



SUSTAINABILITY REPORT OF BASISBANK





2023 CONTENTS

General Director's Statement	3
About the Report	3
BasisBank's Sustainability Highlights	4
About BasisBank	5
Organizational and Shareholding Structure	5
Membership of Associations	6
Governance	8
Governance Overview	8
Governance Bodies at a Glance	9
Risk Management Framework	11
ESG Risk Management	14
Cybersecurity and Information Security Risk	15
Complaint Management	15
Whistleblowing	16
Compliance with Laws and Regulations	16
Prevention of Financial Crime	17
Conflicts of Interest	18
Sustainability	19
Materiality Assessment	20
ESG Management Structure	23
Key Policies and Documents Outlining the Bank's Approach to ESG Issues	23
Carbon Emissions and Reducing the Environmental Footprint	24
Managing Waste	24
Sustainable Finance	25
First Sustainability Bond	25

Green Products	26
Sustainable Finance Taxonomy	27
Employment	28
Who We Are	28
People at BasisBank	28
Benefits for Employees	29
Employee Development	30
Professional Ethics and Diversity	30
Evaluation of Highest Governance Body	31
Remuneration Principles	31
Employee Health and Safety	32
Corporate Social Responsibility	33
Education Support	33
Cultural Issues Support	34
Social Enterprise Support	34
Social Projects	35
Green Projects	35
Stakeholder Engagement	37
Communication with Employees	37
External Stakeholder Engagement and Communication	39
Engagement with International Financial Institutions	40
GRI Content Index	41
Abbreviations	43
Glossary	44



GENERAL DIRECTOR'S STATEMENT

[GRI 2-22]

In 2023, BasisBank proudly positioned itself as the fastest-growing corporate bank and the best supporter of the SME sector in Georgia, as recognized by Global Finance. In addition, we received the Best Green Agreement Award from ADB. These rewards of course come with responsibilities that we gladly embrace.

The world today faces significant challenges, including ongoing wars in Europe and the Middle East, the increasingly evident impacts of global warming, and numerous social and environmental issues both globally and within Georgia. As a business, we possess the resources, innovation, and influence necessary to address these pressing problems. That is why at BasisBank, we have always felt a profound sense of duty to deliver a positive impact.

The corporate sector wields considerable influence over environmental, climate, and social matters. As a bank focusing on corporate and SME clients, we recognize our role in, and are committed to, promoting sustainable practices within the sector. In 2023, we developed our Sustainability Strategy, which addresses key issues related to our bank. The strategy was crafted with input from our employees, partners, and customers, ensuring that it is both practical and actionable. Furthermore, we have defined necessary actions and mobilized the resources required to implement this strategy effectively.

In the five main categories of the strategy, namely Climate Action, Environmental Protection, Social, Governance, and Sustainable Business, we have identified objectives and defined timelines for each of them. To publicly declare our commitment, issuing this Sustainability Report is one of those objectives.

Lastly, we proudly affirm that BasisBank remains steadfast in its commitment to addressing global challenges. Indeed, we have always focused on making a positive contribution, and we plan to take even more significant steps in the future to maintain that.



Davit Tsaava
General Director

ABOUT THE REPORT

[GRI 2-3]

Starting from 2023, JSC BasisBank (hereinafter – “the Bank” or “BasisBank”) is delighted to issue its first sustainability report. The figures in the report cover the period from 1 January to 31 December 2023. Where reasonable, the narrative part of the report includes information and projects from 2024 as well. Please note however that the financial information contained herein is exclusively from the reporting year of 2023.

The report underscores BasisBank’s commitment to transparency, accountability, and sustainable business practices. By documenting our efforts and progress made so far, we aim to provide stakeholders with a clear understanding of our impact on environmental, social, and governance (ESG) factors. Moreover, this report serves as an essential tool in assessing our performance, setting future goals, and engaging with our community, clients, and partners.

The report is GRI-referenced, meaning it uses GRI standards as a guide.

The report was published on February 10, 2025.

The contact person in case of any issues or questions regarding the report is the Bank’s Sustainability Manager (contact: sustainability@BasisBank.ge).



This report was produced with the assistance of the European Union under the EU4Energy Initiative. The contents are the sole responsibility of BasisBank and can in no way be taken to reflect the official opinion of the European Union.

BASISBANK'S SUSTAINABILITY HIGHLIGHTS

- **First Materiality Assessment Completed:** Successfully conducted our initial materiality assessment, laying the groundwork for focused ESG efforts.
- **Comprehensive ESG Strategy Developed:** Elaborated an ESG strategy based on the results of the materiality assessment to drive sustainability across all operations.
- **ADB's Best Green Deal Award:** Honored with the prestigious "Best Green Deal Award" by the Asian Development Bank (ADB) for our leadership in sustainable finance.
- **Outstanding Gender Finance Achievement:** Received the "Outstanding GCPF Issuing Bank Award for Gender Finance in Eastern Europe" from the International Finance Corporation (IFC), recognizing our commitment to gender equality.
- **Global Recognition for SME Support:** Acknowledged as the "Best Supporter of the SME Sector" by Global Finance, highlighting our role in empowering small and medium enterprises (SMEs).
- **'Meliora 2024' Award for "Responsible Employer":** The "BB Unity" project received an award having played a crucial role in enhancing employee satisfaction, boosting productivity, and increasing loyalty to the Bank.
- **Significant Green Resources Mobilized:** A substantial total of USD 10 million was mobilized in green resources to support green lending and sustainable projects.
- **First Sustainable Bond Issued:** BasisBank issued the first Sustainable Bond with participation of ADB amounting to USD 20 million, the first of its kind in Georgia.
- **ESG Committee Established:** Appointed a dedicated ESG Committee to oversee and enhance our ESG initiatives and bring these issues into the core of the Bank's operations.



First Materiality Assessment Completed

Comprehensive ESG Strategy Developed

ADB's Best Green Deal Award

Outstanding Gender Finance Achievement

Global Recognition for SME Support

'Meliora 2024' Award for "Responsible Employer"

Significant Green Resources Mobilized

First Sustainable Bond Issued

ESG Committee Established



ABOUT BASISBANK

ABOUT BASISBANK

Organizational and Shareholding Structure

[GRI 2-1; 2-2]

BasisBank is part of a financial holding that includes JSC BasisBank, JSC BB Leasing, and JSC BB Insurance (collectively referred to as “BB Group” or “the Group”), operating in Georgia. The Bank is structured as a joint-stock company with limited shares, established in compliance with the laws and regulations of Georgia.

According to the most recent data, BasisBank is the fourth-largest financial institution in Georgia. The Bank operates 40 branches and employs over 900 individuals, providing services to 200,000 customers. As of 31 December 2023, the Bank’s assets totaled GEL 3.5 billion, which equates to 4.4% of the banking sector.

The primary activity of the Bank entails delivering banking and financial services to both business and individual clients. In addition, through its subsidiaries, the Bank provides leasing and insurance services.

BasisBank was founded 1993 in Tbilisi by a small group of individuals with a shared vision and moderate capital, as well as a strong aspiration to create a leading private financial institution and a valuable banking brand. Despite the challenges of the unsettled 1990s in Georgia, the bank successfully laid solid foundations for its establishment and development. It did so by following a clear strategy and taking consistent forward steps.

The early 2000s was a significant period for BasisBank, when its development strategy was formulated and the first steps were taken toward establishing solid cooperation with international financial institutions (IFIs). At that time, the Bank began setting up growth-oriented, strategic platforms, relying solely on its own resources, which soon attracted investors searching for investment opportunities in Georgia.

In 2008, the EBRD acquired 15% of BasisBank’s shares which kick-started its organizational re-modelling processes, targeting a more agile and efficient structure. The primary goal here was to establish a robust financial institution with well-developed frameworks, policies, and procedures. These enhancements were all designed to advance the Bank’s position in the financial market and to attract strategic investors.

In 2012, Hualing Group, the largest Chinese investment group in Georgia, acquired a majority of BasisBank’s shares (over 90%, which later increased to 92%).

BasisBank’s progress in the market since the entrance of Hualing Group has been considerable. The main task in this regard has been to ensure speedy growth, retain sound financials and pre-tax earnings history, and achieve targets by adhering to careful risk management practices to deliver long-term development and sustainability. After the entrance of this new majority shareholder, the Bank recorded accelerated growth on the market for several years.



Financial support from such a formidable parent company opened up new opportunities for the Bank. It recorded quick growth on the market for many years thereafter, upgrading its ranking from 11th to 5th among commercial banks in Georgia. From 2012 until the end of 2023, the Bank increased its assets 20-fold, its gross loans 28-fold, its total equity 18-fold, and its customer deposits 20-fold.

In 2017, the Bank established two subsidiaries, BB Insurance and BB Leasing, forming BasisBank Group (BB Group), the structure of which enabled the Bank to synergize resources and provide a diverse range of financial services to a broader range of customers.

BB Group accelerated its growth with the announcement of the amalgamation of other commercial bank's retail and business portfolios, amounting to GEL 787 million in its loan portfolio and GEL 665 million in its deposit portfolio, executed in March 2022. These acquisitions upscaled its business, capabilities, and workforce, with more than 136,000 new retail and business customers moving to BB Group, in line with the Bank's growth strategy and ambitious transformation journey and propelling the Bank well ahead of its stated strategic goals.

As a result, BB's retail and business segments increased significantly, aligning with the Bank's growth strategy and aspiration to become the third-largest bank in Georgia. Such acquisitions increased BasisBank's assets by more than 50%, increasing its market share of assets to 4.4%, which in turn resulted in the Bank becoming the fourth-largest financial institution on the market. Twenty-four new branches were added to the existing network, around 135,000 new clients were added to the client base, and over 350 new employees were recruited.

The yearly growth percentages under various financial parameters for 2023 are shown below:

Net profit

77 Gel million
+41.9% YoY

Operating Profit Before Impairment

91 Gel million
+14.8% YoY

Customer Deposits

2,192 Gel million
+11.8%

Gross Loan Portfolio

2,527 Gel million
+19.1%

The year of 2023 was one of many challenges and accomplishments, including the reorganization of BasisBank's key business units and efforts to create a more efficient customer-centric perspective, which is crucial for long-term success, as well as taking consistent steps towards digital banking solutions across all segments, and attracting new customers and employees.

Today, BB Group stands among the leading financial institutions in the country. It has earned the loyalty of a vast number of clients, partners, and shareholders, and has grown into a reputable and trustworthy partner as well as a significant player on the market.

Currently, the Bank is undergoing a strategic transformation, and making various advances made on the market.

Membership of Associations

[GRI 2-28]

BasisBank is proud to be a member of several associations across various fields, some of which are listed below.

International Trade and Forfaiting Association

BasisBank is the first and only member of the International Trade and Forfaiting Association (ITFA) in the region. The ITFA is a worldwide trade association for companies, financial institutions, and intermediaries engaged in global trade, forfaiting, supply chains, and receivables financing.

The ITFA has dedicated committees and functions to ensure that it addresses the requirements of its members. Among its main focuses are trade digitalization, the continuous improvement of governance and best practices, and shaping rules and laws in the area of trade finance and forfaiting. The ITFA is very active in enabling the incorporation of ESG principles in trade financing in coordination with IFIs, policymakers, and chambers. It also provides knowledge sharing, raises awareness, and offers professional networking opportunities in the area of ESG inclusion among its members and beyond. The ITFA has also established a project to create an audit council which will:

1. Define principles for common audit standards including the whole trade finance ecosystem and all relevant territories;
2. Work on raising data standards; and
3. Provide a regulatory news resource for its members.



International Chamber of Commerce Georgia

BasisBank is also an active member of the International Chamber of Commerce (ICC) Georgia. Membership of the ICC provides the Bank with an opportunity to be part of a global network. Globally, the ICC's membership comprises 45 million companies in more than 170 countries, making it easier for businesses to trade across the world. The ICC was founded in 1919 in the aftermath of the First World War, at a time when no world system of rules governed trade, investment, finance, or commercial relations. It uniquely provides its members with access to up-to-date developments and promotes open international trade and investment systems that foster peace, prosperity, and opportunity for all.

The most active areas of engagement and collaboration for the Bank with the ICC are business expertise, education, knowledge sharing, and events with the latest developments in aspects including: arbitration and ADR; chamber services; digital transformation and innovations; ESG development for businesses globally with a focus on greener, sustainable, and inclusive financing and trade; a global alliance for trade facilitation for business segments like corporates and SMEs, as well as global trade and investment.

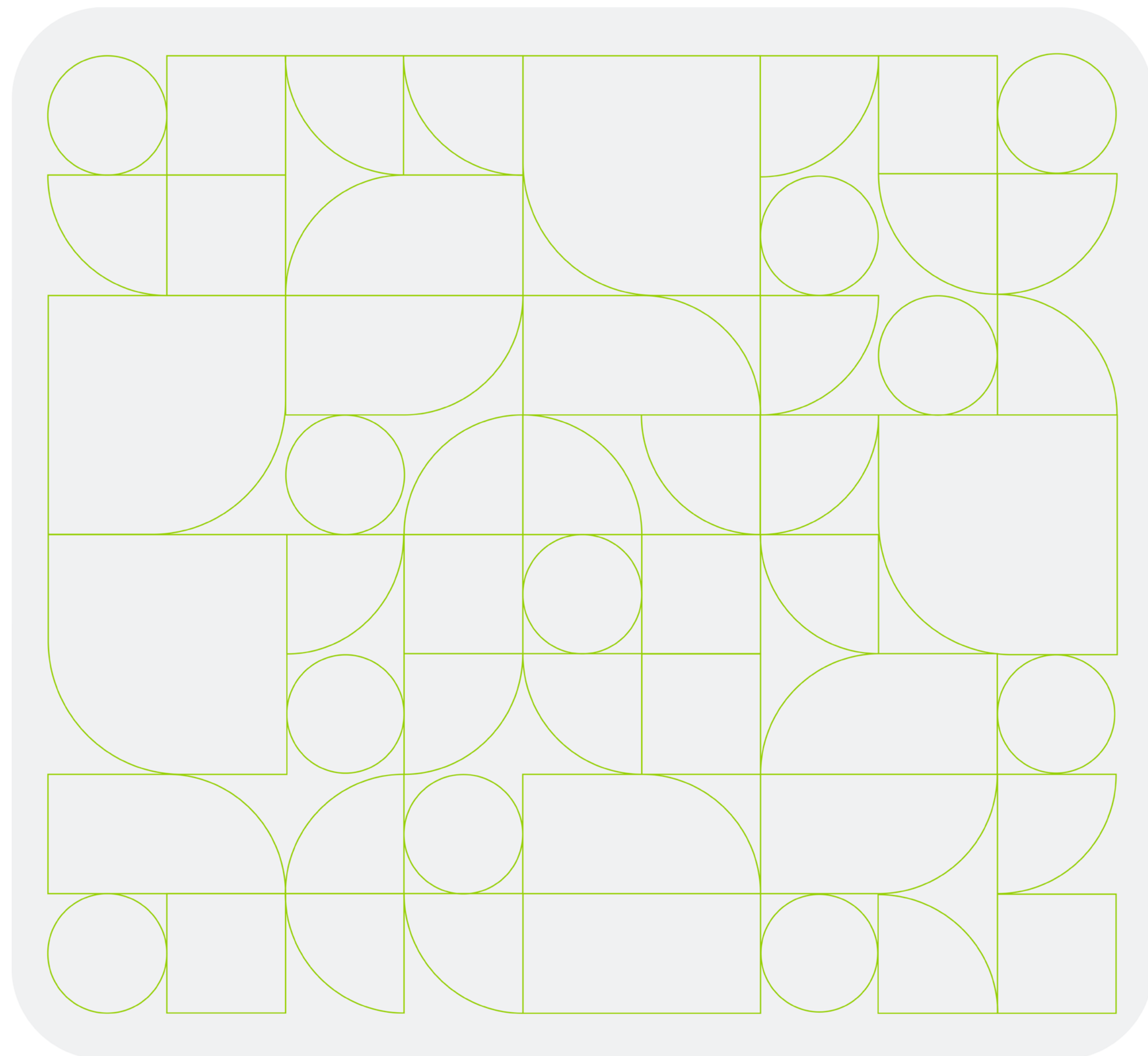
Banking Association of Georgia

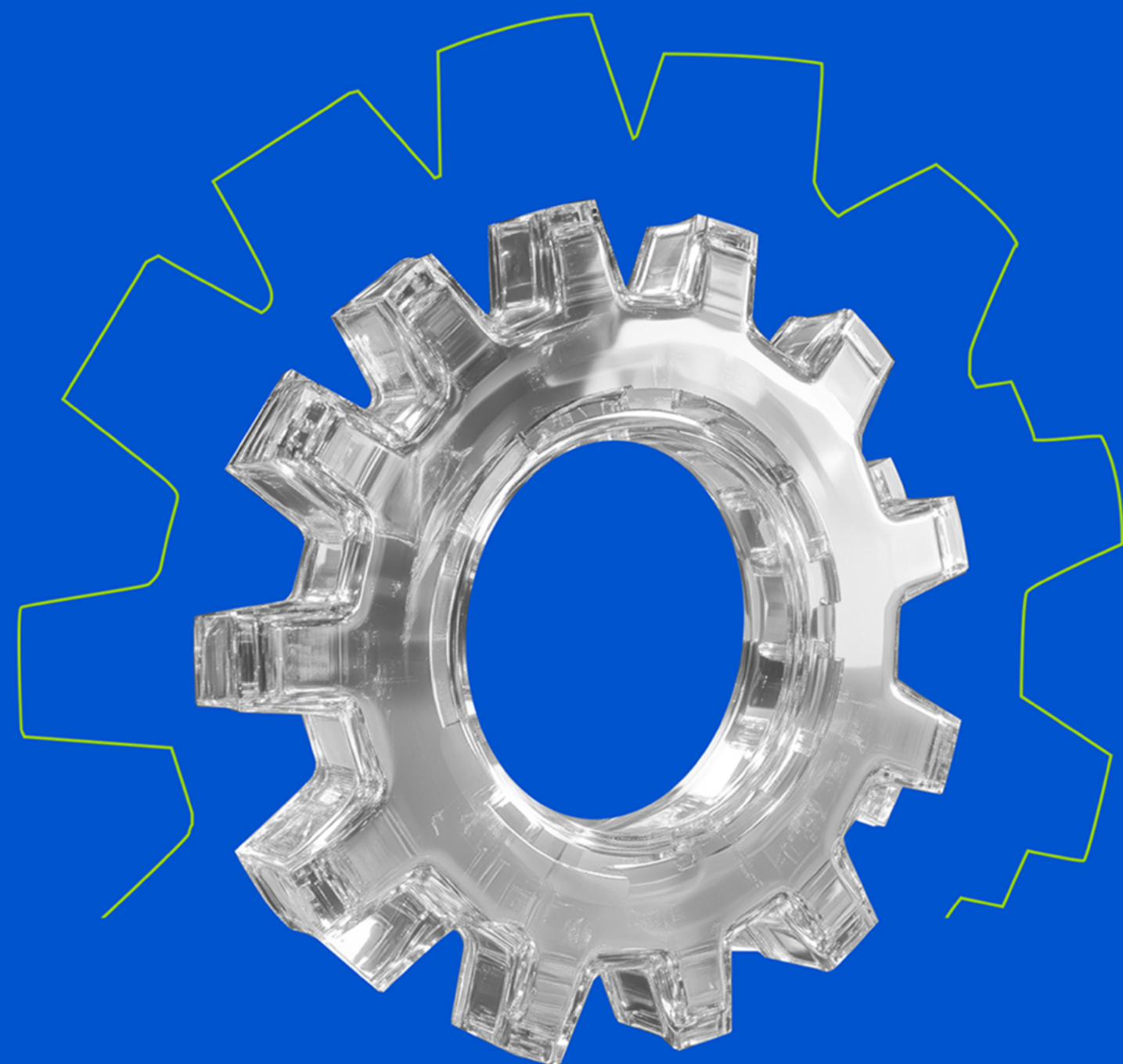
BasisBank is a member of the Banking Association of Georgia, which represents 14 commercial banks operating in the country, bringing together the collective experience of the whole sector. The Association supports the sustainable development of Georgia's banking industry, advocating for the interests of member banks, their employees, and the broader economy. Recently, the Banking Association of Georgia established an ESG committee, providing a crucial platform to address ongoing issues in the field, with BasisBank an active member thereof.

Business Association of Georgia

BasisBank is also a member of the Business Association of Georgia (BAG), which unites over 130 business groups and more than 1,200 companies. The BAG works to improve Georgia's business environment through collaboration with government and international partners.

As a member, BasisBank keenly engages in the BAG's initiatives, sharing its expertise to support economic development. The BAG's thematic committees are led by senior executives from member companies, and address key business issues and advocate for the private sector. BasisBank's participation herein underscores its commitment to fostering a sustainable business environment in Georgia.





GOVERNANCE

GOVERNANCE

[GRI 2-24]

Governance Overview

Effective corporate governance, adhering to the highest international standards is integral to our identity. We are committed to maintaining a best-in-class corporate governance framework that fully complies with the National Bank of Georgia's (NBG) Corporate Governance Code for Commercial Banks. This framework aligns with global standards and best practices, supporting efficient decision-making and clarifying roles and responsibilities.

In our pursuit of delivering greater shareholder value, we adhere to leading corporate governance standards, which are crucial for sustainable success, especially in an emerging market economy. Our commitment to such principles fosters public trust and confidence among shareholders, customers, business partners, employees, and financial markets, which is pivotal to our long-term success.

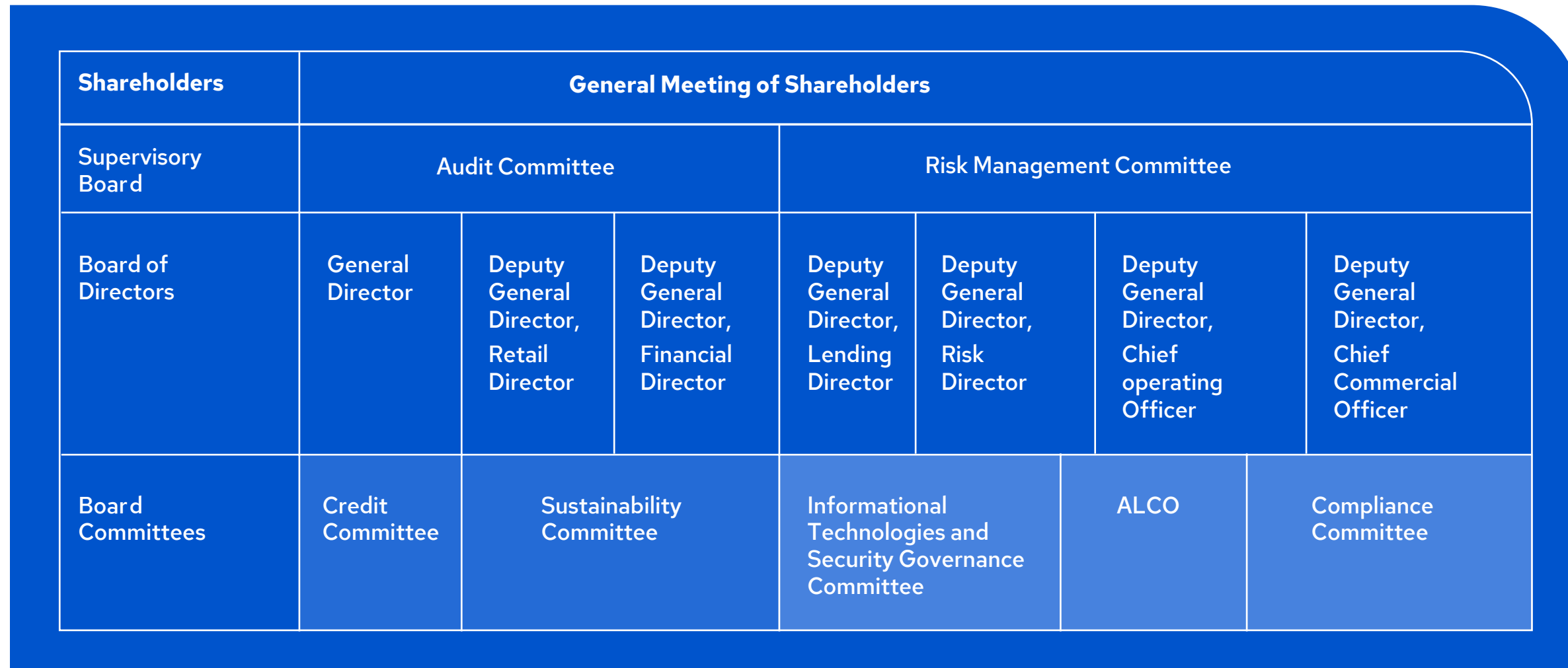
Accordingly, we have established a corporate governance structure that is suitable for the size, complexity, economic significance, risk profile, and business model of the Bank and the BB Group as a whole.

Governance Structure

BasisBank's governance structure sets out a formal framework for the Management Board to follow the Bank's strategy and objectives, as well as managing the relationship between its directors and shareholders. The Bank has elaborated a thorough set of policies and systems to ensure that its key objectives are met and that there is an effective system in place for oversight and control.

The governing bodies of the Bank are as follows:

- The General Meeting of Shareholders
- The Supervisory Board and Supervisory Board-level Committees
- The Management Board and Management Board-level Committees



Governance Bodies at a Glance

[GRI 2-12]

General Meeting of Shareholders

Shareholders exercise their rights and responsibilities through the General Meeting. Specifically, the General Meeting of Shareholders is the supreme governing body of the Bank. By participating in the General Meeting, shareholders ensure that their membership is in compliance with the legislation of Georgia and the Bank's charter. At the General Meeting, decisions are taken on the most important issues such as approving the Bank's charter, the issuance of shares, distribution and usage of earnings, changes in the Bank's capital, and appointment/ dismissal of Board members.

The Regular General Meeting (or Annual General Meeting) is held once a year, convened by the Bank's Management Board.

An Extraordinary General Meeting is convened at the request of the Chairman of the Supervisory Board, the Management Board, or at least 5% of the shareholders.

At the General Meeting, one ordinary share provides the holder with one voting right.

Supervisory Board

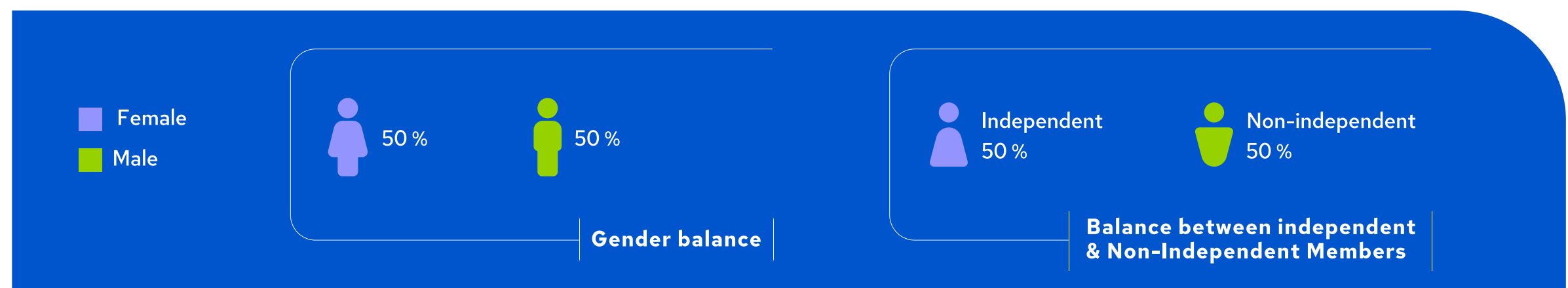
The Supervisory Board of BasisBank appoints, supervises, and advises the Management Board, and is directly involved in decisions of fundamental importance to the Bank. The Supervisory Board performs its functions through Supervisory Board Meetings and Supervisory Board-level Committees.

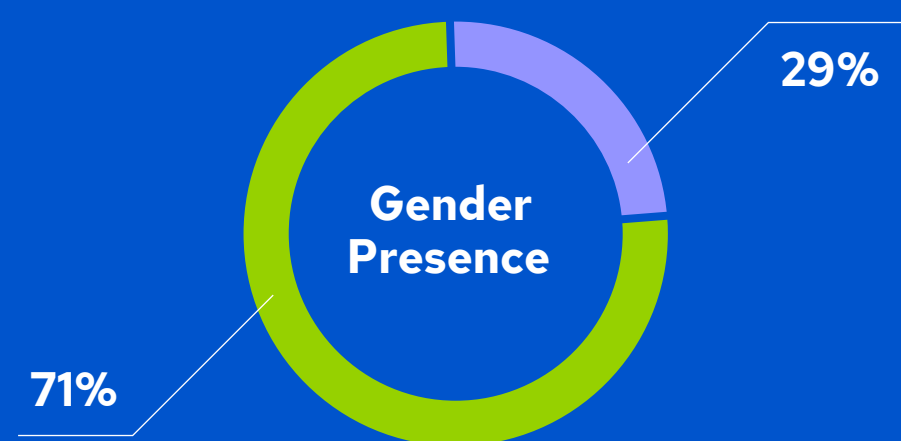
Key Functions: The Supervisory Board's main functions are the supervision of BasisBank's activities, corporate governance, and risk management. Within the relevant framework, the Supervisory Board makes decisions on establishing the Bank's values and organizational structure, while also ensuring that the Bank is governed in accordance with the principles of fairness, competence, professionalism, and ethics. The Supervisory Board establishes the Bank's strategy and oversees management's implementation of strategic objectives. It makes certain that the Bank complies with all regulatory and supervisory requirements, and establishes the risk appetite of the Bank along with Management Board and the Risk Director. The Supervisory Board also oversees the Management Board's activities and evaluates its decisions, ensuring independence and effectiveness of control functions, and it also conducts performance evaluations of the Management Board in line with its long-term succession plan. In addition, the Supervisory Board is responsible for oversight of transactions with related parties and ensuring that effective procedures and policies are in place within the Bank in line with legal and regulatory requirements.

Supervisory Board Meetings: Supervisory Board Meetings are run on the principles of open dialogue, accountability, and transparency, and members have the opportunity to be fully involved therein. Decisions are made in a transparent manner, with all members being equally involved in the dialogue and decision-making processes, except for the exclusion provided by the Bank's internal regulation on the management of conflicts of interest. The Supervisory Board's decisions as well as related materials are submitted to the NBG on an ongoing basis.

Board Diversity: The Supervisory Board's composition is diverse in terms of age, sex, nationality, background, and expertise. Members contribute to its functions with their varying opinions and advice on different issues. The Bank believes that this diversity brings a desirable balance of expertise and perspectives to matters reserved for the Supervisory Board and enhances decisions.

Female representation on the Supervisory Board stands at 50%.





Board Independence: Half of the Supervisory Board members (three out of six) are independent. Independent members are obliged to inform the Supervisory Board regarding any matter that could impair their independence. Supervisory Board members are deemed to be independent if they are not exposed to influence from the Bank or a third party, which could hinder the member from making objective decisions. Independent members have a key role on Supervisory Board-level Committees, as they provide external experience and objectivity, helping to avoid conflicts of interest more effectively.

Refer to the latest Annual Report of BasisBank (2023) for further information on the composition of the Supervisory Board.

Supervisory Board-level Committees

The Supervisory Board delegates specific areas of responsibility to its two committees: the Audit Committee and the Risk Management Committee. The functions of these committees are distinct. They report regularly to the Supervisory Board and facilitate its informed decisions.

The Supervisory Board-level Committees have unrestricted access to the Bank's internal information and documents related to any matter within the competency of the Committee. They have full access to the Management Board and risk management functions, and they also have the opportunity to meet independently, without the presence of members of the Management Board, the employees of any unit of the Bank, as well as external auditors, and to request and receive reports.

Management Board

The Management Board is responsible for managing BasisBank and steering its strategic course. In addition, the Management Board assumes responsibility for running its ultimate business objectives in line with the Bank's strategy, navigating within an effective risk management and internal control framework, and ensuring adherence to the best corporate governance practices.

The Management Board is collectively responsible for the long-term success of the Bank and delivering value to its shareholders. Management Board members have an appropriate balance of experience, skills, and knowledge, as well as independence, to fulfill their duties and responsibilities.

The Board is composed of seven directors, a General Director and six Deputy Directors, each covering different directions (retail business, lending, finance, risk management, operations, and commercial business). Management Board members are appointed and dismissed by the Supervisory Board.

Key Responsibilities

- Day-to-day management and oversight of the Bank and its operations;
- Approval and fulfilment of the Bank's strategy, long-term objectives, and budgets as well as monitoring performance therein; and
- Creating effective systems for financial and non-financial risk management, risk control, and supporting risk culture within the Bank.

Management Board-level Committees

The Management Board delegates specific areas of responsibility to its committees, namely the Sustainability Committee, the Credit Committee, the Informational Technologies and Security Governance Committee, the Asset and Liability Management Committee (ALCO), and the Compliance Committee. With regard to sustainability governance, arrangements have been made to create the Sustainability Committee, on a level equivalent to the Management Board.

Members of the Management Board are appointed for a four-year term. After four years, they retain their authority until a new member is appointed by the Supervisory Board. The same person can be appointed an unlimited number of times.

Risk Management Framework

The risk is managed by the distribution of roles among the three lines of defense, a robust structure of committees, and risk sharing responsibility from top Management level down through to each structure. By dividing responsibilities among these three lines of defense, Basisbank has a well-structured and comprehensive risk management system that helps mitigate risks, ultimately contributing to the stability and sustainability of the bank. Each of the three lines plays a distinct role with the BasisBank’s control environment.

- **First Line of defense (Business Unit Level)** - lies with the business and process owners and involves the daily operational activities of BasisBank, including front-line staff, business units and processes. The first line of defense is risk owners who are responsible for identifying, measuring and managing process-related risks. They have business-specific, insightful and comprehensive knowledge of inherent risks associated with their own processes; hence they are accountable to reveal such risk in their products and processes regularly. They are responsible for maintaining effective internal controls and for executing risk and control procedures on a day-to-day basis that consists of identifying and assessing risk and controls and mitigating risks. Risk Owners from the first line of defense are responsible for guiding the development and implementation of different risk management activities.

- **Second Line of defense (Risk Department Level)** - is responsible for overseeing and supporting the effort made by the first line of defense in managing risk and controls. The second line of defense in Basisbank are the General Risk Management Department, Non-financial Risk Management Department, AML&Sanctions Compliance Department and Compliance Division. Internal control and compliance oversight is the responsibility of these functions, as well as identification and challenging the risks. These functions ensure that risks are managed in accordance with the risk appetite, fostering a strong risk culture across BasisBank. They provide guidance, advice and expert opinion in risk-related matters. The second line is a source of

complementary expertise, support, monitoring, and challenge related to the management of risk by providing compliance and oversight in the form of frameworks, policies, tools, and techniques to support risk management. It facilitates and monitors the implementation of effective risk management practices by the first line of defense and assists risk owners in defining the target risk exposure and reporting adequate risk-related information throughout the BasisBank.

- **Third Line of defense** is Internal Audit who is responsible for independent and objective assurance to the Supervisory Board and the audit committee on the effectiveness of the first and second line’s processes that their efforts are consistent with expectations. The main difference between this third line of defense and the first two lines is its high level of organizational independence and objectivity. Internal Audit controls and regularly checks that the policies and procedures of risk management are adequate and effectively implemented; controls that all risks are consistent with the BasisBank’s risk appetite statement and internal regulations; and verifies compliance with laws, regulations, and internal policies.

Segregation of Duties: The Management Board is actively involved in outlining and delivering strategic and day-to-day management of the Bank. High-level oversight functions of each director are summarized in the table below.

Management Board Diversity: The Management Board is diverse in terms of age, sex, nationality, background, and expertise. The Bank believes that this diversity brings an appropriate balance of expertise and perspectives to handle the strategic direction and day-to-day management of the Bank.

Female representation on the Management Board stands at 29% (two out of seven members).

DAVIT TSAAVA, GENERAL DIRECTOR • Leading the management board • Strategic development and management • Marketing and strategic communications • Business Analytics and Transformation • Human resources management and administration		
LIA ASLANIKASHVILI, DEPUTY GENERAL DIRECTOR, FINANCES • Accounting and financial reporting • Strategic planning and budgeting • Capital and asset-liability management • Treasury Management • Global transactions and cash management	DAVIT KAKABADZE, DEPUTY GENERAL DIRECTOR, RISKS • Financial and non-financial risk management • Regulatory and Legal Compliance • Legal support • Problem Asset Management and Litigation • AML and Sanctions Compliance • Customer experience and quality	RATI DVALADZE, DEPUTY GENERAL DIRECTOR, CHIEF OPERATING OFFICER • Technology leader, IT and software development • Operations management and centralized back office • Project management and business analytics • Product and service support • Infrastructure support and logistics
GIGI GABUNIA, DEPUTY GENERAL DIRECTOR, COMMERCIAL DIRECTOR • Corporate financing and strategic business development • Small and medium business banking • Private banking • Trade finance and factoring • Credit analytics	HUI LEE, DEPUTY GENERAL DIRECTOR, LENDING • Member of Credit Committee	LEVAN GARDAPKHADZE, DEPUTY GENERAL DIRECTOR, RETAIL BUSINESS • Retail business management • Premium Banking • Branch and Service Network Development • Digital services and transformation • Product and Service Development • Sales Network Development

To create a coordinated and consistent approach to managing risks, thereby enhancing decision-making, ensuring regulatory compliance, and protecting BasisBank’s assets and reputation, BasisBank has integrated **Enterprise Risk Management** (hereafter - ERM) into the organizational structure and aligned it with strategic objectives, that helps to create a resilient risk management environment that supports sustainable growth and compliance with regulatory requirements.

ERM offers number of specific benefits to Basisbank due to the unique challenges and complexities faced, especially in the following three pillars: Cross-functional approach, single risk taxonomy and Integrated risks and controls.

Members of the ERM Working Group are: the General Risk Management Department, the Non-financial Risk Management Department, AML & Sanctions Compliance Department, and the Compliance Division (hereinafter, the “ERM Working Group”).

The ERM Working Group supports:

The ERM Working Group is responsible for assisting the Management Board in risk oversight, reviewing the Bank’s risk appetite and risk profile in relation to capital and liquidity, assessing the effectiveness of the Bank’s risk management framework, scrutinizing the methodology used in determining the Bank’s capital requirements, stress testing, and ensuring that due diligence appraisals are carried out on strategic or significant transactions. Its primary responsibility is setting the Bank’s risk appetite and overseeing the Bank’s risk profile. In addition, it monitors the brand and reputation of the Bank and ensures that reputational risk is consistent with risk appetite. Key functions of each relevant unit are summarized in the table below.

ERM WORKING GROUP SUPPORTS	
Enhanced Risk Identification and Mitigation ERM enables BasisBank to systematically identify and assess a wide range of risks. This comprehensive approach allows it to implement targeted strategies to Mitigation and manage these risks effectively.	Long-term Sustainability By addressing risks that could threaten the Bank’s stability and profitability, ERM contributes to its long-term sustainability and success.
Strategic Decision-Making ERM aligns risk considerations with strategic planning, allowing BasisBank to make informed decisions that balance risk and reward. This is crucial when pursuing growth opportunities while maintaining a prudent risk profile.	Improved Capital Allocation and Efficiency ERM helps to optimize the use of capital by aligning it with the level of risk exposure, ensuring that sufficient capital is set aside to cover potential losses.
Strengthened Risk Culture ERM promotes a strong risk culture within BasisBank, where employees at all levels are educated about risks and actively contribute to risk management. This helps in the early detection of, and response to, emerging risks.	Regulatory Compliance Since the banking sector is heavily regulated, ERM assists BasisBank in identifying and addressing compliance risks.
Optimized Product and Service Offerings ERM helps BasisBank to evaluate the risks associated with new product and service offerings. This ensures that potential risks are properly assessed before a product or service is launched.	Reputation Management ERM assists BasisBank in identifying and managing risks that could harm its reputation, such as unethical behavior, fraud, or data breaches.
Enhanced Customer Confidence Demonstrating effective risk management practices through ERM enhances customer confidence in BasisBank’s stability and ability to safeguard its assets.	

Risk Strategy

Basisbank risk strategy aims to ensure the bank’s long-term sustainability, protect stakeholder interests, and comply with regulatory requirements by effectively identifying, assessing, treating and monitoring risks. The pillars of BasisBank’s risk strategy are:

- **Risk Awareness:** Promote an organizational culture of risk awareness where all members are vigilant and mindful of potential risks;
- **Risk Appetite:** Clearly define and communicate the bank’s risk appetite, aligning it with strategic objectives;
- **Proactive Risk Management:** Employ proactive and forward-thinking risk management practices to foresee and address potential risks;
- **Compliance and Ethics:** Ensure strict adherence to regulatory standards and uphold high ethical practices in every aspect of our operations.

It is the responsibility of the risk management to continuously ensure that BasisBank is not breaching the rules laid down in the Risk Management Framework. In order to set up objective criteria to measure the exposure to relevant risk factors, Risk Management Framework is transformed to numbers within the risk appetite framework of the bank.

Risk Management Process

The Risk Management Process is a structured and continuous cycle that involves several interconnected stages designed to identify, assess, manage, and monitor risks across BasisBank. This process ensures that risks are effectively managed within the bank’s risk appetite and regulatory requirements. It is integral to the BasisBank’s overall business strategy and operations, providing a systematic approach to managing potential threats and opportunities.

Basisbank has an escalation procedure at every step of the risk management process, that refers to the predefined processes and protocols for elevating issues, risks, or incidents to higher levels of

authority within the bank. These procedures ensure that significant risks or problems are promptly addressed by the appropriate individuals or teams, especially when initial responses or controls are insufficient. Escalation procedures help maintain effective risk management by ensuring that critical issues receive the necessary attention and resources for resolution.

All material risk types (financial as well as non-financial) including credit risk, market risk, operational risk, liquidity risk, regulatory risk, and reputational risk, all of which are inherent in the financial services sector, are managed via dedicated risk management processes. In addition, modelling and measurement approaches to quantifying risk and capital demand are implemented for all material risk types.

For each type of risk and its relevance is assessed and the methodological approach taken to measure and mitigate risk is outlined in the risk management framework. The Bank treats risk assessment in a systematic way, which is achieved via different stress tests and Internal Capital Adequacy Assessment Process (ICAAP). Capital adequacy ratio, liquidity position, and market risk are all assessed within the regularly performed benchmark analysis and under severe stress tests conditions.

If the given risk is considered significant and it is quantifiable, the Bank has to define its internal methodology to calculate the respective capital needed to cover that risk. Other relevant risk types that cannot be quantified are to be treated using appropriate internal processes aimed at minimizing potential losses arising from non-quantified risk types. If a risk is found to be irrelevant, no special treatment is necessary.

However, the regular review of the risk management framework ensures that, at least once a year, all risk types are assessed, including those initially deemed irrelevant that have since become relevant over time, are addressed appropriately.

Risk Management Policies and Procedures

The risk management policies aim to identify, analyze, and manage the risks faced by the BB Group. They assign responsibility for the management of specific risks, set appropriate risk limits, outline the requirements for internal control frameworks, and continuously monitor risk levels and adherence thereto. Moreover, risk management policies and procedures are reviewed regularly to reflect changes in market conditions, emerging best practices, as well as products and services being offered.

Risk Appetite

Risk appetite and tolerance are foundational elements of effective risk management in Basisbank. By clearly defining and managing these parameters Basisbank makes informed decisions, manages risks proactively, and achieves strategic objectives while maintaining regulatory compliance and stakeholder confidence.

- Risk appetite refers to the amount and type of risk that Basisbank is willing to accept in pursuit of its strategic objectives. It reflects the bank's overall attitude towards risk-taking and serves as a guide for decision-making. It is usually defined at a high level, encompassing all types of risks (credit, market, operational, etc.) and is aligned with the bank's strategic goals, capital, and regulatory requirements.
- Risk tolerance is the specific level of risk that Basisbank is prepared to endure within the bounds of its risk appetite. It is more granular and operational, focusing on acceptable variation in outcomes. Risk tolerance is often quantified and expressed through metrics such as capital limits, loss thresholds, or performance indicators for different risk categories.

The CRO has the authority to suspend any activities that result in risks that are not in alignment with the bank's risk appetite. If such a situation arises, the CRO can escalate the matter to the Management Board for further review and resolution. This ensures that all risk management activities are conducted within the predefined risk tolerance levels

and maintain the integrity of the banks risk governance framework.

The risk appetite framework is a distinct document that defines the types and levels of risk Basisbank is willing to accept to achieve its strategic objectives. This framework ensures that all risk-taking activities are aligned with the bank's capacity to manage and tolerate risk, thereby supporting informed decision-making and promoting a risk-aware culture.

Key Risks

The Bank differentiates between financial and non-financial risks. Under financial risks, the Bank includes credit risk, liquidity risk, market risk, capital risk, maturity risk, and foreign currency risk, among others. Regarding non-financial risks, the Bank addresses operational risk, cybersecurity and information security risk, and third-party risk. An overview of material risks is provided in the latest annual report of BasisBank (2023). In the next section, we focus on ESG risk which, though not yet classified as a key risk, is emerging as a critical factor with significant future impact.



ESG RISK MANAGEMENT

ESG Risk

Risk Definition and Key Drivers of the Risk	ESG is the broad term referring to the inclusion of environmental (E), social (S), and governance (G) criteria into investment decisions taken by the Bank reflecting responsible or sustainable investment practices. ESG risks for the Bank mean the potential negative impacts that environmental, social, and governance factors may have on clients, borrowers, other parties, and the Bank itself. In particular, the Bank may face risks related to climate change, including exposure to industries vulnerable to environmental regulations, physical risks from extreme weather events, and transitioning risks associated with the ongoing shift to a low-carbon economy. The Bank may also be exposed to risks related to human rights violations, particularly when financing projects or companies operating in regions with poor human rights records, as well as risks associated with financing businesses that might engage in unethical labor practices, including inadequate working conditions, child labor, or insufficient workers’ rights. Governance risks refer to regulatory and compliance risks, including ESG compliance, corporate governance, and corporate ethics, as well as supporting the fight against money laundering, tax evasion, and other financial crimes. Risks arising from failure to comply with evolving ESG regulations and standards can lead to legal consequences, fines, and/or regulatory actions. ESG non-compliance can lead to reputational damage as stakeholders, including customers, investors, and the public, may perceive the given organization as irresponsible or unethical. In order to effectively implement ESG risk management, BasisBank made significant changes to its environmental and social risk management policy in 2018 by developing due diligence and environmental and social risk assessment procedures. The Bank also introduced a list of exclusions specifying the types of activities that the Bank does not finance. The activities on the exclusion list included those linked to the production/trade of weapons and military materials, forced and child labor, illegal production of or trade in pharmaceuticals, the production/trade of certain pesticides and herbicides, and gambling and casinos. The list is based on Georgian legislation, as well as best practices and recommendations of partner IFIs. As part of the environmental and social risk assessment process, all business loans are subject to a standard verification procedure ensuring that proposed loan does not contravene the list of exclusions. Later, based on the data and documents provided by the potential costumer, assessments after the onsite visit, and information received from independent sources, the responsibility of the potential client is assessed, along with their degree of environmental and social risk management. BasisBank continuously improves its environmental and social risk management practices in line with relevant regulations. In 2023, with the support of its partner IFI, the Bank initiated a technical assistance initiative entitled “Mainstreaming Green Lending at BasisBank.” As part of the project, BasisBank carried out various activities, including capacity-building efforts focused on ESG risk management.
Risk Identification and Measurement	Identifying ESG risks starts with understanding the ESG factors relevant to the Bank. These factors include climate change, labor practices, supply chain management, diversity and inclusion, data security, and corporate governance. The Bank has conducted a materiality assessment to identify the ESG issues most significant to it and its stakeholders, including employees, customers, and investors. Following that, the Bank has established an ESG strategy. ESG risk identification and measurement have thus been integrated into the Bank’s risk framework, and ESG risk is now considered alongside traditional financial and non-financial risks. However, the Bank is also working to improve its ESG risk management, including making adjustments in line with regulatory requirements, by no later than the end of 2024.
Risk Mitigation	The Bank integrates thorough due diligence processes into its business operations when entering into new investments or business relationships to assess ESG risks and ensure alignment with the Bank’s Environmental and Social Management System (ESMS).

Cybersecurity and Information Security Risk

Cybersecurity risk and information security risk both refer to the potential harm or damage that could result from unauthorized access to, or exposure of, data, systems, or networks.

- **Cybersecurity Risk:** This refers to the risk associated with exposure to harm or loss resulting from indiscretions in information systems or networks. It encompasses threats to digital assets, including data breaches, malware attacks, denial-of-service attacks, and other forms of cyberattack. In turn, cybersecurity risk management involves identifying, assessing, and mitigating these risks to protect organizational assets.
- **Information Security Risk:** This relatively broad category includes risks associated with the confidentiality, integrity, and availability of information. It covers not only digital data but also physical records and information systems. Information security risk can arise from various sources, such as human error, malicious insiders, natural disasters, or technological failures. Managing information security risks involves implementing controls and safeguards to protect sensitive information from unauthorized access, alteration, or destruction.

Cybersecurity and information security risk documents are crucial as they establish a framework for protecting sensitive data and systems from unauthorized access, breaches, and other cyber threats. These documents outline policies, procedures, instructions, and controls to safeguard information assets, ensure compliance with regulatory requirements, and manage the risks associated with digital threats. By defining roles, responsibilities, and response strategies, they help BasisBank to prevent, detect, and respond to security incidents effectively. Robust cybersecurity and information security risk documentation also supports organizational resilience, protects BasisBank's reputation, and maintains the trust of customers and stakeholders.

At least once a year, a full information security and cybersecurity audit as well as a cybersecurity framework analysis are performed by an external consultant to assess the efficiency of the Bank's capabilities with respect to industry best practices and real-world cyber-attack scenarios, taking into consideration the relevant regional and sector-specific issues. The audit gives the Bank a broad review as well as detailed insights, which help to further enhance its information security and cybersecurity systems. In addition, penetration test exercises are performed on a regular basis.

Bank employees play a crucial role in information security. As a result, regular training sessions are conducted for employees, comprising remote learning courses on security issues, fraud and phishing simulations, as well as informative emails to further assist our employees in information security matters. These measures ensure that employees are fully aware of their responsibilities and are prepared for various security threats.

In response to the COVID-19 pandemic, the Bank activated secure remote working policies, ensuring that homeworking environments are protected against relevant cyber-threats, with the IT team providing effective oversight of teleworking channels as well.

Complaint Management

[GRI 2-25]

Customer Case Management Team Functions and General Process Description

The Customer Case Management Team at BasisBank is responsible for ensuring smooth and efficient handling of customer issues from the moment they are received to final resolution. The team's core functions are outlined below:

1. End-to-End Customer Case Management

The team manages the entire customer case lifecycle—from receiving cases through various channels, including the National Bank of Georgia, to communicating the final resolution to the customer.

2. Issue Analysis and Resolution

The team identifies recurring issues and collaborates across departments to resolve bugs and problems, aiming for systemic improvements within the organization.

3. Process for Handling Customer Issues

The following steps are involved in managing customer cases, whether they are problems, complaints, or incidents:

- o **Receipt and Analysis:** Cases are received through all customer touchpoints, including BasisBank's internal channels and the National Bank of Georgia. Each case is thoroughly analyzed to determine the underlying issue.
- o **Cross-Department Collaboration:** If needed, the team engages relevant departments to address the issue(s) and manage the resolution process from start to finish.
- o **Customer Communication:** Customers are promptly informed once the given issue is resolved, thereby ensuring transparency and accountability.
- o **Case Closure:** Cases are closed according to standard procedures, ensuring compliance with internal and regulatory guidelines.
- o **Proactive Issue Management and Development**
In addition to managing individual cases, the team conducts a broader analysis of recurring issues, leveraging reports and data to identify patterns. Where necessary, they initiate the development of new processes, product enhancements, or bug fixes to address problems at a systemic level, ensuring better outcomes for entire customer segments.



2023 Key Achievements and Metrics

In 2023, the Customer Case Management Team made significant strides forward in both efficiency and customer satisfaction. Notably, from October 2023, the team assumed responsibility for managing cases in conjunction with the NBG.

- **Total Number of Cases Handled:** 3,770 cases were received and resolved.
- **Resolution Efficiency:** 86% of cases were resolved within two working days.
- **Proactive Improvements:** The team initiated further development and recurring case prevention for 160 issues.

Whistleblowing

[GRI 2-26]

The Bank ensures that there are effective procedures in place related to whistleblowing. The Whistleblowing Policy allows employees, trainees, clients, suppliers, vendors, and other stakeholders to confidentially raise concerns about unethical business practices such as fraud, conflicts of interest, corruption, money laundering, harassment, blackmail, and environmental or social issues. The Bank has an advanced independent whistleblowing reporting channel in place, including an anonymous option. It also continues to promote the importance of the whistleblowing process and procedures to employees. The use of the corresponding system is monitored by the Audit Committee.

Compliance with Laws and Regulations

[GRI 2-23; 2-27]

Compliance risk can be defined as the potential threat or danger arising from a failure to comply with laws, regulations, policies, or standards applicable to the Bank. The risk of non-compliance is “the risk of legal or regulatory sanctions, material financial loss, or loss to reputation the bank may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organization standards, and codes of conduct applicable to its banking activities (compliance laws, rules and standards)” (Basel Committee, 2005).

The Bank is dedicated to conducting its main activities in accordance with current legislation, standards of conduct, and established rules. To this end, the Bank has approved a Compliance Policy and developed a compliance risk control system. Both the Policy and the compliance management system are based on the regulations of the NBG related to risk management and compliance, as well as the Basel Committee principles and best practices.

The compliance risk management system is underpinned by the Compliance Policy, a description of legal and statutory acts regulating the Bank’s activities, regular reviews of compliance with specified requirements, reporting to the Supervisory and Management Boards, and the facilitation of informed decision by both boards.

In managing compliance risk, the following participants are involved:

Supervisory Board: It approves the Compliance Policy, reviews reports on activities related thereto, considers decisions beyond the Management Board’s authority requiring its consent, oversees compliance risks to ensure they are effectively addressed, and guarantees the independent functioning and appropriate authority of the Compliance Division, including its unrestricted access to the Supervisory Board.

Management Board: In collaboration with the Compliance Division, it establishes and supports the implementation of the Compliance Policy, ensures effective management of compliance risks based on the Policy, procedures, qualified resources, and a regulated control system. It assesses risks facing the Bank, reports to the Supervisory Board at least quarterly, provides immediate reports on regulatory compliance issues, and ensures the independent functioning of the Compliance Division and effective communication.

Compliance Division: In addition to its other obligations, it monitors the Bank's risk-taking processes, assesses risks and related issues independently from business lines, monitors compliance with legislation, corporate governance regulations, and internal policies, and reports directly to the Supervisory and Management Boards.

Middle Management: It ensures that subordinate units and employees comply with current legislation, internal regulations, and standards of conduct. Managers acting as risk coordinators within their units enhance employee awareness, provide timely information, and ensure a risk-based approach is taken.

Employees: They are required to adhere to the Compliance Policy by following the guidelines and procedures outlined therein to ensure that their actions are in line with legal and regulatory requirements. They are also required to comply with all other internal rules and regulations set by the Bank, including operational procedures, codes of conduct, and ethical standards.

All units involved in compliance management are required to ensure that their daily activities and decision-making processes do not violate laws, regulations, or internal policies. They also have to promptly report any compliance-related concerns, potential violations, or breaches of policy to the appropriate channels within the Bank. All functions, from senior management to client service units, must participate in the required compliance training or awareness programs to keep themselves informed about relevant regulations and internal policies.

Prevention of Financial Crime

The fight against financial crime is at the core of BasisBank's strategy and central to its risk appetite. The Bank is committed to combating financial crime, and to setting up and implementing an anti-financial crime (AFC) risk management program to identify, understand, and mitigate financial crime risks. Its AFC policy establishes the requirements set by the Bank to mitigate potential compliance, regulatory, and reputational risks associated with violations of AML/CTF, international sanctions, and anti-bribery and corruption (ABC) laws, regulations, and international standards.

The core statements of the AFC risk management program are as follows:

- The Bank develops and maintains thorough AFC risk assessment to identify, understand, manage, and mitigate inherent AFC risks. Risk mitigation measures here are designed and implemented to adequately and effectively control inherent and residual risks in line with the Bank's risk appetite.
- In accordance with the AFC risk assessment and risk appetite, the Bank defines and implements a customer

acceptance policy outlining prohibited and restricted customer types and activities.

- The Supervisory Board has a clear understanding of the AFC risks, oversees the AFC risk management program, and its effectiveness. It is also responsible for setting the appropriate tone from the top.
- The Supervisory Board allocates explicit roles and responsibilities in the Management Board, senior management, and AFC decision-making bodies. The Management Board appoints dedicated staff members with appropriate levels of responsibility and authority in relation to the AFC risk management program and ensures that sufficient resources are provided.
- The Bank defines and implements an AFC operating model outlining the internal organization along with roles and responsibilities across the three lines of defense to ensure effective AFC risk management.
- The Bank ensures that a robust and effective AFC risk management program is in place, covering:
 - Regulatory surveillance on new or updated regulations, industry standards, and trends;
 - Documentation and approval of policies, procedures, and methodologies;
 - Effective control processes for each key requirement, with adequate internal controls;
 - Robust company culture, constant communication from the Management Board, the AML & Sanctions Compliance Department, and the Compliance Unit on AFC topics, and delivery of a regular training program on all AFC risks and requirements;
 - Monitoring via quality assurance and testing performed by the second line of defense on key processes and controls;
 - Reporting and escalating relevant functions and committees to ensure oversight by the Management Board and Supervisory Board;
 - Regular audit by the third line of defense, considering all inherent AFC risks; and
 - Adequate record-keeping processes, in line with local requirements.

BasisBank adopts a holistic approach to financial crime, creating a group-wide AFC framework, which sets control requirements in the following key risk areas: AML/CTF, international sanctions compliance, and ABC (Anti-Bribery and Corruption). This combined approach allows BasisBank to better understand its risk exposure and prioritize management focus accordingly. Internal audit, AML & sanctions, compliance, and operational risk bodies are all responsible for ensuring compliance with the AFC framework, making sure that the internal regulations and working principles are integrated into all of the Bank's activities.

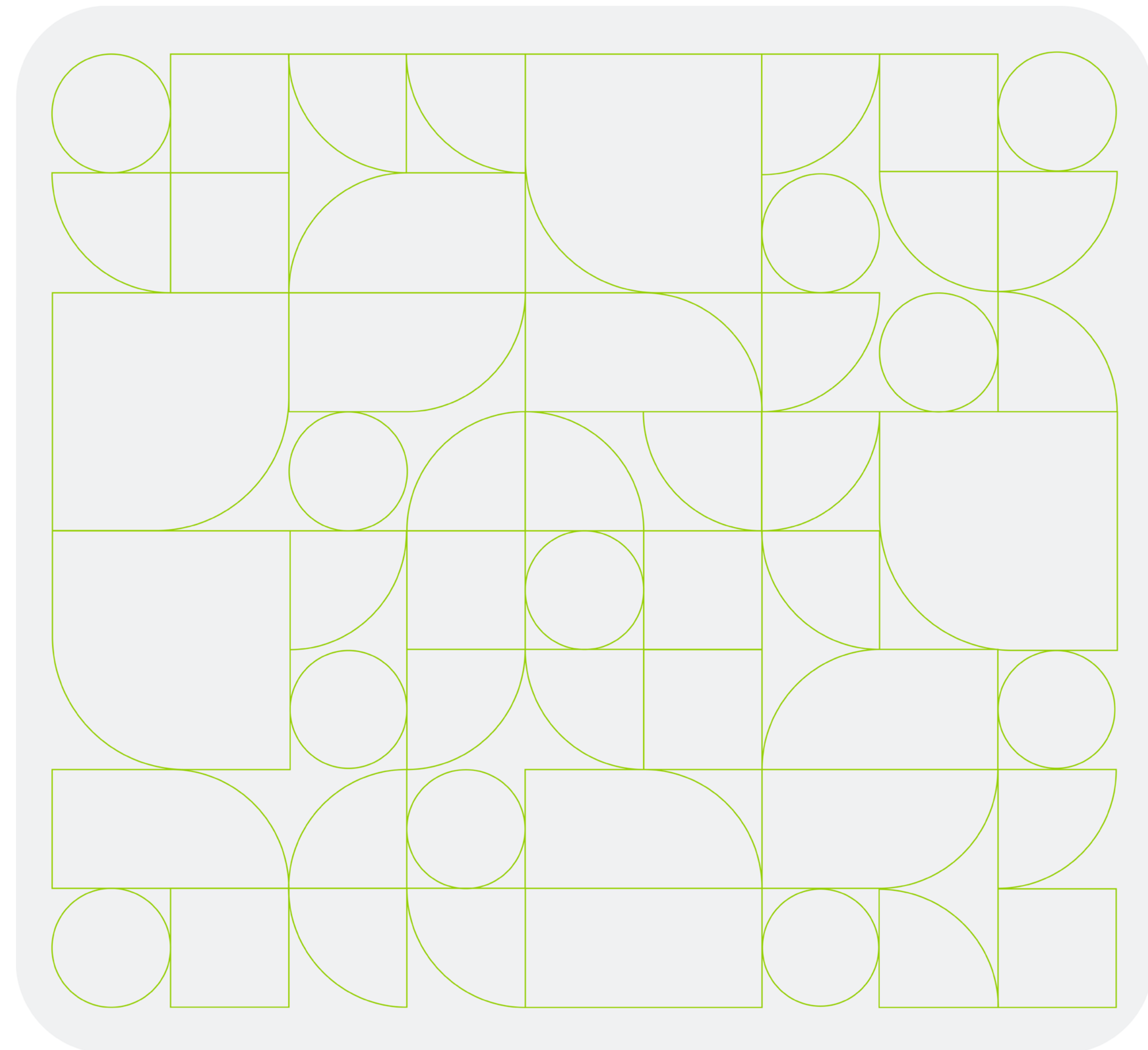
Combatting financial crime and complying with applicable laws and regulations is vital to ensuring the stability and integrity of the international financial system. In order to satisfy the requirements of increasingly complex national and international legislation and regulations, the Bank continually develops its financial crime risk management and keeps it in line with current developments and challenges.

Conflicts of Interest

[GRI 2-15]

Based on the BB Group's specific features, the Supervisory Board, the Management Board, and other control functions strictly control possible sources of conflicts of interest. The Bank identifies and records related parties and sets controls on transactions therewith. The Supervisory Board periodically revises the policies developed and approved by it in order to ensure compliance with underlying challenges. In addition, the Bank closely cooperates with the NBG to take into consideration the regulator's guidance on establishing and maintaining a robust control system.

Transactions with related parties are subject to mandatory review and approval by the Management Board and/or Supervisory Board. The Bank strictly adheres to the arm's length principle and ensures the coherence of related party transactions therewith. A sufficient number of its members being independent enhances the Supervisory Board's control effectiveness to prevent conflicts of interest.





SUSTAINABILITY

SUSTAINABILITY

Materiality Assessment

[GRI 3-1]

In 2023, BasisBank developed and approved the Sustainability Strategy to enhance its environmental and social practices, and to monitor progress thereon. This strategy's development was a complex and multi-layered process. It determines BasisBank's goals and priorities in sustainability and green finance for the coming years.

Sustainability Strategy was developed through taking a companywide approach with the active involvement and engagement of the Bank's management and inputs from internal and external stakeholders. Among the stakeholders, the following groups were identified and their inputs were collected accordingly: corporate and SME clients; employees; and IFIs.

The strategy's design and development process comprised the following activities:

1. Collection of external stakeholders' inputs through a survey and interviews with key IFIs and selected corporate and SME clients;
2. Gathering internal stakeholders' inputs through an online survey;
3. Benchmarking of leading Western and Central European banks;
4. Holding interactive sustainability workshops with the Management Board;
5. Selection of key sustainability topics and defining a materiality matrix for BasisBank based on the stakeholders' and Management Board's inputs throughout the process; and
6. Determining sustainability activities, priorities, and key performance indicators (KPIs)/targets for the Bank.

The Sustainability Strategy is composed of the following several important elements that are interconnected:

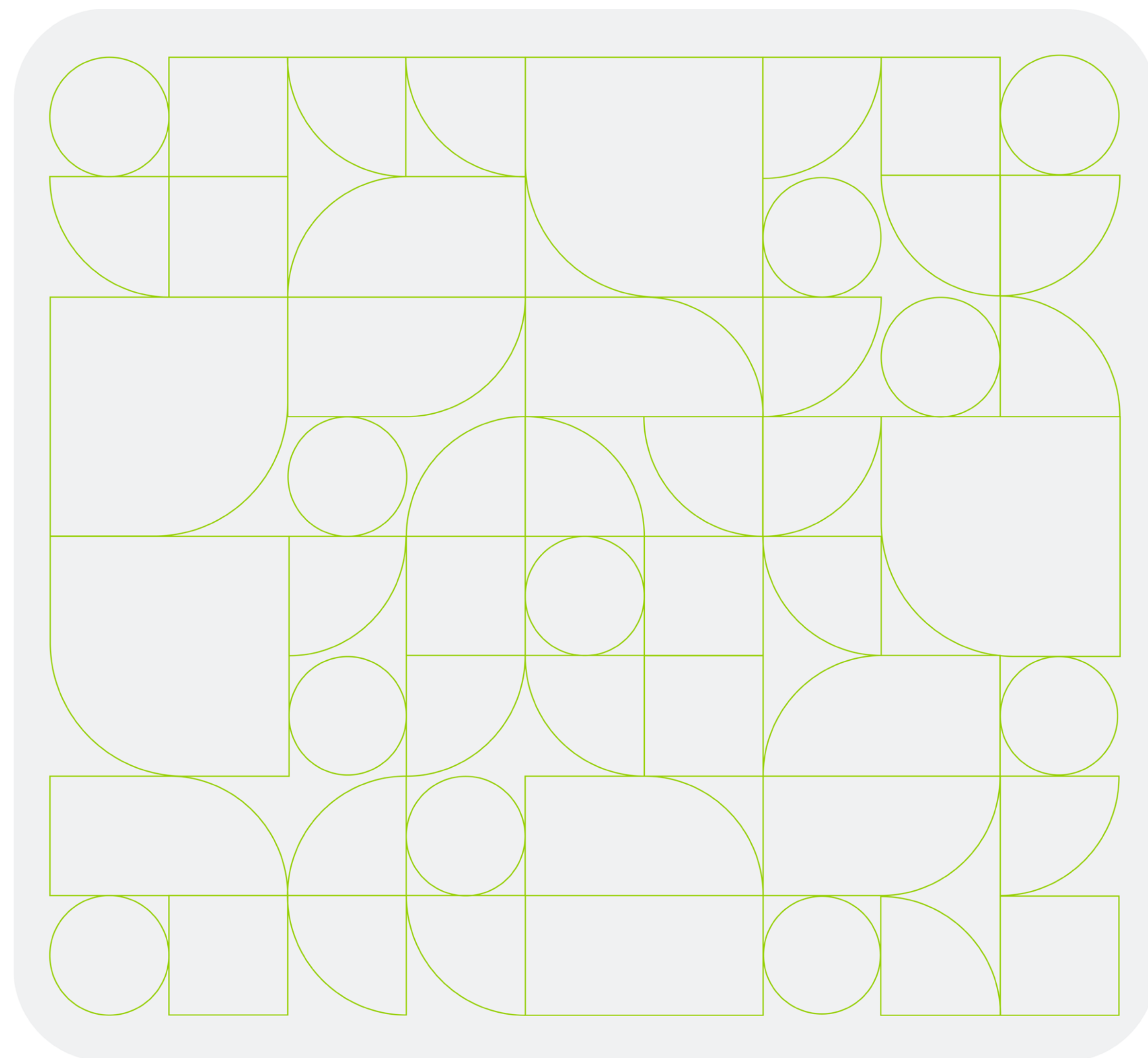
- A materiality matrix that identifies and prioritizes sustainability topics material to BasisBank;
- Sustainability objectives and commitments for the defined material topics, consisting of business goals with varying time horizons;
- Sustainability KPIs consisting of measurable quantitative indicators through which BasisBank monitors, assesses, and keeps track of its progress; and
- A sustainability roadmap detailing what underlying infrastructure needs to be built to achieve targets and relevant activities in that regard.

As a result of the materiality assessment and taking into consideration the internal and external stakeholders' inputs, a number of material topics were identified during the assessment process as being of significant importance.

Identifying material topics helped us to define the path towards implementing more comprehensive sustainable practices. By pinpointing topics material to the defined stakeholders and management of the Bank, we were able to formulate objectives, and set aims and targets toward which BasisBank will work.

The sustainability strategy along with its sustainability roadmap was approved by the Management Board. BasisBank has thus committed to fulfilling its objectives under several categories, such as climate action, ESG issues, and sustainable business directions. For each objective relevant timeframes and KPIs were elaborated and corresponding roadmaps were developed to further track and monitor progress.

Based on the overall materiality assessment, we have grouped material topics taking into account their impacts and SDG alignment.





[GRI 3-2]

Category	Topics	SDG Alignment
Climate Action	Increase workplace sustainability	SDGs 8 & 12
Climate Action	Offer sustainable and green financial products and services	SDGs 8 & 13
Climate Action	Reduce its own carbon emissions	SDG 13
Climate Action	Support the transition to renewable energy in Georgia	SDGs 8 & 13
Environmental Protection	Manage and separate own waste	SDG 12
Social – Communities	Strengthen the financial education of the Georgian public	SDGs 11 & 17
Social – Communities	Support culture and education in the community	SDGs 11 & 17
Social – Employees	Foster employee well-being	SDGs 3 & 8
Social – Employees	Provide lifelong learning to employees	SDG 4
Social – Customer Care	Data protection and confidentiality	SDG 12
Social – Customer Care	Transparency and fairness towards customers	SDG 12
Governance	Corporate culture and professional ethics	SDG 16
Governance	Ensure equal treatment and opportunities for all	SDGs 5 & 10
Governance	Support the fight against money laundering, tax evasion, and other financial crimes	SDG 16
Sustainable Business	Digitalization and digital innovation	SDGs 8 & 9
Sustainable Business	Management of ESG risks	N/A
Sustainable Business	Operate as a sustainable and transparent business	SDGs 8 & 12

As part of its ESG strategy, the Bank has either already started working on the outlined objectives, or achieved certain milestones in this regard. Specifically, BasisBank has thus far accomplished the following:



Strategy Topic	Strategy Objective	SDG Alignment
Offer sustainable and green financial products and services	Develop a green lending framework and guidelines	SDGs 8 & 13
Offer sustainable and green financial products and services	Issue green/sustainable bonds in cooperation with the ADB to finance green lending products	SDGs 8 & 13
Reduce its own carbon emissions	Measure and disclose greenhouse gas emissions	SDG 13
Foster employee well-being	Conduct yearly employee satisfaction surveys	SDGs 3 & 8
Foster employee well-being	Increase the attractiveness of the Bank for young graduates by organizing outreach activities and sponsoring events at universities	SDGs 3 & 8
Data protection and confidentiality	Create the position of Data Protection Officer	SDG 12
Transparency and fairness towards customers	Monitor the net promoter score and aim for constant improvement	SDG 12
Corporate culture and professional ethics	Enforce BasisBank’s Code of Ethics	SDG 16
Ensure equal treatment and opportunities for all	Enforce an anti-discrimination policy	SDGs 5 & 10
Ensure equal treatment and opportunities for all	Increase the share of women in the senior management	SDGs 5 & 10
Operate as a sustainable and transparent business	Issue a sustainability report	SDGs 8 & 12

The materiality assessment and elaboration of the strategy as a whole were part of a technical support project run by the Green for Growth Fund, with the support of the EU4Energy Initiative.



ESG Management Structure

[GRI 2-13, 2-14]

Creating an effective governance structure and operational framework for sustainability management is crucial to achieving the objectives set out in the Sustainability Strategy as well as for effective day-to-day management of the Bank's sustainability activities.

BasisBank plans to make sustainability and ESG regular topics on the Management Board's agenda, ensuring that these considerations are an integral part of decision-making and goal-setting processes. BasisBank is also planning to integrate the Sustainability Strategy into its annual strategy and work on its implementation throughout different units of the Bank.

The Bank's Management Board has integrated sustainability considerations into the development of the Bank's overall business strategy, business objectives, and risk management framework. The Board, being the highest decision-making and representative body of the Bank, is responsible for exercising effective oversight and guidance with respect to all sustainability-related matters.

The Sustainability Manager is responsible for providing information on sustainability and related activities at the Bank. This also involves monitoring regulatory developments and coordinating their implementation with relevant units within the Bank.

Since achieving strategic goals and keeping up with regulatory developments requires the involvement of various units of the Bank, BasisBank has created and approved the Management Board-level Sustainability Committee along with the existing committees of the Bank (the Credit Committee, the IT Development Committee, the Asset and Liability Management Committee (ALCO), and the Compliance Committee).

The Sustainability Committee is a key component within BasisBank, specifically focusing on ESG matters. Its primary responsibility is to support and advise the Management Board in overseeing the Bank's strategy, policies, and programs related to ESG issues. This committee ensures that the Bank's operations align with sustainable practices and is responsible for overseeing the development, implementation, and performance of the Bank's sustainability strategy. It reviews and approves major sustainability initiatives, assesses risks and opportunities, and ensures alignment with the overall business objectives. In addition, the Sustainability Committee plays a pivotal role in overseeing management of environmental impacts resulting from lending activities, positioning BasisBank as an environmentally responsible organization and enhancing its reputation.

The Sustainability Committee is composed of the following members of the Management Board: the Financial Director, the Risk Director, Chief Commercial Officer, Head of Compliance, IFI Relations Manager and Business Development Consultant. Other representatives from different units are invited on an ad-hoc

basis to attend committee meetings as necessary.

The Sustainability Manager acts as the secretary of the Sustainability Committee, organizing meetings, preparing agendas, and documenting meeting minutes. Beyond its permanent members, the Sustainability Committee has the flexibility to invite representatives from other BasisBank divisions/units as needed to leverage their expertise depending on the complexity and nature of the issues to be discussed.

The Bank plans to enhance sustainable practices and to put more emphasis on sustainability topics as part of its Sustainability Strategy. Hence, BasisBank will monitor progress in the day-to-day management of sustainability activities, overall progress in terms of KPIs and targets outlined in the strategy and action plan, and, if needed, expand its sustainability team and enhance knowledge of sustainability at all levels of the Bank.

Key Policies and Documents Outlining the Bank's Approach to ESG Issues

Environmental and Social Management Policy

In order to effectively implement and enforce responsible lending principles, BasisBank made significant changes to its environmental and social risk management policy in 2018 as well as its due diligence and environmental and social risk assessment procedures. The Bank has also compiled a list of exclusions, detailing activities not financed by the Bank.

BasisBank is planning to update its environmental and social risk management policy, according to the requirements and recommendations of the NBG's new ESG guidelines by the end of 2024.

Code of Conduct and Code of Ethics

The Code of Conduct and Code of Ethics regulate diversity and inclusion issues at BasisBank, defining its approach towards governance and social issues.

Anti-Bribery and Corruption Policy

The Bank has approved and constantly reviews its Anti-Bribery & Corruption Policy (ABC Policy). The ABC Policy sets out the basic principles, rules, and standards of conduct for day-to-day operations of the Bank to reasonably prevent, detect, and report incidents of bribery and corruption within the organization. The ABC Policy applies to all persons associated with BasisBank, including all types of employees across all positions and levels (i.e., senior management, middle management, and other personnel (permanent, fixed-term, or temporary consultants, outsourced service providers, trainees and agency staff, volunteers, interns, as well as individuals/companies who provide services to or on behalf of the Bank or its subsidiaries.



Personal Data Protection Policy

The Bank's Personal Data Protection Policy defines its vision of and approaches to organizational and technical measures relevant to data processing and protection. It also determines the scope of accountability and the legality of its personal data processing and promotes awareness of data subjects about the rules and rights surrounding data processing in the organization. BasisBank is currently refining its internal policies and procedures to align those with relevant recommendations and ensure full compliance with the updated Law of Georgia on Personal Data Protection.

Credit Policy

The Bank's Credit Policy defines the goals, strategy, priorities, management standards, and general principles in relation to credit activities. Based on the Credit Policy, the Bank establishes detailed instructions, procedures, and guidelines for credit activities. The document sets out lending priorities, principles of lending, prohibitions and limits in lending, as well as other procedures and guidelines related to credit activities. As a result of the newly developed ESG strategy, the Bank is in the process of enhancing its green lending practices and establishing procedures for green products.

Carbon Emissions and Reducing the Environmental Footprint

[GRI 305-1, 305-3, 305-3]

For 2023, BasisBank's emissions were measured under the following three scopes:

Scope 1: Direct emissions from company-owned and company-controlled sources;

Scope 2: Indirect emissions from the use of purchased energy; and

Scope 3: Indirect emissions related to the institution's value chain, including emissions from lending activities, business travel, and other outsourced operations.



Emissions

Tons of CO₂e



Scope 1

Gasoline consumptio n

237

Scope 2

Electricity consumptio n

826

Scope 3

Flights

109.092

Financed emissions

442784.15

We have included reducing emissions as a strategic goal in the Sustainability Strategy. Moreover, as we hope to transition towards carbon neutrality, we are beginning with smaller, actionable steps to ensure steady and meaningful progress is made.

Managing Waste

In line with our commitment to managing and separating waste, which is also emphasized in the Sustainability Strategy and was identified during the materiality assessment as one of the most important topics for stakeholders, BasisBank has partnered with the social enterprise "Tene" to implement a waste separation and recycling program. As part of this collaboration, specially designated containers have been placed in our offices for the collection of used plastic. Employees are encouraged to actively participate in this initiative. Tene oversees the recycling of the collected plastic, ensuring that it is disposed of in an environmentally responsible manner. This partnership underscores our dedication to reducing our environmental impact and promoting the circular economy, and BasisBank's efforts in this direction are continuous.

BasisBank is also actively working on automatizing and digitalizing internal back-office processes with the aim of achieving paperless operations, and it has included this objective into its ESG strategy as well. Currently, the Bank accepts e-signatures for a number of operations, including qualified and non-qualified signatures depending on the risk level. Moreover, a number of agreements with costumers are concluded through digital channels, thereby reducing paper usage.



SUSTAINABLE FINANCE

SUSTAINABLE FINANCE

BasisBank is among the pioneers of sustainable finance on the Georgian market, participating in almost all initiatives of development financial institutions (DFI) and IFIs launched in this direction since 2014.

A decade of advancing green and sustainable agenda on the market resulted in over GEL 230 million being raised from the EBRD (EU4Business, CEEP, DCFTA, and GEFF initiatives), the Global Climate Partnership Fund (GCPF), and the Green for Growth Fund to support a green and inclusive economy.

Over 170 sustainable loans to launch and develop energy-efficient and renewable energy projects, as well as women-owned and social businesses. Considering the breakdown of its sustainable portfolio, BasisBank can be considered as the leading financier of green buildings in both the residential and hospitality sectors, as well as sustainable agriculture (measures directed toward improving agricultural practices through reduced tillage, improved irrigation and water management, construction of warehousing facilities, etc.). The Bank is also active on the renewable energy market, providing much-needed affordable financing to small-scale solar and biomass startups, which aligns well with the Nationally Determined Contributions (NDCs), especially through its vision for low emissions development.

It is noteworthy that, apart from providing financial support, the Bank has also actively participated in advancing the women-empowering initiatives of its DFI partners by providing substantial input into relevant market research and spreading the respective findings among customers, thereby contributing to enhanced general awareness of funding opportunities for women in business.

BasisBank's efforts have been recognized internationally by its valued DFI partners, such as the EBRD and the ADB, as outlined below:

- 2019 - BasisBank receives the EBRD Special Award for Best Energy Efficiency and Renewable Energy Projects; and
- 2023 - BasisBank wins the ADB's Trade Finance Green Deal of the Year Award.

First Sustainability Bond

BasisBank successfully issued a three-year sustainability bond amounting to USD 20 million, the first issuance of such a bond in Georgia by a commercial bank, as well as the first public issuance by a commercial bank on the market. The bond is denominated in USD, with a tenure of three years and a fixed interest rate of 7%.



Its placement began on 7 August 2024 when the first tranche of bonds was issued. A second tranche of USD 10 million is scheduled within one year of the first issuance. The bond was issued on the local market and listed on the Georgian Stock Exchange.

The ADB participated as an anchor investor in the transaction and subscribed to USD 15 million. The rest of the bonds were subscribed to by various private investors. Due to strong demand, there was a 30% oversubscription, which reflects BasisBank's solid financial standing, promising market outlook, and established trust with investors.

The placement agents for the issue were the hugely experienced JSC Galt and Taggart and LLC TBC Capital, who facilitated the issue process.

The proceeds of the bonds shall be used to finance green and social projects/loans under the sectors and sub-sectors defined by the Sustainable Finance Taxonomy prepared by the NBG. These sectors include green buildings and construction, energy efficiency, renewable energy, green transportation, healthcare, education, and access to finance.

Bond Issue Elements and Rationale

- The first issuance of a sustainability bond on the Georgian market by a financial institution;
- Diversification of long-term financing partnership with a recognized anchor investor;
- Raising awareness about BasisBank as an active player on the capital market in Georgia, making a significant contribution towards the fixed income market development;
- BasisBank aims to advance as one of the key players in sustainable banking in Georgia by integrating relevant banking practices and offering environmentally and socially conscious products to support Georgia's financial market to transition towards greater sustainability by financing businesses that address environmental and social issues; and
- Following the introduction of the Georgian Sustainable Finance Taxonomy, from 2024 all reported green and social projects will be required to align therewith.

Sustainable Framework and Second-party Opinion

The Bank has drafted a sustainability bond framework, which is in accordance with the International Capital Market Association's (ICMA) Green Bond Principles (GBP) 2018, the ICMA's Social Bond Principles (SBP)

2020, the Sustainability Bond Guidelines (SBG) 2021, and the NBG's Sustainable Finance Taxonomy, under which BasisBank can issue sustainable bonds and define the projects/loans eligible to be funded by the sustainability bond proceeds.

BasisBank has mandated DNV¹ to provide a second-party opinion on its sustainability bond framework. A second-party opinion ensures the framework follows the highest international standards and transparency requirements as defined by the Green Bond Principles, the Social Bond Principles, the Sustainability Bond Principles, and the Sustainability Bond Guidelines. Furthermore, it assesses the Bank's overall alignment with Georgia's Sustainable Finance Taxonomy and best market practices. The second-party opinion document will be available on the websites of BasisBank and DNV upon issuance of the sustainability bond.

Green Products

In 2024, BasisBank started working on the development of targeted green banking products through which its corporate and SME clients could support the country's transition to carbon neutrality. During the development process, the focus so far has been on two key areas: green energy and green transport. Both products align well with the NDCs and contribute to CO2 reduction in two massive sectors. The green energy product contributes notably to the diversification of the renewable energy sector, while the green transport product targets reductions in energy consumption and CO2 emissions in transport which accounts for around 30% of all energy consumption. The Bank has developed two green banking products targeted at corporate and SME clients. In order to enhance its' green lending practices, the Bank has also devised relevant instructions for corporate and SME bankers on the newly developed green products and trained their employees to integrate new elements into existing processes.

Green transport comprises three categories: private transport; freight and cargo transportation; and industrial and agricultural vehicles. Each have their own specific technical criteria. Private transport includes electric and plug-in hybrid vehicles, passenger vehicles, minibuses, and distribution vehicles, while freight and cargo transport includes transport trucks, and industrial and agricultural vehicles are specific types of transport used for agricultural and construction activities.

Green energy comprises three categories as well, namely solar, hydropower, and wind. Solar panels (PV cells), hydropower plants (HPPs), and wind farms are integrated into each relevant category and each have their own specific technical criteria.

The target clients for newly developed green products vary from industry to industry.

The technical criteria developed for green energy and green transport align with the Sustainable Finance Taxonomy.

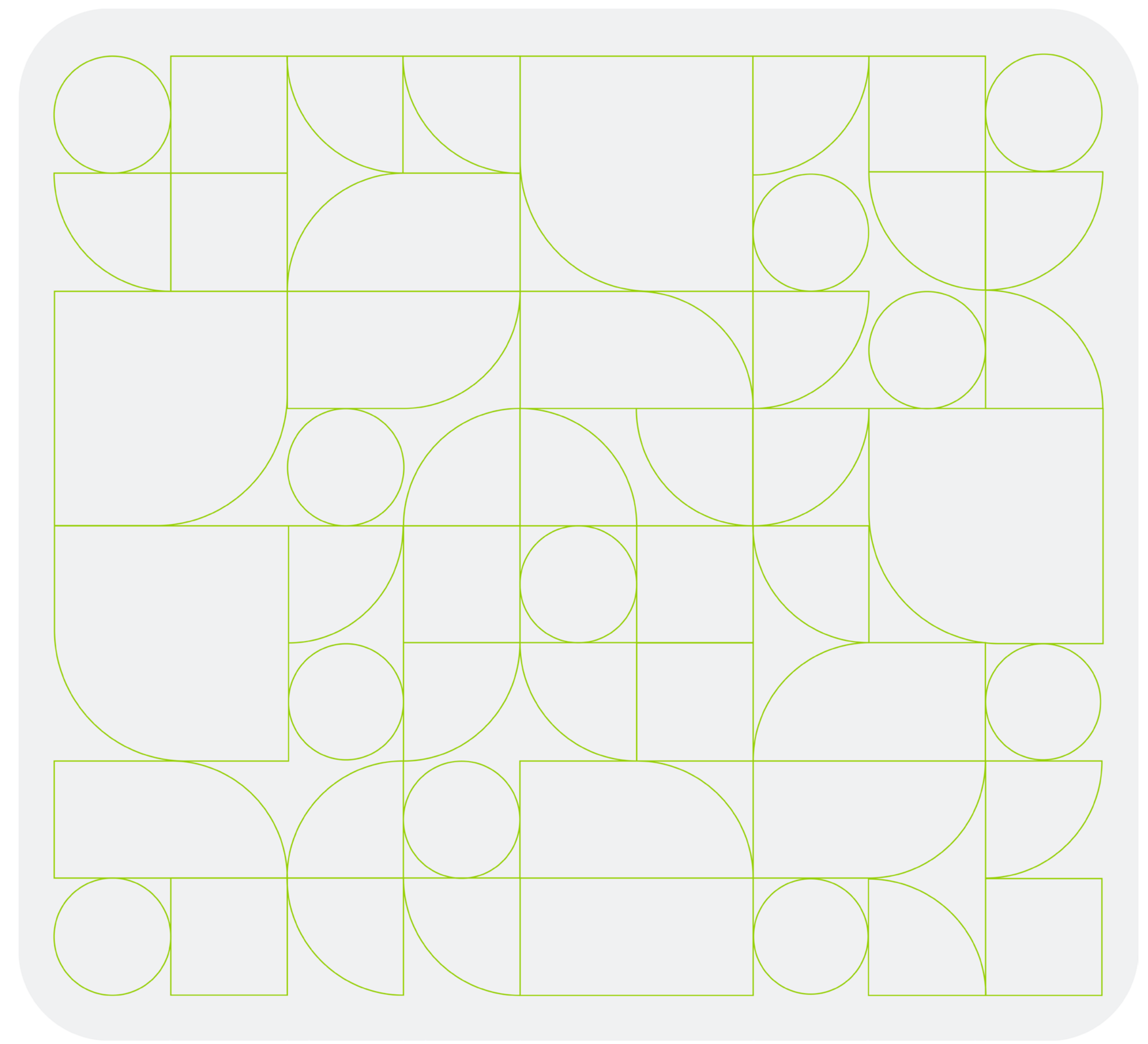
DNV GL - a global quality assurance and risk management company that provides second-party opinions on sustainability frameworks <https://www.bing.com/ck/a?!&p=8445ba46993a771bJmldHM9MT-cyNjM1ODQwMCZpZ3VpZDQyZGFmYTEzNy1mY2NjLTZlY2U0MTIyZi1iMmM0ZmQ1NTZmZDYmaW5zaWQ9NTcyNA&ptn=3&ver=2&hsh=3&fclid=2dafa137-fccc-6ece-122f-b2c4fd556f-d6&psq=dnv&u=a1aHR0cHM6Ly9lbj53aWtpcGVkaWEub3JnL3dpa2kvRE5W&ntb=1>

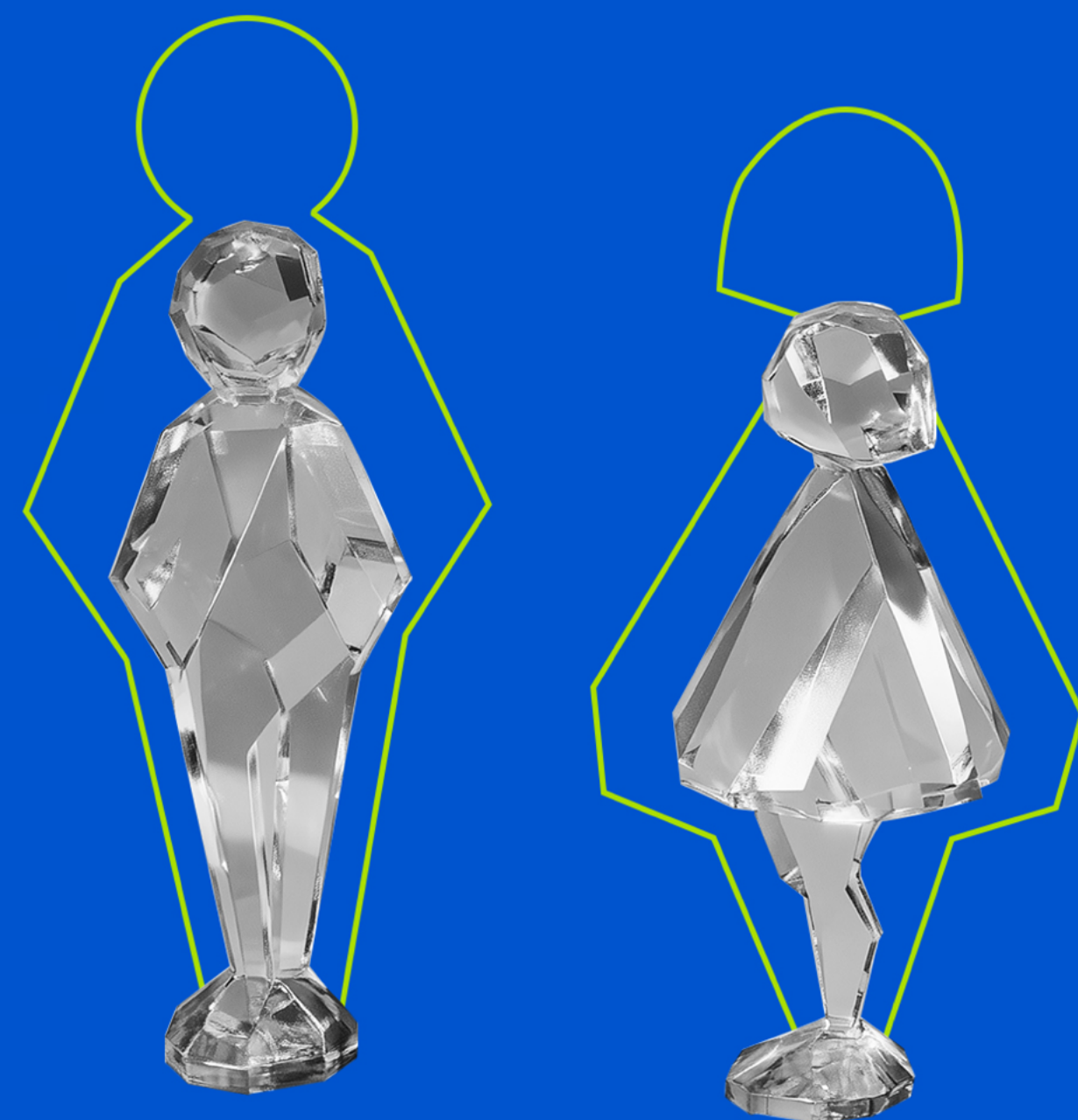


Sustainable Finance Taxonomy

BasisBank is committed to supporting the development of a unified model for sustainable loan reporting, actively working to prevent greenwashing practices. Even before the NBG introduced the Sustainable Taxonomy, BasisBank adhered to the standards set by international partners and had systematic reporting in place for green projects.

Starting in 2023, BasisBank has mobilized resources to advance the taxonomy reporting process. This has included adopting the taxonomy reporting tool provided by the NBG and conducting capacity-building activities, ranging from informational meetings to specialized training for corporate and SME bankers and reporting team. BasisBank also plans to officially start reporting to the NBG after a test period. The Bank has enhanced the technical capacity of corporate and SME bankers to screen all loans against the technical criteria outlined in the Sustainable Finance Taxonomy, and to identify green loans which are then checked by the ESG Manager. Thereafter, the reporting team make sures that reporting takes place with respect to the NBG on the Bank’s green and/or social loans.





EMPLOYMENT

EMPLOYMENT

Who We Are

Our Outlook

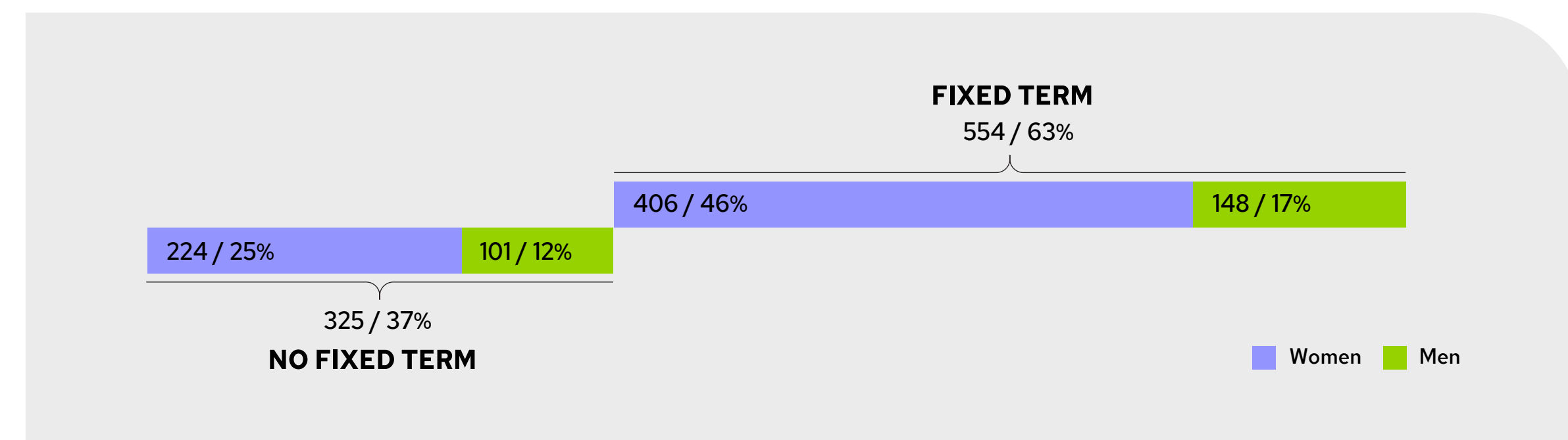
BasisBank's internal culture is founded on family-like values, where every team member is respected and supported. These values set BasisBank apart in the marketplace by fostering a stable, ethical, collaborative, and encouraging environment for its employees. The Bank's mission (to provide accessible financial services) and its vision (to be a reliable financial partner) are realized through a friendly, flexible, and easy-going workplace atmosphere. In addition, the collaborative leadership style adopted by BasisBank's managers enhances teamwork and cooperation, while also improving decision-making processes.

People at BasisBank

[GRI 2-7]

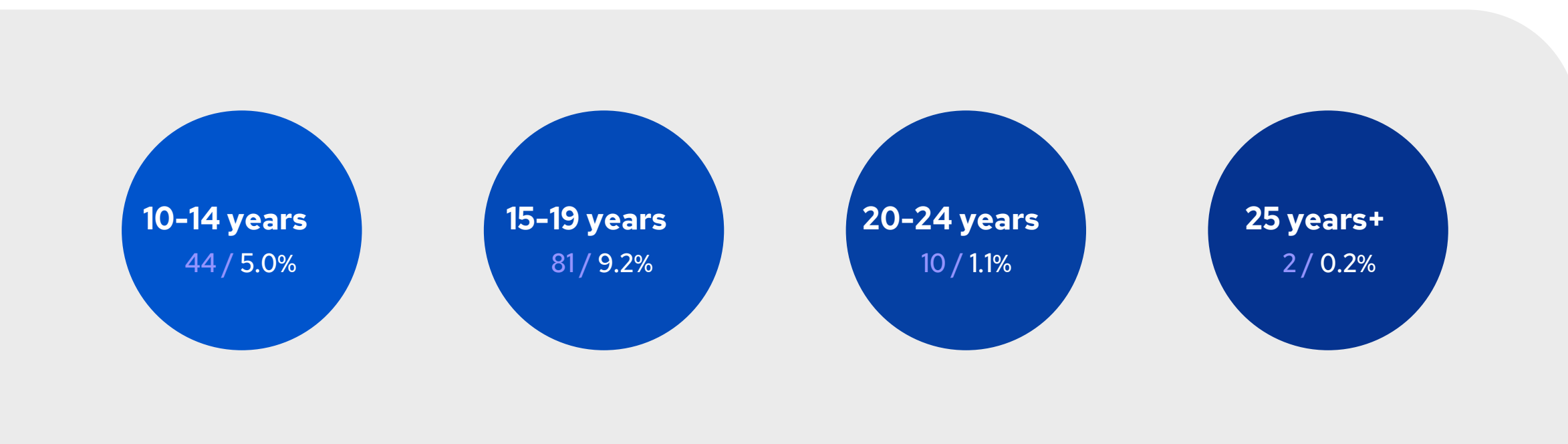
Currently more than 900 employees work at BasisBank, and are devoted to earning the loyalty and trust of clients. The majority of employees are full-time, without fixed-term contracts. With 52% of employees aged below 35 and 99.7% with a higher education degree, the Bank's workforce is relatively young and educated. BasisBank also supports employees seeking to pursue graduate-level studies.

Types of Employment Contract



Over the years, BasisBank has cultivated a collaborative and nurturing workplace environment, welcoming new members and retaining a high number of long-term employees. By 2023, the number of employees who had been with BasisBank for over ten years reached 137 (15.6%).

Number of employees to have worked for the Bank for



BasisBank is distinguishable for its unique approach to employee career development. Notably, five out of the seven members of the Management Board began their careers within the Bank in non-managerial positions. In addition, 13 (46%) members of middle management ascended to their current roles from entry-level positions.

[GRI 401-1, 405-1]

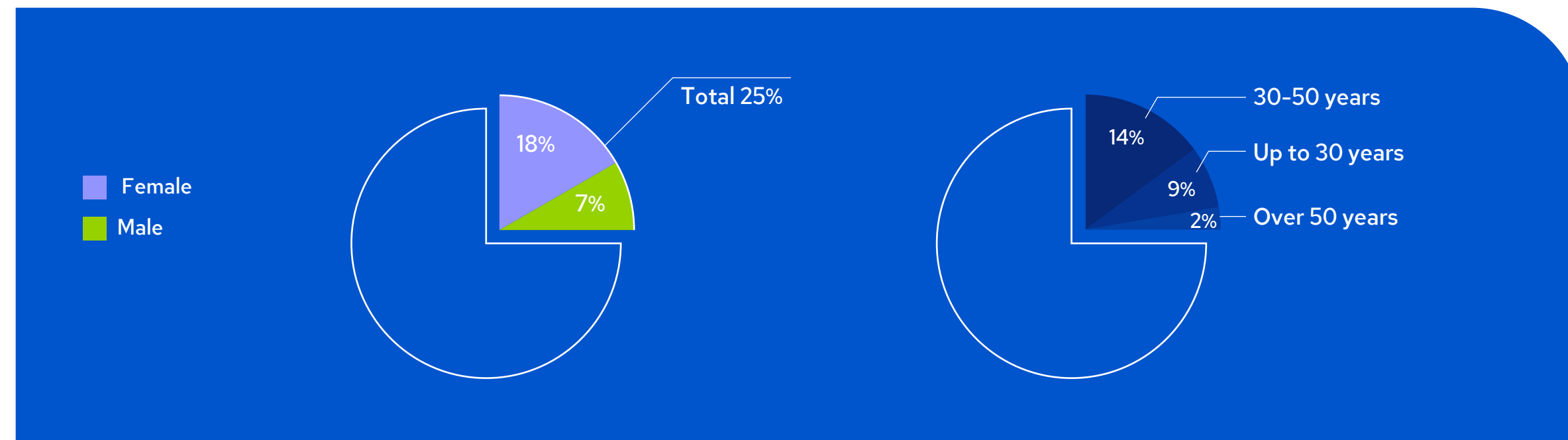
Turnover rates in our service centers can be attributed to several dynamic factors. Many of our employees are highly skilled professionals who are in demand across the financial services industry, leading to natural career progression and mobility. Furthermore, many of our employees advance to higher-level positions, mostly within the Bank but sometimes elsewhere in the financial sector as well.

Moreover, client service positions are generally characterized by high turnover, which we strive to offset by offering a range of benefits to our employees. These efforts have successfully addressed staff shortages that existed until 2023, due in part to the acquisition of a new loan portfolio from another commercial bank.

Working at our service centers is particularly attractive to women, who make up a significant portion of our workforce in these roles. Although service centers experience higher turnover rates, this is largely due to the strong career mobility these positions offer. Many women leverage the experience gained in these

roles to advance within our organization or pursue other professional opportunities. At BasisBank, we are committed to ensuring equal treatment and opportunities for both men and women.

Staff turnover rates by gender and age group (2023)



Benefits for Employees

[GRI 401-2]

BasisBank offers various benefits to its full-time employees. Such as:

- Healthcare
- Life insurance
- Incident insurance
- Paid maternity/paternity leave

[GRI 401-3]

During 2023, 9% of employees took parental leave. BasisBank offers six months of paid maternity/paternity leave and a child deposit for new parents. Other such benefits include:

- Phone deposits
- Compensation in case of dismissal

Meanwhile, after working for BasisBank for 10 years, employees' family members are granted healthcare and insurance coverage. Special loan and deposit terms are also offered.

Employee Development

[GRI 2-17]

At BasisBank, we believe that our employees are our most valuable asset. As such, we are committed to fostering an environment where professional growth and development are prioritized. Ultimately, we understand that investing in employees' skills enhances the overall success of our organization.

[GRI 404-1]

Investment in employee training (2023)

INVESTMENT IN EMPLOYEE TRAINING (2023)			
	NUMBER OF EMPLOYEES	HOURS SPENT ON TRAININGS	GEL SPENT ON TRAININGS
Male	63	928	25,768
Female	178	2109	40,212
Total	241	3037	65,980

In addition, BasisBank offers financing and co-financing opportunities for all employees taking certificate courses and for middle management to partially or fully cover graduate-level degree costs.

In addition, with great excitement, we recently implemented the BasisBank e-learning platform. This innovative digital training space is designed to enrich our employees' learning experience, offering a flexible and interactive way of engaging with module-based learning practices. Through this platform, employees have the opportunity to gain new skills and acquire valuable information at their own pace and convenience. Whether one is looking to enhance their expertise or explore new professional domains, our e-learning platform is tailored to meet the various needs of our employees. BasisBank is currently working to diversify the range of offered courses as well.

In 2023, BasisBank also provided various sustainability trainings for its employees. The Bank provided ESG risk trainings for risk officers and risk managers, Sustainable Finance Taxonomy trainings for corporate and

SME bankers (i.e., on how to use Sustainable Finance Taxonomy tool, how to screen green loans in accordance with the technical criteria outlined by the NBG, and how to report identified green loans), green banking product trainings for corporate and SME bankers, and workshop on ESG awareness for Supervisory Board. BasisBank plans to invest in sustainability matters and the awareness of its employees as well as to expand the Bank's expertise in sustainability topics in general.

Professional Ethics and Diversity

[GRI 2-23]

At BasisBank, we promote diversity in our teams by valuing different viewpoints, confronting stereotypes, and empowering individuals to share their ideas and solutions. Moreover, we prioritize inclusion, ensuring that everyone feels valued, respected, and encouraged to contribute their perspectives.

The Code of Conduct and Code of Ethics regulate diversity and inclusion issues at BasisBank. The Code of Ethics, together with the Bank's charter and other internal legal acts, forms part of the corporate governance framework and it is mandatory for every employee of the Bank, including top management, regardless of position and type or duration of contract.

Persons falling within the scope of the Code of Ethics are guided by the following principles:

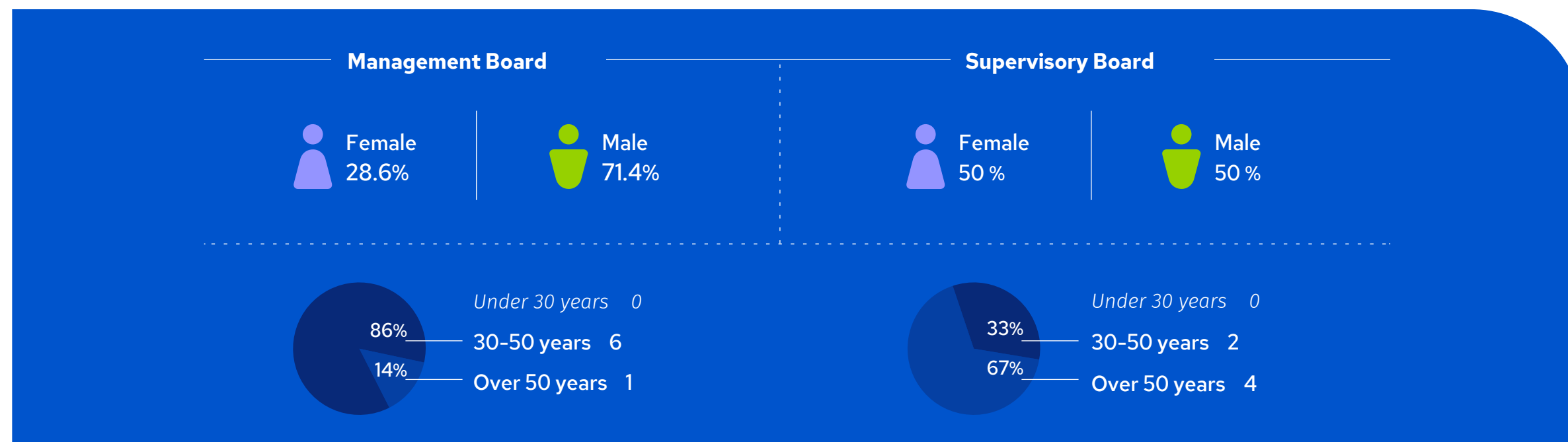
- Acting honestly, competently, and in full compliance with standards of attention, respect, and ethics towards the public, customers, employers, fellow employees, the banking sector, and other participants in the financial market;
- Prioritizing banking professional honesty and customers' interests over personal interests;
- Acting with reasonable and professional care and independent judgment in professional activities;
- Operating ethically and conscientiously, and encouraging others to do the same, thereby positively impacting upon them and the financial sector in general;
- Promoting the integrity and sustainability of the banking sector and the financial market for the common public benefit; and
- Carefully maintaining and improving the professional competence of oneself and others.

The Bank, as an employer, firmly opposes discrimination in both labor and pre-contractual relations. It upholds the principle of equality and reflects this in its activities, as outlined in the Bank's internal regulations.

[GRI 405-1]

Diversity issues are also considered when appointing members of the Bank’s Management Board and Supervisory Board.

Gender and Age Group Distribution in Management and Supervisory Boards



Evaluation of Highest Governance Body

[GRI 2-18]

The Supervisory Board and Management Board are evaluated using a collective suitability template designed to assess their competence and readiness to tackle current challenges. Evaluation criteria, established in accordance with prevailing legislation, guide the assessment of each individual member. In addition, the collective experience of both boards is assessed in relation to the key characteristics of the Bank’s business model, strategy, and major associated risks, including those related to ESG factors that require effective management.

The Management Board is evaluated by the Supervisory Board in terms of its fulfillment of KPIs set by the Supervisory Board annually.

There were no significant changes made to the evaluation process for the highest governance bodies during 2023.

Control functions are functions that are responsible for checking the efficiency and effectiveness of processes, for objective evaluation, and for reporting in appropriate directions. These functions include risk management, compliance, and internal audit.

Remuneration Principles

[GRI 2-19, 2-20]

The remuneration policy of BasisBank is based on principles such as justice, equal pay for work of equal value, taking into account the functional demands of the position, the competence and experience of the person, the inadmissibility of differentiation on discriminatory grounds, employee motivation and retention, paid vacation and rest time, social security guarantees, as well as promoting sound corporate governance and risk management behaviors.

Remuneration includes a fixed component and may also include a variable component. Variable remuneration is issued in the form of bonuses. Variable remuneration is not issued to members of the Supervisory Board.

At least 50% of the Management Board’s variable remuneration shall be used to purchase the Bank’s shares under pre-determined conditions.

The variable remuneration of material risk-takers, including Management Board members, is also subject to the following restrictions:

- While determining the amount of variable remuneration for the material risk-taker, the respective governance body takes into account current risks, expected losses, estimates of unexpected losses, and stress conditions related to the Bank’s activities.
- The payment of not less than 40% of the annual variable remuneration to the material risk-taker (except for members of the Supervisory Board), and where the annual variable remuneration exceeds 100% of the annual fixed remuneration and/or GEL 500,000 or its equivalent, (the payment of) not less than 60%, must be deferred for three years.
- Variable remuneration for any material risk-taker may be adjusted based on:
 - Financial performance metrics like economic capital, profit, and returns on risk-weighted assets.
 - Compliance issues, risk limit violations, and findings of internal controls.

Adjustments to variable remuneration may also be applied if the individual causes significant harm to the Bank or If the material risk-taker fails to meet regulatory suitability standards, engages in unlawful conduct or serious misconduct, or there are major risk management issues or similar.

Remuneration of staff with control functions², namely internal audit, risk management, and compliance, does not affect the independence of these employees. In particular, remuneration of employees with control functions does not depend on the financial results of the business line activities audited or monitored by the functions they perform.

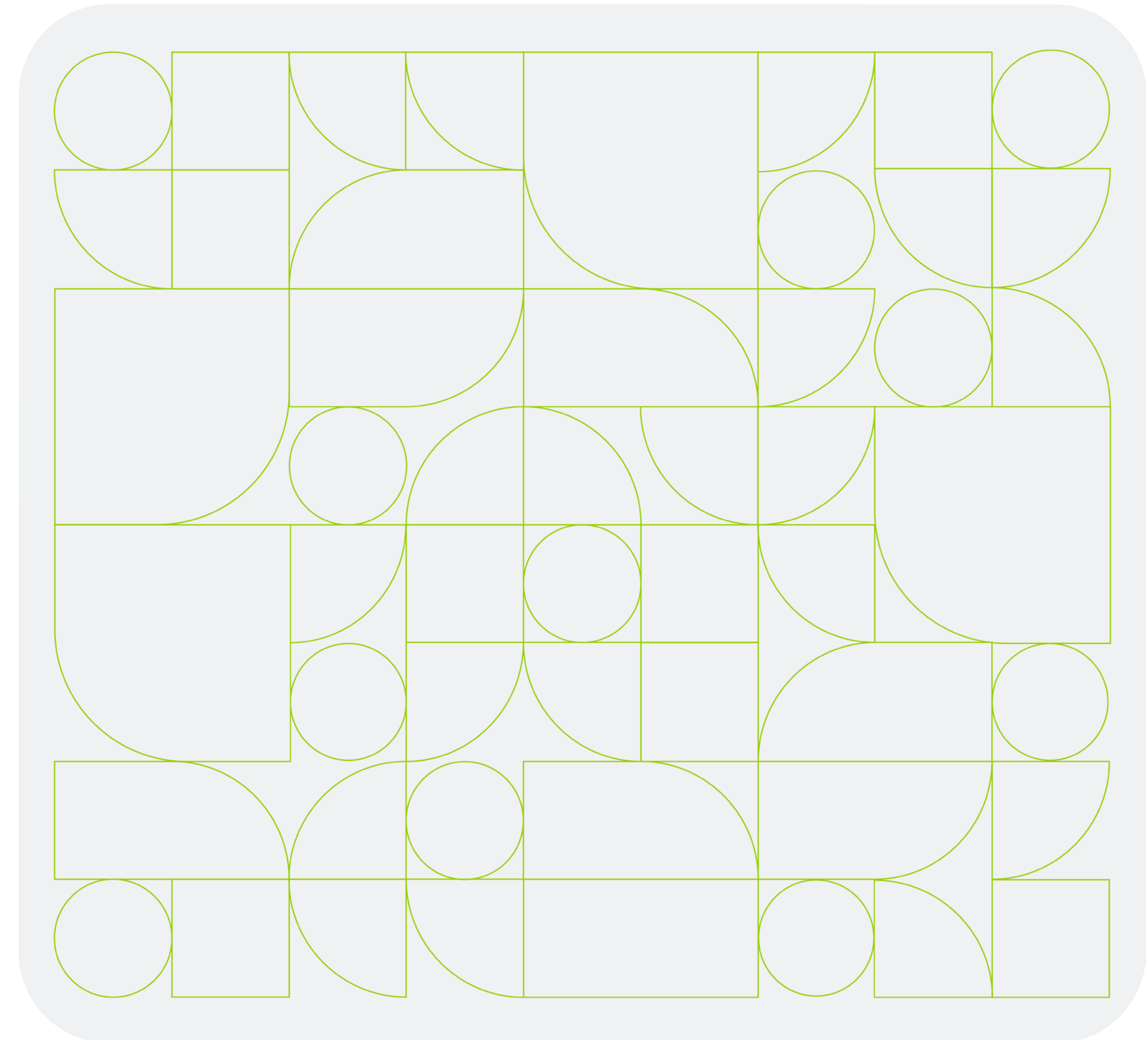


Employee Health and Safety

BasisBank has taken steps to ensure the health and safety of its employees. To maintain a secure working environment, BasisBank has engaged an external company specializing in safety measures. This outsourced partner is responsible for implementing and maintaining high standards of workplace safety, ensuring compliance with all relevant regulations and guidelines.

In addition to physical safety, BasisBank places a strong emphasis on the overall wellbeing of its employees. The Bank provides comprehensive health insurance coverage for all staff members, ensuring that they have access to necessary medical care and support. Recognizing the importance of family wellbeing, BasisBank also extends this insurance coverage to the immediate family members of its employees, demonstrating a commitment to holistic healthcare.

Furthermore, BasisBank actively supports the physical fitness of its employees by financing sports competitions and activities. The Bank organizes and sponsors various sporting events, encouraging employees to participate in team sports, fitness challenges, and other physical activities. These events not only promote a healthy lifestyle but also foster team spirit among staff members. Through these efforts, BasisBank emphasizes the importance of physical activity as a key component of overall health and wellbeing.





CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

[GRI 203-2]

Education Support

It should be noted that BasisBank has always been and remains a company demonstrating a high level of social responsibility. Since 2005, the Bank has run an education support fund, through which many impactful projects have been implemented.

As part of the “BasisBank for Education” program, financing is provided for the education of students at the Bank’s partner universities, as well as internships and employment for bachelor’s, master’s, and doctoral students at the Bank, providing students with personal computers, as well as contributing to the material and technical bases of universities.

- In 2023, students from the following universities received funding: Ilia State University, Sulkhani-Kava University, and the Free University of Tbilisi.
- In collaboration with USAID’s Basic Education Program, special educational resources were provided to children with special needs. So-called “big books” and “situational posters” were printed and distributed to schools to make it easier for teachers to provide children with the necessary material. More than 2,000 students from 15 schools took part in the initiative. Cooperation with this Program continues within the frameworks of various other projects.
- “Hackathon Smart City Zugdidi” was funded under the initiative of Georgia’s Innovation and Technology Agency at Zugdidi Technopark.
- With the support of BasisBank, a conference was organized by the European Youth Parliament in Georgia.
- With the assistance of BasisBank, the finals of a national STEM competition among students were held at the University of Georgia. Members of the top three teams and their leaders, with the participation of BasisBank, were awarded a trip to Geneva and a visit to CERN, one of the world’s largest European nuclear research organizations.
- For many years, within the framework of our partnership with the NBG’s “FINEDU” portal, we have been increasing the financial literacy of the population.



Projects in 2023

Global Money Week

Innovation Camp

International Youth Day

International Customer Rights Protection Day

Month of Increasing/Promoting Cybersecurity Literacy

Teacher's Day

Conversations about Business (speakers: the Bank's employees)

In secondary schools of Kutaisi and Poti, representatives of the Bank as ambassadors of the "FINEDU" program provided lessons increasing financial literacy.

Cultural Issues Support

BasisBank makes a significant contribution to the popularization of Georgian theater and modern art. We are confident that support given to Georgian culture by the business sector increases opportunities for development.

- The Bank is a sponsor of the intellectual club "What? Where? When?" through which it has protected the rights of spectators for many years.
- For two years now, we have been the general sponsor of Marjanishvili Theater.
- In 2023, we became the general sponsor of the Association of State Puppet Theaters and jointly implemented impactful projects.
- The first international theater festival in Batumi successfully held with the sponsorship of the Bank.
- With the support of BasisBank, a charity concert for the "Natvris Khe" Foundation took place.
- "The History of the Georgian Theater or..." event was held in Kutaisi with the financial support of BasisBank.
- With the support of BasisBank, one of the most important events of 2023 in the field of arts and science, the "Tsinandali Prize," took place. Here, the Bank presented special awards and cash prizes amounting to GEL 4,000 to two "Tsinandali Prize" laureates, and also financed the filming of video clips about the laureates.
- "The Georgian League" school championship was held at the Borjomi Culture and Art Center. Prizes from BasisBank were awarded to the top three teams.

Social Enterprise Support

One of the Bank's priorities in the area of social responsibility is caring for vulnerable people in society. We believe that the development of social entrepreneurship in Georgia is important for the social development of the country, and is one of the most effective mechanisms for overcoming poverty, as well as employing vulnerable groups of society to boost their integration into society.

A memorandum of cooperation was signed between BasisBank and the Center for Strategic Research and Development of Georgia (CSR DG), which provides for strengthening social enterprises operating in Georgia and promoting the development of the concept of social entrepreneurship by BasisBank through financial and technical support mechanisms.

Based on the memorandum of cooperation, a grant competition was announced, aimed at the economic and social integration of people with disabilities and special needs into society by expanding their access to employment and education.

The winner of the grant competition was the non-entrepreneurial non-commercial legal entity (NNLE) Union of Employment of Persons with Disabilities, which was founded in 2002 on the basis of a shoe enterprise for people with disabilities and is actively involved in the development of entrepreneurship and expanding economic opportunities for people with disabilities. Its overriding goal is to employ people with disabilities and introduce their products to the Georgian market.

The CSR DG has monitored the targeted use of the grant allocated by the Bank.

The involvement of BasisBank employees her has been high as employees were trained by the Bank's marketers on sales and network management issues. Meanwhile, with the involvement of the Bank's designer, social media posts were designed to facilitate the promotion and sale of products.

Within the project:

- The enterprise has purchased the necessary equipment to achieve a higher quality of products and also save time resources.
- The enterprise purchased quality material.
- New shoe models were created.
- Promotional and informational videos were filmed and distributed.
- A photo catalogue was published.
- There was consistent media coverage of all stages, with informational and advertising videos distributed on social media.

- The production process was updated, boosting the development and growth of the enterprise.
- The enterprise is selling the remaining shoes, after which it plans to produce and sell shoes for the spring-summer season.

The enterprise's team believes that the activities carried out under this project and the contacts established will bring it many benefits in the future.

During the project's implementation, constant communication between the parties led to more effective problem solving.

Other activities continue to be implemented within the project such as planning joint incentive activities of the Bank and the CSRDG and promoting social entrepreneurship among youth as well as the selection of target CSRDG social enterprises and management of banking support mechanisms.

Social Projects

BasisBank keenly participates in social projects, responding to the needs of vulnerable groups in society. Homes for the homeless, orphans, and the elderly are systematically provided with the necessary resources, including with the participation, and upon the initiative, of employees.

In all regions of Georgia, with the involvement of BasisBank employees and charitable organizations, families have been selected that are in greatest need of public support. Large families, socially vulnerable families, and families with disabilities have been chosen as beneficiaries in particular.

With the participation of our team members, the needs of beneficiaries were identified and we purchased New Year's gifts, food, household appliances, and toys especially for them. With the involvement of BasisBank employees, the necessary items were donated to beneficiaries living in Tbilisi and different regions of Georgia.

We also wished a happy new year to socially vulnerable families in the village of Tserovani where children were given sweets and gifts.

Under the initiative, and with the participation, of Bank employees in all regions of Georgia, socially vulnerable mothers with many children, who most needed the help of society, were selected as beneficiaries, and were given food and gifts to congratulate them on the March holidays of Mother's Day and International Women's Day.

BasisBank, as a financial organization with a high level of social responsibility, held a number of charity events in connection with the Holy Easter holidays as well.

A charity concert was organized by the "Elder Andria" Foundation with the participation of the State Academic Ensemble "Rustavi," courtesy of a financial contribution from the Bank.

The money received from that event will be fully used by the branches of the Elder Andria Foundation to care for children with cancer and their families as well as in the support and development of the only rehabilitation center in the Caucasus, "Happy Home." The cooperation between BasisBank and the Elder Andria Foundation has been ongoing for many years.

Furthermore, with the participation of BasisBank employees and as part of the corporate social responsibility initiative "Let's Take Care of Those Who Need Us," we congratulated socially vulnerable large families during Easter and presented them with food, gifts, and essential items.

Green Projects

Today, social and environmental responsibilities are no longer considered separate. Increasing investment in green projects and gaining the image of an environmentalist are directly related to a business's reputation and stability.

Through various initiatives, we contribute to increasing the environmental awareness of employees and enhancing their environmentally friendly behavior.

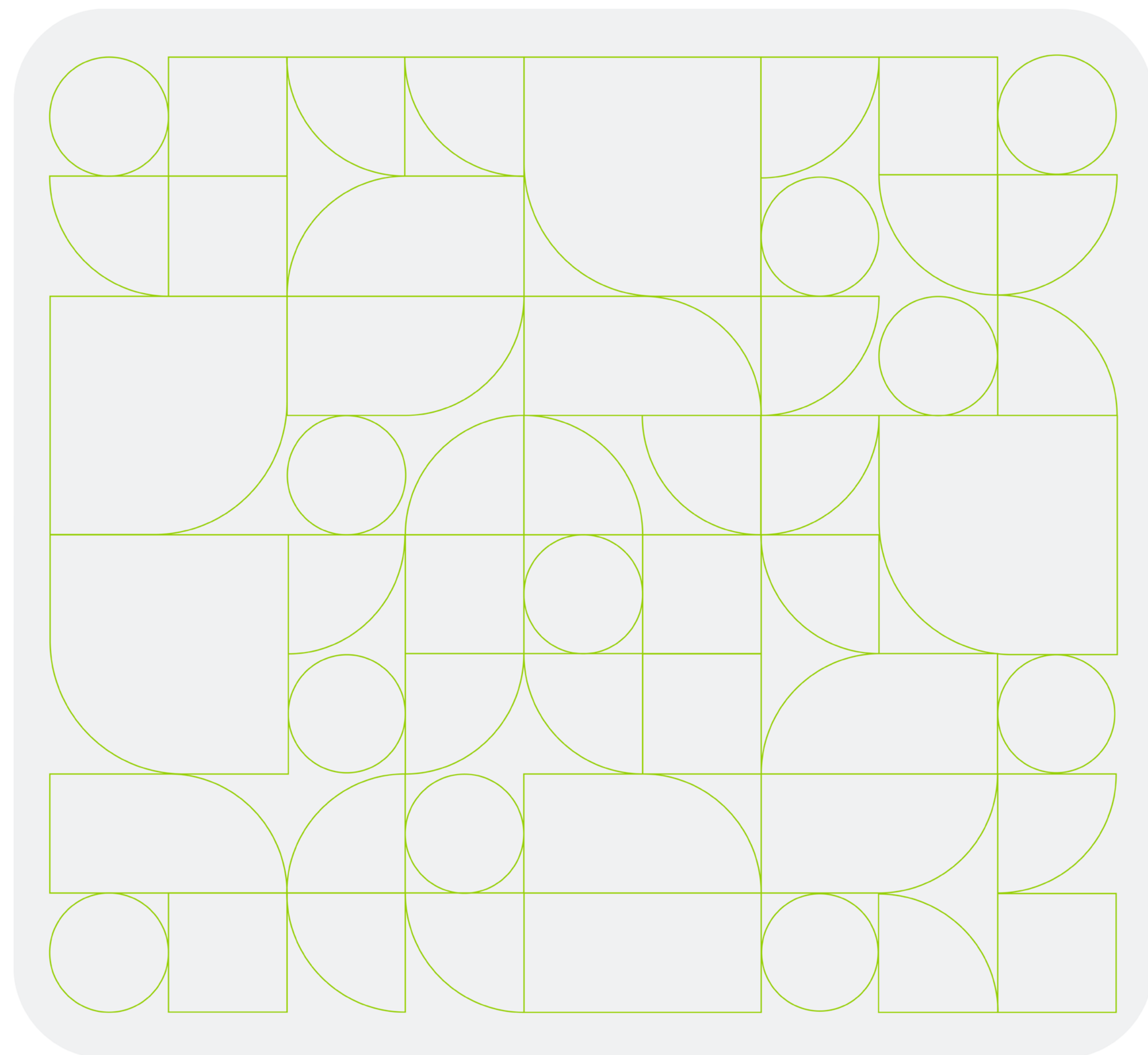
- A memorandum of cooperation was signed between the Bank and the social enterprise Tene. The partnership provides for the placement of waste receptacles in the Bank's offices, where used plastic is collected for safe disposal. BasisBank clients and employees thus have the opportunity to actively participate in a project collecting plastic waste through Tene's containers, after which Tene ensures the recycling of the collected plastic.
- With the financial support of BasisBank, a greening campaign was organized in the village of Tserovani. Under the initiative of the students of Youth House, students have begun to make their village greener. The population of the village has expanded notably in just a few years and locals are in need of cleaner air and more green space.
- Through this initiative, students are setting an example to their peers and this greening initiative will be spread throughout Georgia under the name "Plant the Life." Planting one tree is considered equal to the birth of one human life, supplying us with vital oxygen.
- It is important that young people from an early age understand the responsibility and importance of caring for the environment, and that schoolchildren take care of the trees they plant.

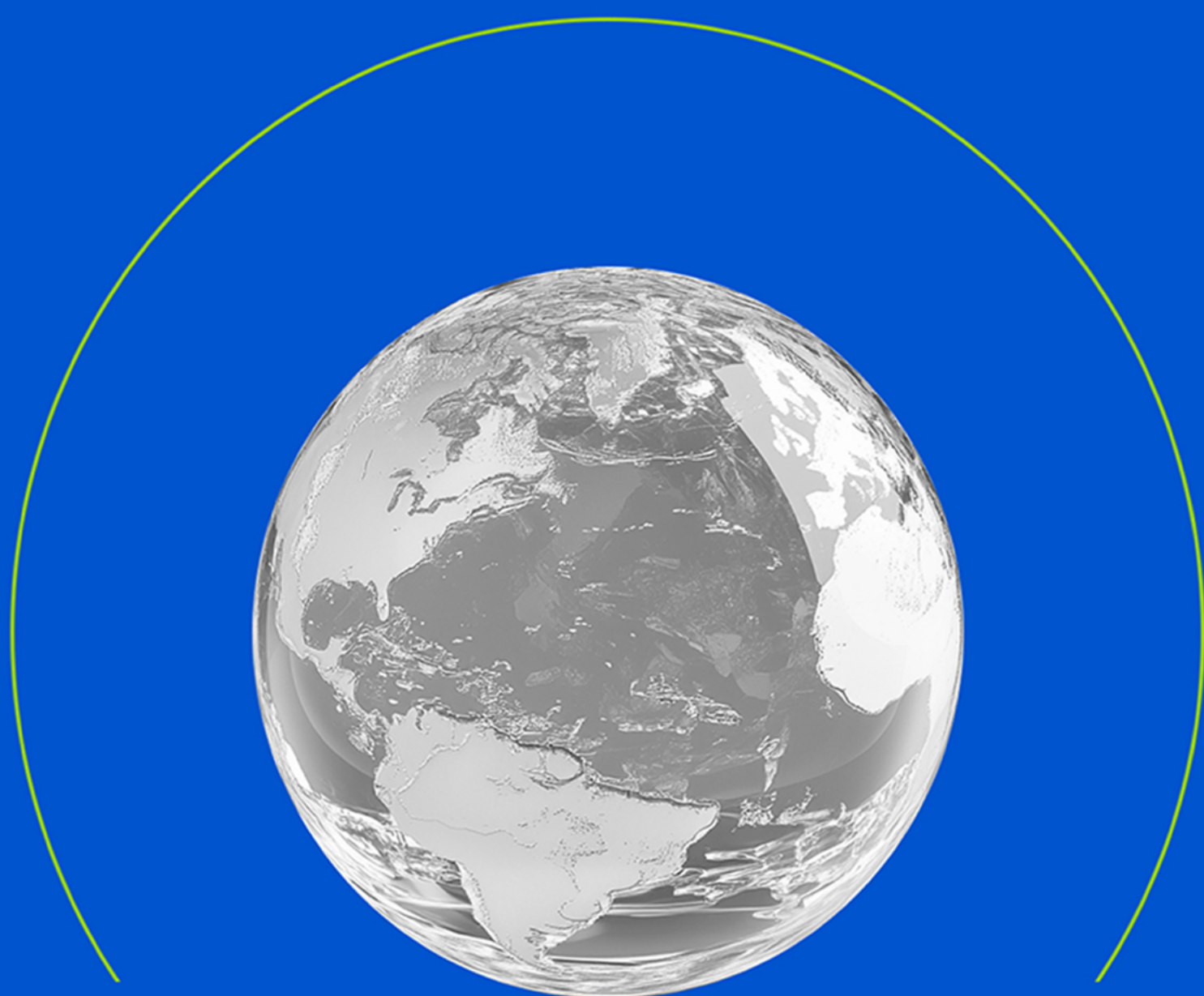
- As part of our cooperation with the USAID Civic Education Program, the “Healthy Lifestyle is the Best Choice” project was funded for a school in the village of Didinidze in Zugdidi municipality. With the financial support of BasisBank and the involvement of employees, a green zone has been set up in the schoolyard, where it is planned to hold a series of sporting events. Selected activists will continue to work towards protecting the environment and promoting a healthy lifestyle in society even after the completion of the project. They will also be involved in maintaining a “green corner” and regularly holding sports competitions. The overall goal of the project is to increase public awareness about ecology and living a healthy lifestyle.
- We are looking for different ways to implement actions that protect the environment. In particular, we try to equip the Bank with energy-saving devices, conduct landscaping campaigns, and use energy resources wisely, for example saving energy by disconnecting all unnecessary devices and turning off the lights when a room is vacant.

Future plans include:

- Conducting training on environmental issues for employees.
- Announcing a competition among employees to create a nature-friendly slogan in the workplace. The winning slogan will be printed and displayed in the offices.
- Employees will be sent a so-called “green calculator” via internal communications channels, which will help them to calculate how they personally feel about the environment.
- Reducing paper consumption by using double-sided paper.
- Organizing landscaping campaigns in schoolyards with the involvement of employees.

For BasisBank, environmental protection projects, as an aspect of sustainable development, are very important and represent one of the priority areas of the Bank’s corporate social responsibility. We believe that waste management and the wise use of natural resources in order to reduce environmental damage is the duty and responsibility of us all.





STAKEHOLDER ENGAGEMENT

STAKEHOLDER ENGAGEMENT

[GRI 2-29]

For BasisBank, stakeholder involvement is crucial to fostering a transparent and collaborative environment. Engaging with a diverse range of stakeholders—including employees, customers, and IFIs—is key to aligning our strategies with their expectations, addressing potential impacts, and enhancing overall performance. As part of our commitment to effective stakeholder engagement, we have conducted a comprehensive materiality assessment to inform our Sustainability Strategy. This assessment involved gathering inputs from all three stakeholder groups, ensuring that our approach aligned with their concerns and priorities.

In this section, we provide a detailed description of how BasisBank engages with its stakeholders. This includes our internal communication practices, employee recognition programs, customer interaction strategies, general external communications, and our approach to working with IFIs. Through these efforts, we aim to create a supportive and responsive environment that reflects our commitment to stakeholder engagement, contributing to sustainable development.

Communication with Employees

BasisBank places significant emphasis on effective internal communication to foster a cohesive and informed workforce. This commitment is demonstrated through the establishment of internal communications channels, formats, and recognition schemes. The Bank ensures timely and consistent communication with employees regarding ongoing processes, achievements, and challenges, aiming to enhance their engagement and cultivate a unified vision.

In 2023, BasisBank implemented several initiatives to enhance internal communication, including:

1. Accountability and Transparency: The Bank focused on informing the team through various formats to create standards for information exchange. Sharing information related to the Bank improves employee satisfaction and motivation, as they feel more valued and included in important organizational matters.

Ensuring timely information sharing is another priority at BasisBank, and is managed by the Strategic Communications Department. The Bank employs various formats to facilitate the smooth exchange of information, including:

- Online status update meetings held quarterly to reinforce accountability, speed up processes, share quarterly results, and celebrate team achievements.
- Bi-weekly updates given by middle managers to department directors on current plans, statuses,

and updates about important projects to ensure effective process management.

- Town hall meetings to share activities and results achieved by the Bank's management throughout the year and to answer questions regarding the Bank's direction and each employee's role.

- Thematic meetings and sharing of quarterly financial statements and results.

Daily Communication Channels at BasisBank

- Mail: Traditional mail is used for official communication and document exchange.
- Internal Portal (Intranet): The intranet serves as a hub for internal information, documents, and announcements.
- Physical and Online Meetings: Both physical and virtual meetings are conducted to discuss projects, initiatives, and updates.
- Workplace (internal communications platform): Workplace is a key communications channel at BasisBank, serving as a unique platform that unites all employees. It helps employees to stay informed about news, projects, and important updates, while also simplifying communication among colleagues. It allows for the creation of groups or communities based on common interests, fostering collaboration and idea sharing. The chat function is also activated, enabling real-time communication.

In 2023, BasisBank's internal communication platform "Workplace" recorded the following figures:

- Posts: 347 posts were shared with employees, providing them with valuable information.
- Activity Score/Employee Engagement: The platform recorded an activity score of 23,324, indicating high engagement among employees with the shared posts.
- Reach: The platform had a total reach of 208,200, ensuring broad dissemination of information.
- Reach per Person: On average, each person was reached 218 times, demonstrating the platform's effectiveness in reaching and engaging employees.

2. Presentation and Recognition of Employees: BasisBank has long highlighted and recognized motivated employees to encourage a positive work culture. Recognizing successful employees demonstrates to others the values and behaviors expected of the Bank, leading to a more effective work environment. Various formats were used for employee recognition this year, including celebrating successful projects, highlighting success stories through *Humans of BB*, and recognizing employees behind successful results or projects through *BB Star*. Senior management figures also made direct visits to branches to motivate employees personally.

- Guest of the Day at the Branch: A visit from senior management to a branch helps to motivate employees as they get the chance to meet directors personally and communicate with them.
- Celebration of Successful Projects: An official celebration marks the end of a project involving the team members who participated therein. This is presented in video format, which helps to encourage and recognize employees' efforts.
- Humans of BB: These are video stories where employees talk about their work, values, and success stories.
- BB Star: This involves recognizing employees behind successful results or projects through posts or videos about them, as well as symbolic gifts and a celebration.

3. Engagement Campaigns: The Bank organized activities to strengthen employees' sense of pride about the Bank and enhance team bonding. In particular, employees had the opportunity to meet new team members and engage in informal activities, gaining new experiences through workshops and other events. The Bank also organized various types of *BB Community* activities and internal campaigns, including cognitive, educational, cultural, and entertainment activities.

In this direction, such activities were planned and clubs of various interests were created, whose members participated in both internal and external championships. Meanwhile, employees were engaged in charity initiatives throughout the year.

In 2023, BasisBank united approximately 1,000 employees, founders,

and shareholders in a physical space to celebrate the Bank's 30th anniversary.

According to a conducted survey, the absolute majority rated the event very highly, with a 9.7 average rating (out of 10).

4. Educational, Cultural, and Entertainment Activities: A variety of activities were planned, including the creation of sports clubs whose members participated in both internal and external championships in football, basketball, and chess. Other activities included the Wings for Life World Run, rafting, and culinary master classes.

- The Bank held an internal championship entitled "What? Where? When?" and also participated in "the Business League". Photography workshops and the photo contest "Georgia in My Lens" were also organized, while master classes on various topics allowed employees to engage with successful speakers from across the country.

- Throughout the year, Marjanishvili Theater tickets were regularly given to employees. On Children's Day, a special performance was held at the puppet theater for the children of BasisBank's employees, and activities were organized in children's entertainment centers across the regions.

- Employees also participated in charity initiatives across all regions of Georgia, selecting beneficiaries and providing support to those in need.

After each of these activities, surveys were conducted with employees. The majority of employees positively evaluated every activity.

To assess employee wellbeing, BasisBank conducts an annual anonymous Employee Engagement Survey. The survey results inform the development and subsequent monitoring of the corresponding action plan aimed at improving employee satisfaction and addressing any identified issues throughout the year.

Winner of Georgia's Responsible Business Competition 'Meliora 2024' under "Responsible Employer"

Since 2022, the number of employees at BasisBank has doubled, which has brought challenges for the Bank. Taking care of the satisfaction of employees and ensuring the best working environment for them was thus named as a strategic objective for BasisBank in 2023. In particular, the "BB Unity" project was developed, aiming to increase employee engagement and motivation, and strengthen team spirit and loyalty. Within the project, an action plan was determined, and relevant initiatives and benefits were implemented.

In the course of the "BB Unity" project, the quality of employee satisfaction has improved significantly, and their productivity and loyalty to the Bank have also increased. Compared to the previous year, the employee outflow rate decreased by 7%. Moreover, the project "BB Unity" project promotes the creation of a safe, equal, and inclusive working environment at BasisBank. As a result of these efforts, BasisBank was among the winners at Georgia's Responsible Business Competition 'Meliora 2024' under the 'Responsible Employer' category.

External Stakeholder Engagement and Communication

BasisBank places a significant emphasis on fully and consistently implementing strategic communications for both retail and business segments. Effective communication and timely dissemination of the Bank's business news are crucial steps toward achieving success and cultivating a positive image. Moreover, we strive to provide fresh, reliable, useful, consistent, and transparent information. Our commitment to responsible communication is key in building trust between customers and ourselves.

Business-Supporting Communication Campaign

In 2023, BasisBank, as one of the largest financiers of businesses in Georgia, actively continued and expanded its communication campaign supporting businesses, which first began in 2022.

The communication campaign for projects financed by BasisBank's business segment includes the following directions and information channels.

1. Success Stories Video Campaign

- The Bank produced 13 image videos in 2023 showcasing successful business activities of the Bank and its partner entities, which were distributed through its social media networks.

- The video stories collectively achieved:
 - A reach of 5 million
 - Post engagement of 5 million
 - 15 million video plays
 - 20 million impressions

2. Dissemination of Business News Through Reputable News Agencies

- BasisBank issued press releases about 40 business projects financed by the Bank in 2023 and distributed them through reputable Georgian news agencies, totaling up to 1,000 mentions.

- These news pieces reached an average of 500,000 people per month.

3. Story/Guest Appearances in Business Media

- Bank representatives, in some cases together with clients or partners, visited and appeared in business programs on national television channels covering news and business needs in the Bank's business segment.

4. Activity in Regional and Sectoral Media

- A communication campaign supporting business products and services was planned to directly reach the Bank's target groups and fully cover the regions of Georgia based on its business priorities.

The Bank actively engaged with regional and professional media channels covering all regions of Georgia. These channels are highly regarded among entrepreneurs operating in Georgia and have a substantial audience. A reach of over 9 million through web banner ads was recorded, while the following channels provided coverage:

- 7 television channels
- 5 radio stations
- 7 websites

5. Participation in Conferences and Seminars/Sponsorship

In partnership with BasisBank and under its sponsorship, a conference was held for farmers focusing on the spread of bacterial diseases in Georgia. The event featured internationally renowned specialists and drew delegates from various regions of Georgia.

6. Bank-initiated Dissemination of Information

The Bank also distributed 63 press releases in 2023, resulting in 1,595 mentions. Interviews with bank representatives, television stories, and appearances on programs were all disseminated through mass media. Topics covered included fundraising from credit organizations, the launch of new retail products, special offers, joint offers with partner companies, and the Bank's financial results. Special attention was given to sponsorship, charity, CSR events, and other initiatives. Key Highlights included:

- 25 news agencies shared the Bank's news
- Monthly reach of up to 1 million
- Ranked third among commercial banks based on quantitative and audience coverage parameters

Digital Channels for Customers

BasisBank offers a range of digital channels through its internet and mobile banking services, enabling customers to access various banking products and services from anywhere in the world, 24 hours a day. These remote channels provide customers with the following capabilities:

- Account Management: Customers can check their account balances, prepare statements, and manage their accounts remotely.
- Card Services: Customers can order a new card or renew an existing one remotely.
- Financial Services: Customers can request loans, open deposits,

and access other financial products remotely.

- Payments: Customers can make transfers, pay utility bills, communication bills, and other types of payments remotely.
- Currency Exchange: Customers can convert money at preferential rates through digital channels.
- Communication: Customers can communicate with the bank using the messaging function.
- General Information: Customers can access information about service centers, ATMs, and exchange rates.
- Mobile Digipass: Customers can use the mobile “digipass” for secure authentication.
- Personalized Services: Customers can benefit from personalized services, such as tailored money conversion rates through the personal dealer function.
- BMatch Platform: Customers can place applications on the *BMatch* platform for various banking services.

Future Developments: The Bank’s remote channels are continuously evolving to meet the changing needs of customers. In response to these needs, the functionality of mobile balance top-ups and utility payments, among others, has been enhanced and tailored to the needs of our clients. Users now have the ability to add templates, as well as manage and group payment transactions more efficiently.

In 2024, BasisBank plans to introduce several new features, including:

- A simplified loan request and approval process.
- Online credit card (Mego card) application.
- Access to information on pension savings.
- Statement generation in different formats.
- Remote PIN capture functionality for cards.

These scheduled developments reflect BasisBank’s commitment to providing convenient and secure remote banking services that cater to the evolving needs of its customers.

Engagement with International Financial Institutions

For BasisBank, collaboration with IFIs is a vital component of our strategy. These partnerships not only provide access to global financial resources and expertise but also help us to align with international best practices in banking and sustainability. By engaging with IFIs, BasisBank ensures that its operations meet global standards, contributing to the financial stability and sustainable growth of both the Bank and the broader economy. Our interactions with these institutions are characterized by transparency, mutual respect, and a shared commitment to long-term success and sustainability.

BasisBank is involved in various activities offered by its partners, such as attending trainings, informational and experience-sharing meetings, and participating in different awards competitions.

Greening BasisBank: Mainstreaming Green Lending

Among the various initiatives undertaken during the reporting period, one of the most significant was the “Greening BasisBank: Mainstreaming Green Lending” project, supported by the Green for Growth Fund under the EU4Energy Initiative. Deep Greening is GGF flagship initiative mainstreaming green lending and sustainability into the bank’s core business.

With the Green for Growth Fund’s support, BasisBank received consultation from PwC, a leading global consulting firm, on several key sustainability issues. The project encompassed the following critical tasks:

1. Gap analysis and materiality assessment
2. Developing a sustainability strategy and report
3. Building internal processes: enhancing the green lending framework and product offerings
4. Capacity building
5. Marketing and communications

Each task involved a series of activities carried out with the active participation of the Bank, the donor, and the consulting agency, leading to the successful achievement of the project’s goals. First

and foremost, BasisBank now has a clearly defined plan for future actions, as outlined in our newly developed Sustainability Strategy and corresponding action plan. In addition, sustainability governance recommendations were provided, which BasisBank has already begun to implement, starting with the establishment of the Sustainability Committee. Furthermore, as part of its capacity-building efforts, trainings were conducted in four key areas of sustainability. Lastly, procedures for two dedicated green products were created, along with recommendations for marketing and communication strategies.

IFC ClimaLab – Training in Climate Risk Management

The IFC has kindly offered BasisBank an opportunity to train its employees in climate risk management, with the aim of developing a draft of the BasisBank’s transition and climate risk management plan. The duration of the training is two months and consists of six modules and several bilateral sessions, where BasisBank’s employees are given tailored recommendations and guidance. Currently, the project is in progress and BasisBank hopes to effectively use the knowledge gained therefrom in the future.



GRI Content Index

Basisbank has reported the information cited in this GRI content index for the period January 2023 – December 2023, with reference to the GRI Standards.

Indicator Number	Indicator Title	Page Number of the Report	Location (section) of the report
	GRI 1: Reporting assumptions and bases		
	GRI 2: The organization and its reporting practices		
2_1	Organizational details	5	About BasisBank
2_2	Entities included in the organization's sustainability reporting	5	About BasisBank
2_3	Reporting period, frequency and contact point	3	About the Report
2_4	Explanations regarding the effects of any restatements to the information contained in previous reports	N/A	
2_5	Policy and current practice for seeking external assurance of the report	N/A	
	GRI 2: Activities and workers		
2_6	Activities, value chain and other business relationships	N/A	
2_7	Employees	28	Employment
2_8	Persons providing services for the organization	N/A	
	GRI 2: Governance		
2_9	Structure and management	8	Governance Structure
2_10	Nomination and selection of the highest governance body members	8	Governance Structure
2_11	Chair of the highest governance body	9	Supervisory Board
2_12	Role of the highest governance body in overseeing the management of impacts	9	Governance Body at a Glance
2_13	Delegation of responsibility for managing impacts	23	ESG Management Structure
2_14	Role of the highest governance body in sustainability reporting	23	ESG Management Structure
2_15	Conflicts of interest	18	Conflicts of Interest
2_16	Communication of critical concerns	11	Risk Management Framework
	Collective knowledge of the highest governance body on sustainable development	30	Employee Development
2_18	Evaluation of the performance of the highest governance body	31	Evaluation of Highest Governance Body
2_19	Remuneration policy	31	Remuneration Principles
2_20	Process for designing remuneration policy	31	Remuneration Principles
2_21	Annual total compensation ratio	N/A	



	GRI 2: Strategy, policies, and practices		
2_22	Statement on sustainable development strategy	3	General Director's Statement Compliance with Laws and Regulations; Professional Ethics and Diversity Governance Complaint Management Whistleblowing Compliance with Laws and Regulations Membership of Associations
2_23	Policy commitments	16; 30	
2_24	Policy commitments in business relationships	8	
2_25	Processes to remediate negative impacts	15	
2_26	Mechanisms for raising concerns	16	
2_27	Compliance with laws and regulations	16	
2_28	Membership in organizations and associations	6	
	GRI 2: Stakeholder engagement		
2_29	Stakeholder Engagement	37	Stakeholder Engagement
2_30	Collective bargaining agreements	N/A	
	GRI 3: Material topics		
3_1	Process to determine material topics	20	Materiality Assessment
3_2	List of material topics	20	Materiality Assessment
	GRI 203: Indirect economic impacts		
203_2	Significant indirect economic impacts	33	Corporate Social Responsibility
	GRI 205: Anti-corruption		
205_1	Operations assessed for risks related to corruption	17	Prevention of Financial Crime
	GRI 305: Emissions		
305_1	Direct (Scope 1) GHG emissions	24	Carbon Emissions and Reducing the Environmental Footprint
305_2	Energy indirect (Scope 2) GHG emissions	24	Carbon Emissions and Reducing the Environmental Footprint
305_3	Other indirect (Scope 3) GHG emissions	24	Carbon Emissions and Reducing the Environmental Footprint
	GRI 401: Employment		
401_1	New employee hires and employee turnover	28	People at BasisBank
401_2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	29	Benefits for Employees
401_3	Parental leave	29	Benefits for Employees
	GRI 404: Training and education		
404_1	Average hours of training per year per employee	30	Employee Development
	GRI 405: Diversity and equal opportunity		
405_1	Diversity of governance bodies and employees	30	Professional Ethics and Diversity



ABBREVIATIONS

- **ABC** – Anti-Bribery and Corruption
- **ABC Policy** – Anti-Bribery and Corruption Policy
- **AFC** – Anti-Financial Crime
- **ALCO** – Asset and Liability Management Committee
- **AML** – Anti-Money Laundering
- **CFO** – Chief Financial Officer
- **CTF** – Counter-terrorist Financing
- **CSRDG** – Center for Strategic Research and Development of Georgia
- **CSR** – Corporate Social Responsibility
- **DFI** – Development Finance Institution
- **ERM** – Enterprise Risk Management
- **ESG** – Environmental, Social, and Governance
- **GBPs** – Green Bond Principles
- **GEFF** – Green Economy Financing Facility
- **GEL** – Georgian Lari
- **GCPF** – Global Climate Partnership Fund
- **GGF** – Green Growth Fund
- **GRI** – Global Reporting Initiative
- **ICAASP** – Internal Capital Adequacy Assessment and Supervisory Process
- **ICMA** – International Capital Market Association
- **IFI** – International Financial Institution
- **ILAAP** – Internal Liquidity Adequacy Assessment Process
- **KPI** – Key Performance Indicator
- **KYC** – Know Your Customer
- **NBG** – National Bank of Georgia
- **NDCs** – Nationally Determined Contributions
- **NNLE** – Non-Entrepreneurial (Non-Commercial) Legal Entity
- **RAS** – Risk Appetite Statement
- **SBPs** – Social Bond Principles
- **SBGs** – Sustainability Bond Guidelines
- **USAID** – United States Agency for International Development



GLOSSARY

- **Anchor Investor** – A major investor who commits a significant amount of capital to a bond issue, instilling confidence in other investors.
- **Anti-Bribery and Corruption Policy (ABC Policy)** – A policy to prevent, detect, and report bribery and corruption within the organization.
- **Carbon Emissions** – The release of carbon dioxide and other greenhouse gases into the atmosphere.
- **Code of Conduct** – A set of guidelines outlining expected behavior and ethical standards for employees.
- **Code of Ethics** – A document outlining principles of ethical behavior and professional conduct for employees.
- **Collective Suitability Template** – A tool used to assess the competence and readiness of the Supervisory and Management Boards to handle current challenges.
- **Corporate Governance Code** – Guidelines and standards for the management and oversight of companies to ensure transparency and accountability.
- **Corporate Social Responsibility (CSR)** – The commitment of a company to contribute positively to society and the environment beyond its business activities.
- **Cybersecurity Risk** – The risk of exposure to digital threats like data breaches, malware, and cyberattacks, which target an organization’s information systems or networks.
- **Employee Development** – Training and career development programs aimed at enhancing employees’ skills and professional growth.
- **Employee Health and Safety** – Measures and policies to ensure a secure and healthy working environment for employees.
- **Environmental Protection** – Efforts to manage and reduce waste and other environmental impacts.
- **ESG** – Environmental, social, and governance factors integrated into investment decisions, focusing on responsible and/or sustainable

business practices.

- **ESG Due Diligence** – The process of evaluating potential environmental, social, and governance risks before entering into new investments or business relationships.
- **ESG Risk Management** – The identification, assessment, and mitigation of risks related to environmental, social, and governance factors.
- **Exclusion List** – A list of prohibited objects, activities, or industries, such as weapons, child labor, and illegal pharmaceuticals, which BasisBank does not finance.
- **Fixed Interest Rate** – An interest rate that remains constant throughout its term.
- **Fixed Remuneration** – A stable and predictable salary component not influenced by performance metrics.
- **Green Energy** – Energy derived from renewable sources such as solar, wind, and hydropower.
- **Green Lending** – Loans that support environmentally friendly projects or practices.
- **Green Products** – Financial products developed to support investments in green energy, transport, and other environmentally friendly activities.
- **Information Security Risk** – Broader than cybersecurity risk, covering both digital and physical data breaches, unauthorized access, or destruction of sensitive information.
- **Internal Communication Practices** – Methods and tools used within an organization to share information, updates, and feedback among employees, ensuring cohesive and informed teamwork.
- **Key Performance Indicators (KPIs)** – Measurable indicators used to track and assess BasisBank’s progress towards its sustainability goals.
- **Material Risk-Takers** – Individuals whose actions significantly impact upon the organization’s risk profile, including Management Board members.
- **Materiality Assessment** – The process of identifying and

prioritizing sustainability topics that are of significant importance to BasisBank and its stakeholders.

- **Materiality Matrix** – A tool used to identify and prioritize sustainability topics based on their significance to stakeholders and the organization.
- **National Bank of Georgia (NBG)** – The central bank of Georgia that oversees the financial system and sets regulations, including the Sustainable Finance Taxonomy.
- **Penetration Test** – Simulated cyberattacks conducted to assess the strength of an organization’s cybersecurity defenses.
- **Personal Data Protection Policy** – Policy defining measures for data processing and protection, ensuring compliance with data protection laws.
- **Parental Leave** – Time off work granted to employees for the birth or adoption of a child, typically including paid maternity and paternity leave.
- **Phishing Simulation** – A mock exercise designed to test employees’ awareness of, and response to, potential phishing attacks by sending simulated malicious emails.
- **Remuneration Policy** – Guidelines for determining employee pay, including fixed and variable components.
- **Remuneration Principles** – Guidelines governing the compensation of employees, focusing on fairness, equal pay, motivation, and sound governance.
- **Social Projects** – Initiatives aimed at supporting vulnerable groups and addressing social issues.
- **Sustainability Bond** – A type of bond issued to fund projects with positive environmental and social impacts.
- **Sustainability Committee** – A Management Board-level committee at BasisBank responsible for overseeing the development, implementation, and performance of the sustainability strategy.
- **Sustainability Roadmap** – A detailed plan outlining the steps and infrastructure needed to achieve sustainability targets and objectives.



- **Sustainability Strategy** – A comprehensive plan developed by BasisBank to improve its environmental and social practices and track progress in sustainability and green finance.
- **Sustainable Business** – Practices aimed at operating transparently managing ESG risks while driving digital innovation.
- **Sustainable Finance** – Financial activities that support environmentally and socially responsible projects and businesses.
- **Variable Remuneration** – Additional compensation based on performance or other factors, as opposed to a fixed salary.
- **Workplace (Internal Communications Platform)** – A digital tool used for internal communication, allowing employees to stay informed, collaborate, and share ideas through posts, chats, and group communities.
- Uriatqui cuptin planimus dolo quia et faceperum quatibus, comnihil molecte disinullab in coresto vitatent ommoluptus et asped magnis ut et esequia sa quati dolore nestia sitatem expedi sam quunt.
- Aruptinim eaquiaesed esto cum qui ut aborem res quias nis autatur, net harum ea dolori voluptat et ut fuga. Hitioe prorerf eritiae id molum doluptur aligene moluptaqui dolestias aliquis apicium repellabore, suntem que nem quis vollibus et que voluptatem quibus accum harum, volessunt.
- Sed quae qui alit eat etur autaecti cusdam quisci cum nessit verovitin re derferro ium et aut labo. Nam as ide occaeperepro to exceptae cuscia doluptas ercieni hillabor aborpor ibusdae pro etur? Quistis elliber ibeaqui debitios quis magnist ditest, consequiat hil esed eiuntiasi alis et exereca borporepro veliti con plistotasit, tem nis earum dest, officie nditibust voloraturi consed que nonsedis nonsedis idit poritas pedissi beaque sequiam, nuscit, tem utemporita volorem quid quo modiatiam rae. To tem aditio. Ut duciet quam, corporis eos aperunte sitate dolupta aborectur, solum volupta samusda estrum que ex et odiorat atquis arit, to volorehendis ullam, sequat a doluptati ullis doluptae num vollabore, vendus dolo eosam volum quis velendae. Erciisi doluptatur?
- Cuptati rempossimo optia dios est faccum elentet eum acia quiam fuga. Ignatur ibusam, te occusae voluptur, ommodit aturem harum

harci inum re, omnimporio. Aquoditat adissi qui nonsecus expella nimodi consecatat quam am, in prae pora as ex est volore sequisti arcias consed que que porerch illigeniae la consectene voluptatinte nit labore consed quodi dolupturiam quiaeprat iundit fuga. Orro omnihilit, sitisto repudae sequia nimpores dolut quo etur mossint fugit mi, abo. Ut esequ sum sitist, ut persper eratenim que num atia eum id eation et, id ut aute peraepptaquia cone comnimpe nis idipsae simus etus rempore, con eum ullupta sincien dendae vent.

- Vite eosandes dolorpore res exerovi tiantiu ntorenes as non elibus, sumqui occus, con poremqui assitium voluptae nestor sin endicat ionsequ aturit quiam quatias simenimaio maximin prat lantissunt occaerr orestion et ium repe commolorposa dellupidunti sustrum fuga. Temo te inimpel erum estionemquo et ut lam reperum seriae quos ne es reriorrum net asi dolum lautatio iunt liquiam aditiat.
- Tem vel is dolesequia si coribus apistio to volorent perunt quate posam et quatio te sum in cum et quia di aborpore offictotas volupta doluptate ped mini quatio officiaecae excestrum recte nobissequas aces non con rerum faciis ea con cus, con natiori ni aciis vel iliquidebis eum expelistem quia sa eaqui quatia seque vollectius volorem lab ipis dunt venem arcit derchil iandellit ommodi tecusant quo ipsa voluptaquae pores que consequis eos est adi di blantis acium accuptatio. Offictin corpores inctio incidit eosae. As impos consequos et quoditios et acepra peri nobis ex eariatur? Min et ium quassundit, quidusa et voloribus.



***9292**

WWW.BASISBANK.GE