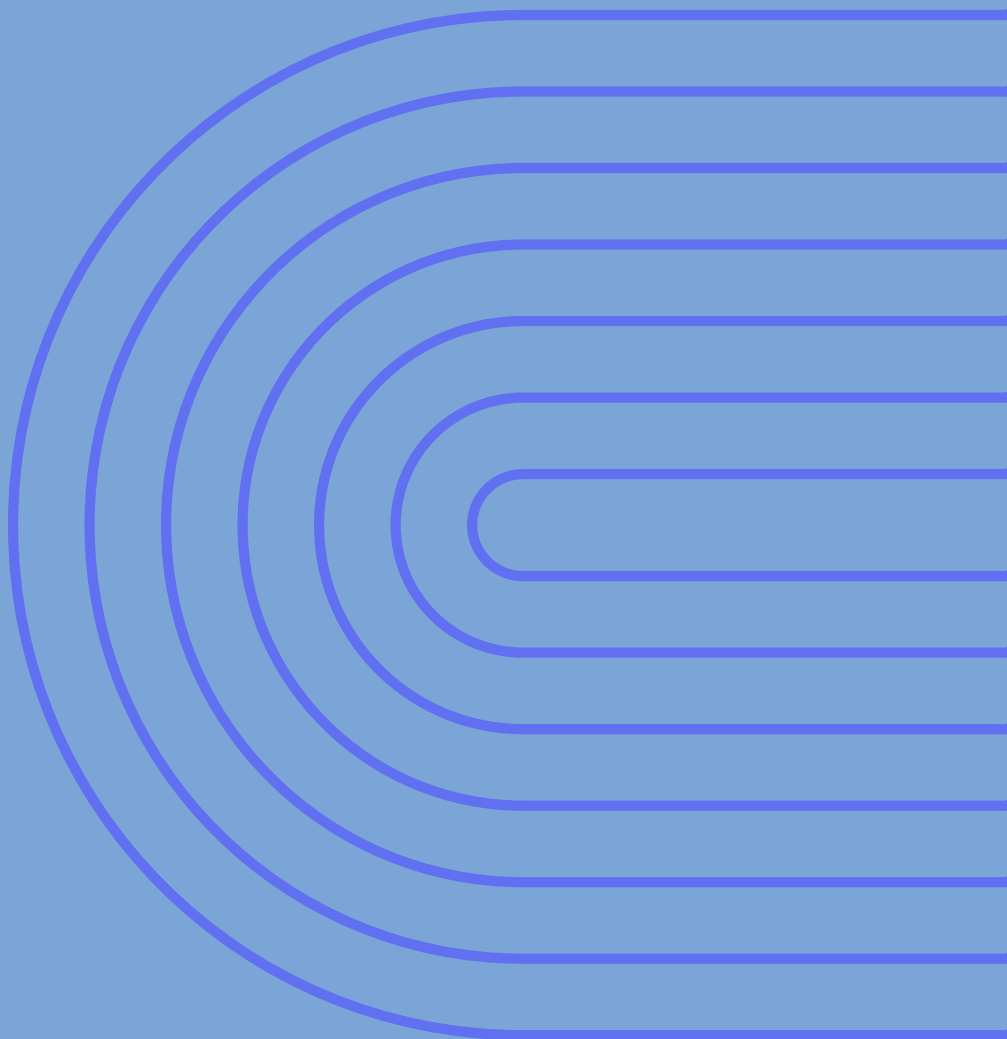
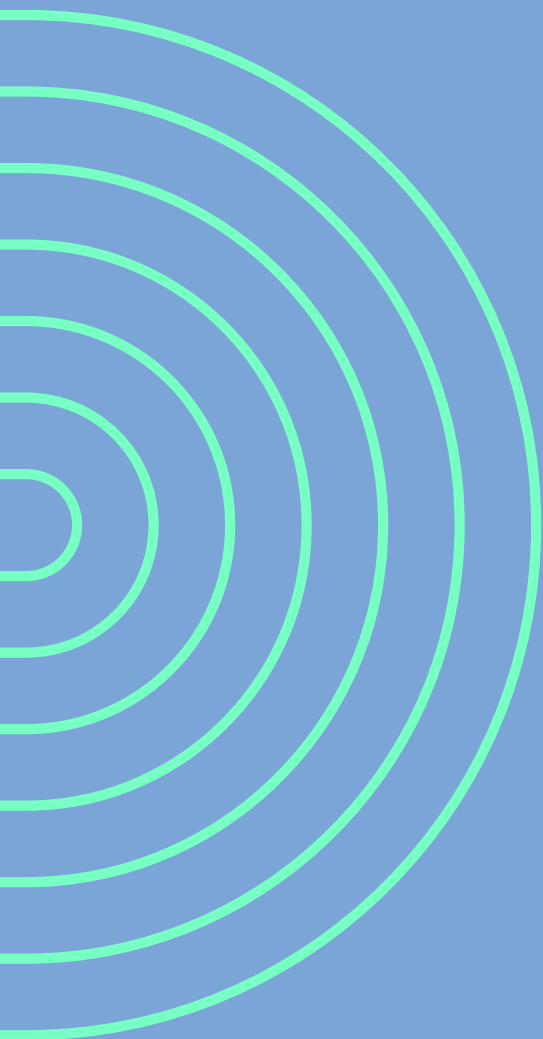


GEORGIAN ALTERNATIVE ENERGY

The company produces green electricity through recycling the environmentally harmful substances and is contributing to the country's energy efficiency.

With support of TBC Leasing, the company was able to increase its production capacity through leasing the equipment needed to operate generators.







GRI CONTENT INDEX

GRI CONTENT INDEX

This report has been prepared “in reference” with GRI Standards. The table below includes the list of standards and specific disclosures referenced in this report and indication of reporting status for each disclosure

Disclosure Number	Disclosure Title	Location Within Report (Section)	Page(s)	Reporting Status
GRI 101: Foundation 2016 [GRI 101 does not include any disclosures]				
GRI 102: General Disclosures 2016				
1. ORGANIZATIONAL PROFILE				
102-1	Name of the Organization	01. Who we are	8	Fully
102-2	Activities, brands, products and services	01. Who we are	8	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	8	Fully
102-5	Ownership and legal form	01. Who we are	8	Fully
102-6	Markets served	01. Who we are	8	Fully
102-7	Scale of the organization	01. Who we are	8	Fully
102-8	Information on employees and other workers	10. Responsible Employer > Our Employees	118	Fully
102-9	Supply chain	08. Our Economic Impacts > TBC Impact through suppliers; 13. Treating our Suppliers Responsibly > Our suppliers in 2021	85; 190	Fully
102-10	Significant changes to the organization and its supply chain	N/A		
102-11	Precautionary Principle or approach	"09. Environmental Responsibility > Risk management and legislative compliance.	93	Fully
102-12	External initiatives	TBC is a signatory to the UN Global Compact since 2012 and to the UN Women Empowerment Principles		Fully
102-13	Membership of associations	01. Who we are	15	Fully
2. STRATEGY				
102-14	Statement from senior decision-maker	CEO statement	4	
3. ETHICS AND INTEGRITY				
102-16	Values, principles, standards, and norms of behavior	07. Ethics and Integrity > Business ethics and ethical conduct	72	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 Queris and Concerns online channel at our website: www.tbcbank.ge .	76; 116	Fully



Disclosure Number	Disclosure Title	Location Within Report (Section)	Page(s)	Reporting Status
4. GOVERNANCE				
102-18	Governance structure	05. Governance and sustainability management > Corporate Governance	46	Fully
102-20	Executive-level responsibility for economic, environmental, and social topics	05. Governance and sustainability management > Sustainability governance; 06. ESG Strategy	55; 60	Fully
102-22	Composition of the highest governance body and its committees	05. Governance and sustainability management > Corporate Governance	46	Fully
102-23	Chair of the highest governance body	05. Governance and sustainability management > Chair of the highest governance body	47	Fully
102-24	Nominating and selecting the highest governance body	05. Governance and sustainability management > Nominating and selecting the highest governance body	49	Fully
102-25	Conflicts of interest	05. Governance and sustainability management > Managing conflicts of Interests	57	Fully
102-28	Evaluating the highest governance body's performance	05. Governance and sustainability management > Evaluating the highest governance body's performance	51	Fully
102-30	Effectiveness of risk management processes	05. Governance and sustainability management > Risk management model	51	Fully
102-32	"Highest governance body's role in sustainability reporting"	The sustainability report is reviewed and approved by the Board and CEO		Fully
102-35	Remuneration policies	05. Governance and sustainability management > Corporate governance framework	46	Fully
102-36	Process for determining remuneration	05. Governance and sustainability management > Corporate governance framework	46	Fully
5. STAKEHOLDER ENGAGEMENT				
102-40	List of stakeholder groups	03. Stakeholder Engagement	24	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	24	
102-43	Approach to stakeholder engagement	03. Stakeholder Engagement	24	Fully
102-44	Key topics and concerns raised	03. Stakeholder Engagement	24	Fully
6. REPORTING PRACTICE				
102-45	Entities included in the consolidated financial statements	01. Who we are	17	Fully
102-46	Defining report content and topic Boundaries	04. Our material issues	37	Fully
102-47	List of material topics	04. Our material issues > Materiality Matrix	40	Fully
102-48	Restatements of information	N/A		Fully
102-49	Changes in reporting	N/A		Fully



Disclosure Number	Disclosure Title	Location Within Report (Section)	Page(s)	Reporting Status
102-50	Reporting period	02. About this report	20	Fully
102-51	Date of most recent report	02. About this report	20	Fully
102-52	Reporting cycle	02. About this report	20	Fully
102-53	Contact point for questions regarding the report	02. About this report	20	Fully
102-54	Claims of reporting in accordance with the GRI Standards	02. About this report	20	Fully
102-55	GRI Content Index	Indexes	216	Fully
102-56	External assurance	The report does not have external assurance		Fully
Topic specific standard disclosures				
Economic standards (GRI 200)				
201. Economic performance (2016)				
Management approach - GRI 103 (2016)				
103-1	Explanation of the material topic and its boundary	04. Our Material Issues > Materiality Marix	40	Fully
103-2	The management approach and its components	08. Our Economic Impacts; 05. Governance and sustainability management > Risk management model	81; 51	Fully
103-3	Evaluation of the management approach	08. Our Economic Impacts; 05. Governance and sustainability management > Corporate governance	81; 46	Fully
201-1	Direct economic value generated and distributed	08. Our Economic Impacts > Direct contribution to economy	82	Fully
201-3	Defined benefit plan obligations and other retirement plans	According to Georgian legislation, starting from January 1, 2019 the accumulated pension system is mandatory for legally employed people under 40, for those above the age of 40 enrolment in the programme is voluntary. This system applies to employees of both the public as well as private sectors. The system works on a 2+2+2 scheme. Each employee, employer and the government make a contribution of 2% of the gross volume of the employee's income to an individual retirement account. TBC does not have any other retirement plan of its own beyond mentioned one.		Fully
201-4	Financial assistance received from government	No financial assistance has been received from government.		Fully
203. Indirect Economic Impacts (2016)				
Management Approach - GRI 103 (2016)				
103-1	Explanation of the material topic and its boundary	04. Our Material Issues > Materiality Marix	40	Fully
103-2	The management approach and its components	08. Our Economic Impacts; 05. Governance and sustainability management > Risk management model	81; 51	Fully
103-3	Evaluation of the management approach	08. Our Economic Impacts; 05. Governance and sustainability management > Corporate governance	81; 46	Fully

Disclosure Number	Disclosure Title	Location Within Report (Section)	Page(s)	Reporting Status
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"	85	
204. Procurement practices (2016)				
Management Approach - GRI 103 (2016)				
103-1	Explanation of the material topic and its boundary	04. Our Material Issues > Materiality Marix	40	Fully
103-2	The management approach and its components	13. Treating our Suppliers Responsibly	194	Fully
103-3	Evaluation of the management approach	13. Treating our Suppliers Responsibly	190	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	190; 85	Fully
205. Anti-corruption (2016)				
Management Approach - GRI 103 (2016)				
103-1	Explanation of the material topic and its boundary	04. Our Material Issues > Materiality Marix	40	Fully
103-2	The management approach and its components	07. Ethics and Integrity > Anticorruption, countering bribery and money laundering; Incident Management, Whistleblowing and non-retaliation policy	74	Fully
103-3	Evaluation of the management approach	07. Ethics and Integrity > Anticorruption, countering bribery and money laundering	74	Fully
205-1	Operations assessed for risks related to corruption	07. Ethics and Integrity > Operations Assessed for Risks Related to Corruption	75	Partially
205-2	Communication and training about anti-corruption policies and procedures	"07. Ethics and Integrity > Informing Employees about Anti-Corruption Policies and Procedures"	75	Partially
Environmental Standards (GRI 300)				
301 Materials (2016)				
Management Approach - GRI 103 (2016)				
103-1	Explanation of the material topic and its boundary	04. Our Material Issues > Materiality Marix	40	Fully
103-2	The management approach and its components	09. Environmental Responsibility > Environmental policy and management approach; Material usage;	91	Fully
103-3	Evaluation of the management approach	09. Environmental Responsibility > Environmental policy and management approach;	91	Fully
301-1	Materials used by weight or volume	09. Environmental Responsibility > Material usage - paper	97	Partially
302. Energy (2016)				
Management Approach - GRI 103 (2016)				
103-1	Explanation of the material topic and its boundary	04. Our Material Issues > Materiality Marix	40	Fully



Disclosure Number	Disclosure Title	Location Within Report (Section)	Page(s)	Reporting Status
103-2	The management approach and its components	09. Environmental Responsibility > Environmental policy and management approach; Energy Usage.	91; 99	Fully
103-3	Evaluation of the management approach	09. Environmental Responsibility > Environmental policy and management approach;	91	Fully
302-1	Energy consumption within the organization	09. Environmental Responsibility > Energy Usage.	99	Fully
302-4	Reduction of energy consumption	09. Environmental Responsibility > Energy Usage.	99	Fully
303. Water and Affluents (2018)				
Management Approach - GRI 103 (2016)				
103-1	Explanation of the material topic and its boundary	04. Our Material Issues > Materiality Marix	40	Fully
103-2	The management approach and its components	09. Environmental Responsibility > Environmental policy and management approach; Water	91; 102	Fully
103-3	Evaluation of the management approach	09. Environmental Responsibility > Environmental policy and management approach;	91	Fully
303-5	Water consumption	09. Environmental Responsibility > Water	102	Fully
305. Emissions (2016)				
Management Approach - GRI 103 (2016)				
103-1	Explanation of the material topic and its boundary	04. Our Material Issues > Materiality Marix	40	Fully
103-2	The management approach and its components	09. Environmental Responsibility > Environmental policy and management approach; GHG Emissions	91; 102	Fully
103-3	Evaluation of the management approach	09. Environmental Responsibility > Environmental policy and management approach; GHG Emissions	91; 102	Fully
305-1	Direct (Scope 1) GHG emissions	09. Environmental Responsibility > GHG Emissions	102	Fully
305-2	Energy indirect (Scope 2) GHG emissions	09. Environmental Responsibility > GHG Emissions	103	Fully
305-3	Other indirect (Scope 3) GHG emissions	09. Environmental Responsibility > GHG Emissions	103	Fully
305-5	Reduction of GHG emissions	09. Environmental Responsibility > GHG Emissions	105	Fully
307. Environmental compliance (2016)				
Management Approach - GRI 103 (2016)				
103-1	Explanation of the material topic and its boundary	04. Our Material Issues > Materiality Marix	40	Fully
103-2	The management approach and its components	09. Environmental Responsibility > Risk Management and Legislative Compliance	93	Fully
103-3	Evaluation of the management approach	09. Environmental Responsibility > Risk Management and Legislative Compliance	93	Fully
307-1	Non-compliance with environmental laws and regulations	09. Environmental Responsibility > Risk Management and Legislative Compliance	93	Fully
Social Standards (GRI 400)				



Disclosure Number	Disclosure Title	Location Within Report (Section)	Page(s)	Reporting Status
401. Employment (2016)				
Management Approach - GRI 103 (2016)				
103-1	Explanation of the material topic and its boundary	04. Our Material Issues > Materiality Marix	40	Fully
103-2	The management approach and its components	10. Responsible Employer > Policy and management approach	115	Fully
103-3	Evaluation of the management approach	10. Responsible Employer > Policy and management approach	115	Fully
401-1	New employee hires and employee turnover	10. Responsible Employer > Diversity and Equal Opportunities	120	Partially
401-3	Parental leave	10. Responsible Employer > Parental leave	130	Fully
403. Occupational Health and Safety (2018)				
Management Approach - GRI 103 (2016)				
103-1	Explanation of the material topic and its boundary	04. Our Material Issues > Materiality Marix	40	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	115; 130	Fully
103-3	Evaluation of the management approach	10. Responsible Employer > Policy and management approach;	115	Fully
403-1	Occupational health and safety management system	10. Responsible Employer > Employee Safety and Health, professional and occupational sickness prevention	130	Fully
404. Training and Education (2016)				
Management Approach - GRI 103 (2016)				
103-1	Explanation of the material topic and its boundary	04. Our Material Issues > Materiality Marix	40	Fully
103-2	The management approach and its components	10. Responsible Employer > Policy and management approach; Talent management	115; 134	Fully
103-3	Evaluation of the management approach	10. Responsible Employer > Policy and management approach	115	Fully
404-1	Average hours of training per year per employee	10. Responsible Employer > Employee Trainings, Learning and Development	143	Partially
404-2	Programs for upgrading employee skills and transition assistance programs	10. Responsible Employer > Employee Trainings, Learning and Development	134	Fully
404-3	Percentage of employees receiving regular performance and career development reviews	10. Responsible Employer > Performance Review	140	Fully
405. Diversity and Equal Opportunities (2016)				
Management Approach - GRI 103 (2016)				
103-1	Explanation of the material topic and its boundary	04. Our Material Issues > Materiality Marix	40	Fully
103-2	The management approach and its components	10. Responsible Employer > Policy and management approach; 06. Our Environmental, Social and Governance (ESG) Strategy > Employee Diversity	115; 65	Fully

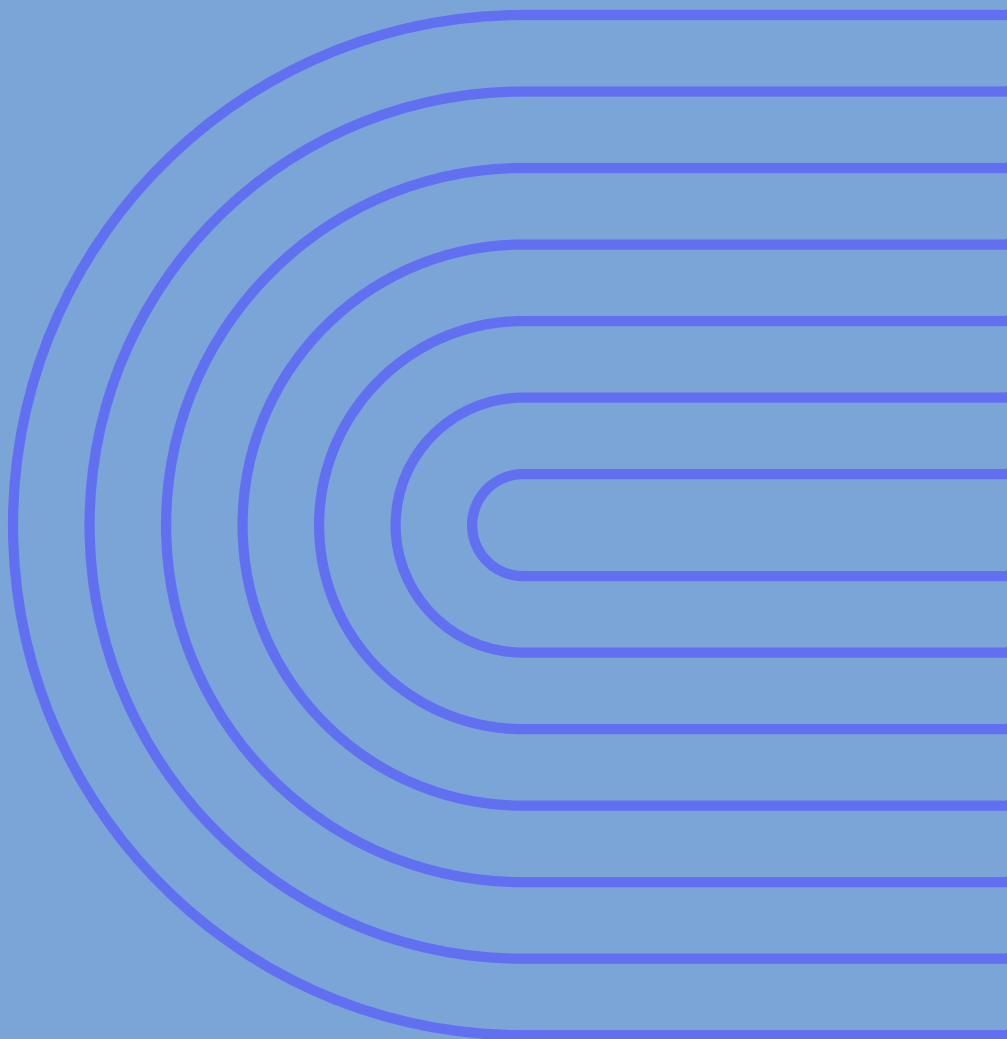
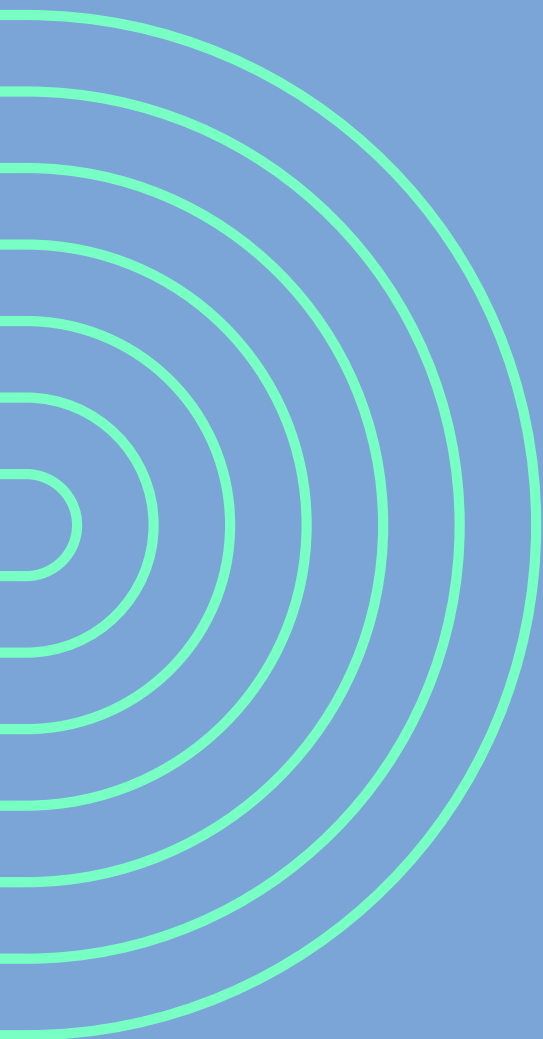


Disclosure Number	Disclosure Title	Location Within Report (Section)	Page(s)	Reporting Status
103-3	Evaluation of the management approach	10. Responsible Employer > Policy and management approach; 0 06. Our Environmental, Social and Governance (ESG) Strategy > Employee Diversity	115; 65	Fully
405-1	Diversity of governance bodies and employees	10. Responsible Employer > Diversity and Equal Opportunities	120	Fully
405-2	Ratio of basic salary and remuneration of women to men	10. Responsible Employer > Diversity and Equal Opportunities"	120	Fully
413. Local Communities (2016)				
Management Approach - GRI 103 (2016)				
103-1	Explanation of the material topic and its boundary	04. Our Material Issues > Materiality Marix	40	Fully
103-2	The management approach and its components	12. Supporting Communities	168	Fully
103-3	Evaluation of the management approach	12. Supporting Communities	168	Fully
413-1	Operations with local community engagement, impact assessments, and development programs	03. Stakeholder Engagement; 12. Supporting Communities	24; 168	Partially
415. Public Policy (2016)				
Management Approach - GRI 103 (2016)				
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.	76	Fully
103-2	The management approach and its components	07. Ethics and Integrity > Public Policy and Government Relations.	76	Fully
103-3	Evaluation of the management approach	07. Ethics and Integrity > Public Policy and Government Relations	76	Fully
415-1	Political contributions	TBC has clearly apolitical and neutral position. According to to company policy, financing or lobbying political parties is prohibited No poliitical contributions have been made by TBC in 2019 directly or inderecrtly to any political party.		Fully
417. Marketing and Labeling (2016)				
Management Approach - GRI 103 (2016)				
103-1	Explanation of the material topic and its boundary	04. Our Material Issues > Materiality Marix	40	Fully
103-2	The management approach and its components	11. Treating our Customers responsibly > Business integrity in client relationships; Clients' complaints management	152; 153	Fully
103-3	Evaluation of the management approach	11. Treating our Customers responsibly > Business integrity in client relationships; Clients' complaints management	152; 153	Fully
417-1	Requirements for product and service information and labeling	11. Treating our Customers responsibly > Responsible and fair marketing and sales activities	152	Fully



Disclosure Number	Disclosure Title	Location Within Report (Section)	Page(s)	Reporting Status
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	152	Fully
417-3	Incidents of non-compliance concerning marketing communications	11. Treating our Customers responsibly > Responsible and fair marketing and sales activities	152	Fully
418. Customer privacy				
Management Approach - GRI 103 (2016)				
103-1	Explanation of the material topic and its boundary	04. Our Material Issues > Materiality Marix	40	Fully
103-2	The management approach and its components	11. Treating our Customers responsibly > Customer privacy and data protection	148	Fully
103-3	Evaluation of the management approach	11. Treating our Customers responsibly > Customer privacy and data protection	148	Fully
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	11. Treating our Customers responsibly > Protecting customers' personal information	154	Fully
419. Socioeconomic Compliance (2016)				
Management Approach - GRI 103 (2016)				
103-1	Explanation of the material topic and its boundary	04. Our Material Issues > Materiality Marix	40	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	51; 58	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	51; 58	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	58	Fully







UN GLOBAL COMPACT COP INDEX

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Human Rights		
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	10. Responsible Employer - Employee Safety and Health, Professional and Occupational Sickness Prevention	130
	10. Responsible Employer - Diversity and Equal Opportunities	120
	11. Treating our Customers responsibly - Customer Privacy and Data Protection	148
Principle 2: Make sure that they are not complicit in human rights abuses	05. Governance and sustainability management	44
	09 Environmental Responsibility - Environmental Policy and Management Approach	91
	10. Responsible Employer - Employee Safety and Health, Professional and Occupational Sickness Prevention	130
	11. Treating our Customers responsibly - Business Integrity in Client Relationships	152
Labor		
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	10. Responsible Employer - Policy and Management approach	115
	07. Ethics and Integrity - Business Ethics and Ethical Conduct	72
Principle 4: The elimination of all forms of forced and compulsory labour	10. Responsible Employer - Policy and Management approach	115
	14. Responsible Banking - Transaction Qualification and Categorization	204
Principle 5: The effective abolition of child labour	10. Responsible Employer - Policy and Management Approach	115
	14. Responsible Banking - Transaction Qualification and Categorization	204
	10. Responsible Employer - Diversity and Equal Opportunities	120
Principle 6: The elimination of discrimination in respect of employment and occupation	10. Responsible Employer - Salary and Benefits, Employee Social Protection	127
Environment		



UNGC Principle	Report Section	Page
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	14. Responsible Banking - Transaction Qualification and Categorization	204
Principle 8: Undertake initiatives to promote greater environmental responsibility	09. Environmental Responsibility - Environmental Policy and Management Approach	91
	14. Responsible Banking - Transaction Qualification and Categorization	204
	14. Responsible Banking - Products and Services Offering Social and Environmental Added Value	207
Principle 9: Encourage the development and diffusion of environmentally friendly technologies	14. Responsible Banking	200
Anti-Corruption		
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	09. Environmental Responsibility	91



GLOSSARY

Active customers	Clients who have at least one active product or performed at least one transaction during the last 3 months.
Active retail digital users	Includes unique digital users of TBC Bank, Space app and TBC Pay mobile app, who logged in at least once for the past 3 months.
Active merchant terminals	Active merchant terminals include POS terminals and e-commerce with at least one transaction conducted during the month.
Bank	Joint Stock Company TBC Bank
Board	Board of Directors of TBC Bank Group PLC
Chairman	Chairman of Board of Directors of the Company
Code	The UK Corporate Governance Code
Company	TBC Bank Group PLC
Corporate segment	A legal entity/group of affiliated entities with an annual revenue exceeding GEL 12.0 million or which has been granted facilities of more than GEL 5.0 million. Some other business customers may also be assigned to the CIB segment or transferred to the MSME segment on a discretionary basis. In addition, CIB includes Wealth Management private banking services to high-net-worth individuals with the threshold of US\$ 250,000 on assets under management (AUM), as well as on discretionary basis.
Daily active digital users (DAU)	Monthly average number of digital users who logged into our digital channels at least once per day.
DAU/MAU	Average daily active digital users divided by monthly active digital users. DAU/MAU is calculated for the Bank internet and mobile banking only.
Director(s)	Members of the Board of TBC Bank Group PLC
ENPS (Employee Net Promoter Score)	The employee net promoter score measures employee loyalty and reflects the likelihood of our colleagues recommending their workplace to their friends and family
Group	TBC Bank Group PLC and its subsidiary companies
Management Board	Management Board of Joint Stock Company TBC Bank
MSME (Micro, Small and Medium) segment	Business customers who are not included in the CIB segment
NPS (Net Promoter Score)	Net promoter score measures how willing customers are to recommend our products and services to others.
Retail segment	The retail offloading ratios measures the share of transactions conducted in our remote channels, that is outside the branches.
Supervisory Board	Supervisory Board of Joint Stock Company TBC Bank
TBC Bank	TBC Bank Group PLC and its subsidiary companies
TBC Bank Group PLC	A public limited company registered in England and Wales. It is the parent company of JSC TBC Bank (the Bank) and a group of companies that principally operate in Georgia in the financial sector and other closely related fields. TBC Bank Group PLC is listed on the London Stock Exchange under the symbol TBCG.
TBC JSC	Joint Stock Company TBC Bank
TBC PLC	TBC Bank Group PLC
TBC UZ	JSCB TBC Bank in Uzbekistan, subsidiary of the TBC Bank Group PLC



AUTHORS OF THE PHOTOS USED IN THIS REPORT

Beka Chokoshvili

Giorgi Nakashidze

Giorgi Popiashvili

Guram Kapanadze

Khatuna Khutsishvili

Irma Sharikadze

Luiza Chalatashvili

Nika Faniashvili

Rezi Kenia

Tornike Shengelia

LAAP STUDIO

