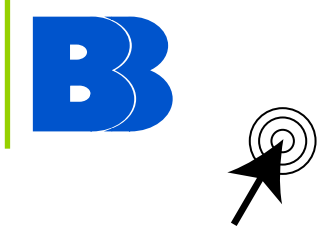


SUSTAINABILITY REPORT OF BASISBANK





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GENERAL DIRECTOR’S STATEMENT

[GRI 2-22]

In 2024, BasisBank continued to strengthen its position as a leading corporate and SME-focused financial institution in Georgia. Our efforts to support sustainable development were recognized once again, as we deepened our partnerships with international financial institutions and advanced initiatives that align with our Sustainability Strategy. These milestones are a reflection not only of our business performance, but also of our values and long-term commitment to responsible growth.

The global environment remains marked by instability - geopolitical conflicts, climate-related disruptions, and social inequalities all underscore the importance of collective action. In such a context, we remain convinced that businesses must play a proactive role in creating resilient, inclusive, and sustainable environment and society. At BasisBank, this belief continues to shape our decisions, from our lending practices to our internal operations and stakeholder engagement.

In 2023, we introduced our Sustainability Strategy, structured around five key pillars: Climate Action, Environmental Protection, Social Responsibility, Good Governance, and Sustainable Business. Throughout 2024, we moved from planning to implementation. We launched targeted programs in each area, enhanced our data collection and ESG reporting practices, and expanded the awareness and capacity of our team. We also took steps to integrate environmental and social considerations more deeply into our risk management framework and product offerings.

Our strategy is not static. In 2024, we revisited it, ensuring that it remains relevant, measurable, and aligned with both local needs and global sustainability goals. Importantly, we have built a governance structure that supports execution and accountability at all levels of the bank.

This Sustainability Report is both a reflection of our progress and a reaffirmation of our commitment. As we move into 2025 and beyond, we will continue working closely with our partners - clients, employees, regulators, and international institutions - to advance shared goals and create lasting impact.

While we recognize there is always more to do, we remain committed to playing our part in supporting sustainable development and positive change.




David Tsaava
General Director

ABOUT THE REPORT

[GRI 2-3]

Starting from 2023, JSC BasisBank (hereinafter – “the Bank” or “BasisBank”) began the practice of publishing annual sustainability reports. We are pleased to present our second report, which covers the period from 1 January to 31 December 2024. Where relevant, the narrative includes references to ongoing initiatives and achievements that began in 2023 or continued into early 2025. Please note, however, that all financial data presented refer exclusively to the 2024 reporting year.

This report reaffirms BasisBank’s ongoing commitment to transparency, accountability, and sustainable business practices. By sharing our progress and activities, we aim to provide stakeholders with a clear view of how we manage environmental, social, and governance (ESG) matters. The report also serves as a key instrument for evaluating our performance, setting future objectives, and fostering dialogue with our community, clients, and partners.

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

The report was published on October 15.

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 Sustainability Strategy Achievements were marked:** After implementing Sustainability Strategy in 2023, Basisbank has marked its first year in fulfilling several actions from the strategy.
- **Growing our Employees:** A number of initiatives were implemented throughout the year to support employee development. Most notably, the employee evaluation and goal management module was digitalized, and dedicated training program was organized to foster professional growth.
- **Advancing Climate Risk Awareness and Integration:** Initial insights into climate risk management were gained through a dedicated training program involving managers from relevant teams. Following this, we began integrating climate risk considerations into our overall risk management processes.
- **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.
- **“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:** By the end of 2024, Basisbank’s total outstanding balance of green resources was GEL 70 million, with EUR 5 million mobilized during the year.
- **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.
- **ESG Bank to Bank Twinning Training from Raiffeisen:** Basisbank enhanced its ESG practices through targeted guidance and training sessions provided by Raiffeisen Bank International.

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 39 branches and employs over 900 individuals, providing services to around 200,000 customers. As of 31 December 2024, the Bank’s assets totaled GEL 4 billion, which equates to 4.19% 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.



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.

2023 was another challenging, but also fulfilling year for the Bank. The Strategic Transformation process of becoming a universal bank and covering all client segments and sub-segments, made the bank rethink its operations, processes and adjust strategy for greater growth. Bank started implementing agile structure for strategic directions, to adjust to rapidly changing environment and begin implementing new digital banking solutions.

In 2024 the Bank and the Group continued its positive course, delivering solid financial results across all key metrics. The Operating Profit before Impairment amounted to GEL 104 million, plotting a 14.4% increase compared to 2023. The Group’s profit before tax reached GEL 99.07 million for 2024, up from GEL 86.17 million in 2023, driven by higher revenues, lower impairment changes, partially offset by increased operating expenses, resulting in a 15.0% year-on-year increase in performance.

The yearly growth percentages under various financial parameters for 2024 are shown below:

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.

Membership of Associations

[GRI 2-28]

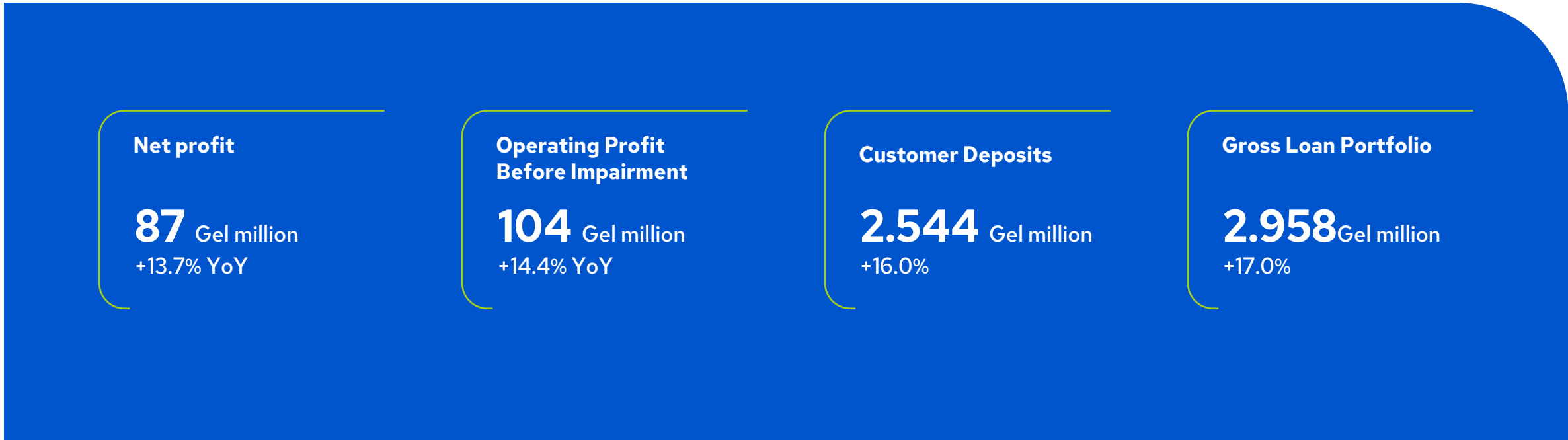
BasisBank is proud to be a member of several associations across various fields, some of which are listed below.

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.

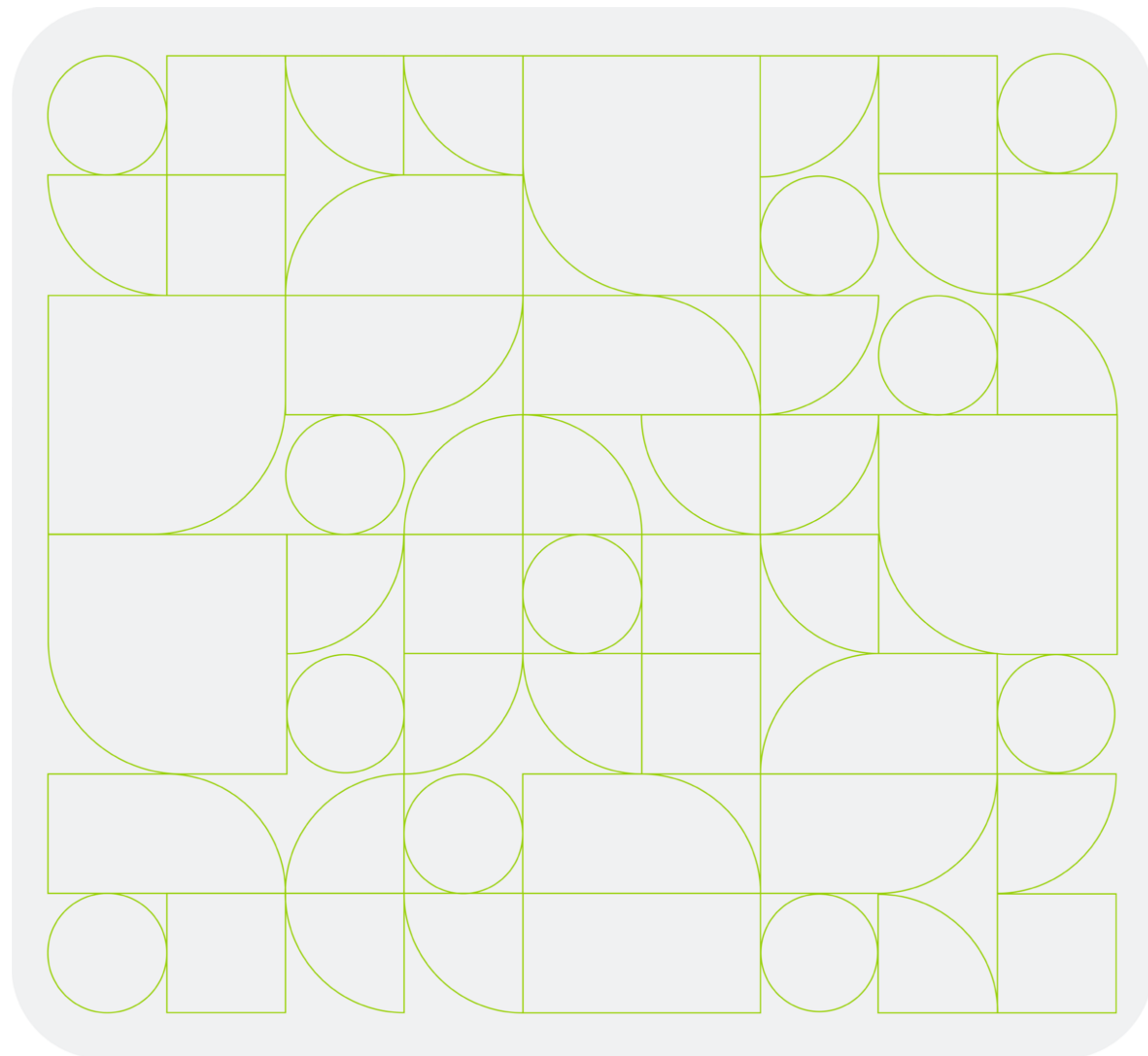
Banking Association of Georgia

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.

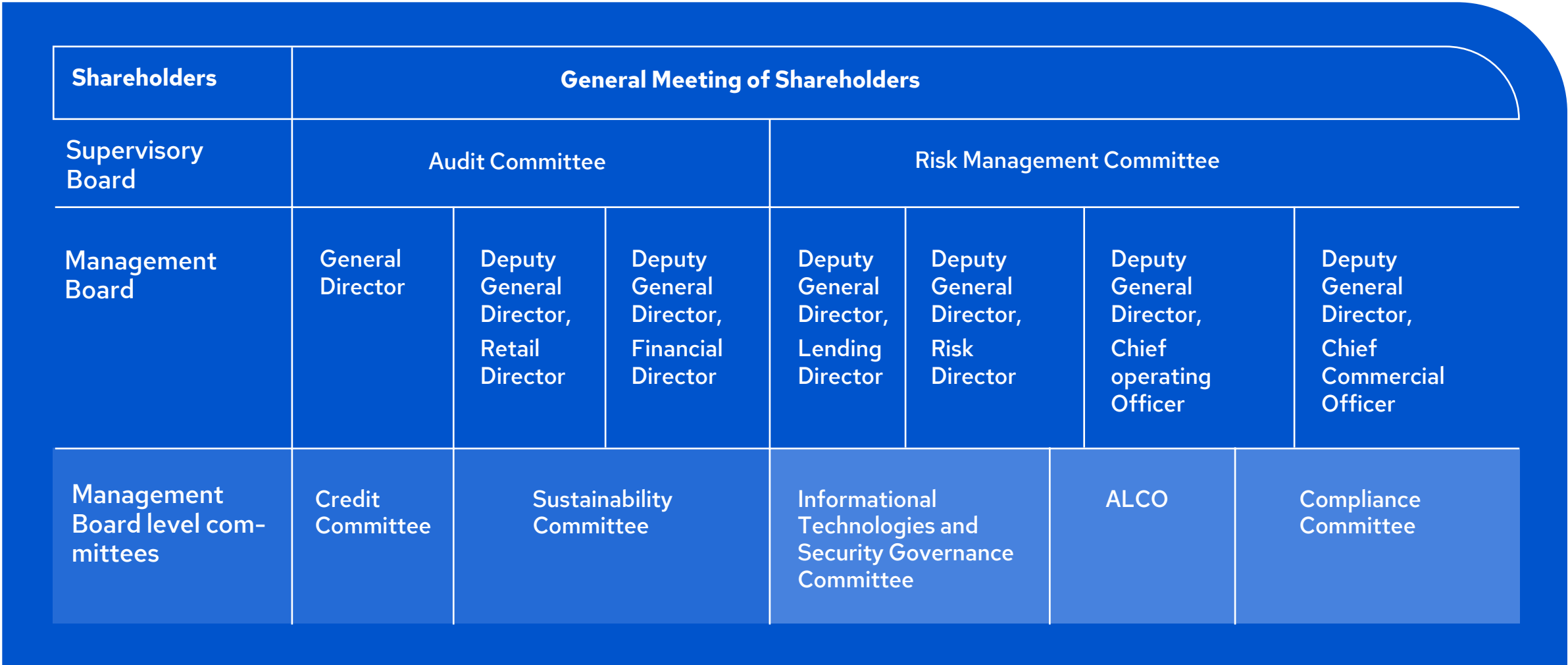
Accordingly, we have established a corporate governance structure that is suitable for the size, complexity, economic significance, risk profile, and business model of the Bank and the BB Group as a whole.

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

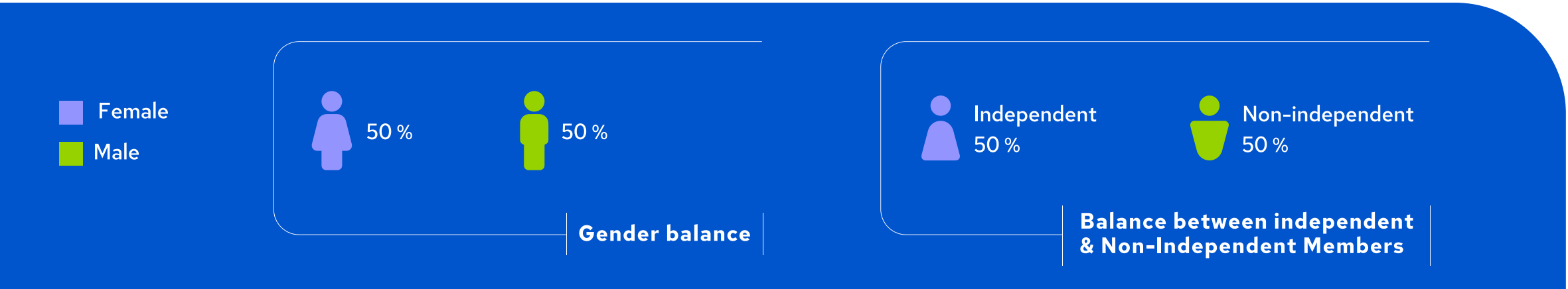
The Supervisory Board of BasisBank appoints, supervises, and advises the Management Board, and is directly involved in decisions of fundamental importance to the Bank. The Supervisory Board performs its functions through Supervisory Board Meetings and Supervisory Board-level Committees.

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 (2024) 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

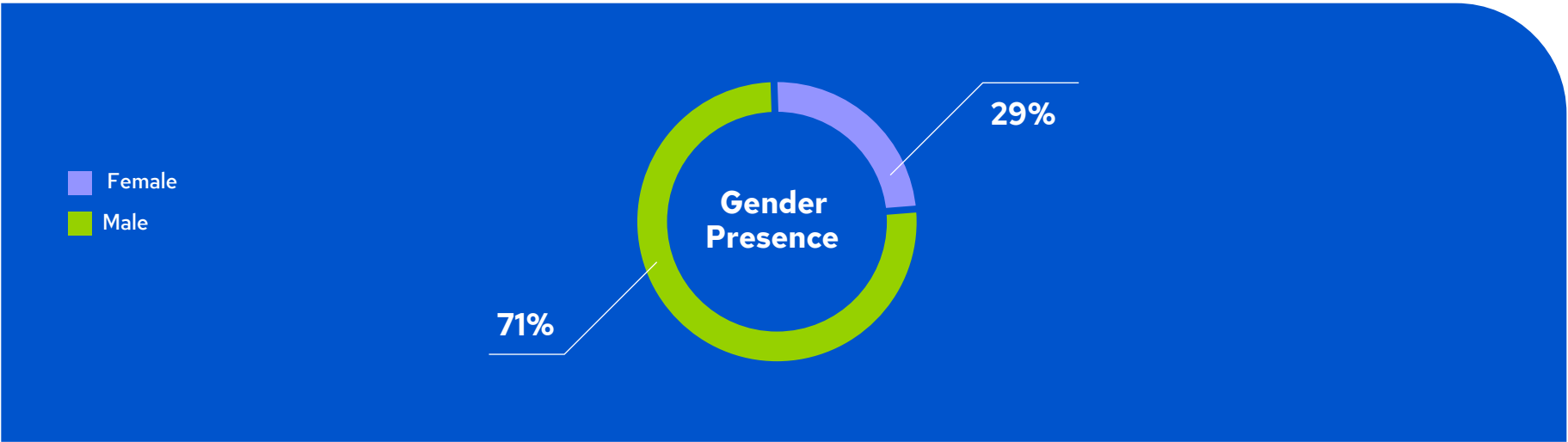
- Day-to-day management and oversight of the Bank and its operations;
- Approval and fulfilment of the Bank’s strategy, long-term objectives, and budgets as well as monitoring performance therein; and
- Creating effective systems for financial and non-financial risk management, risk control, and supporting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

Management Board-level Committees

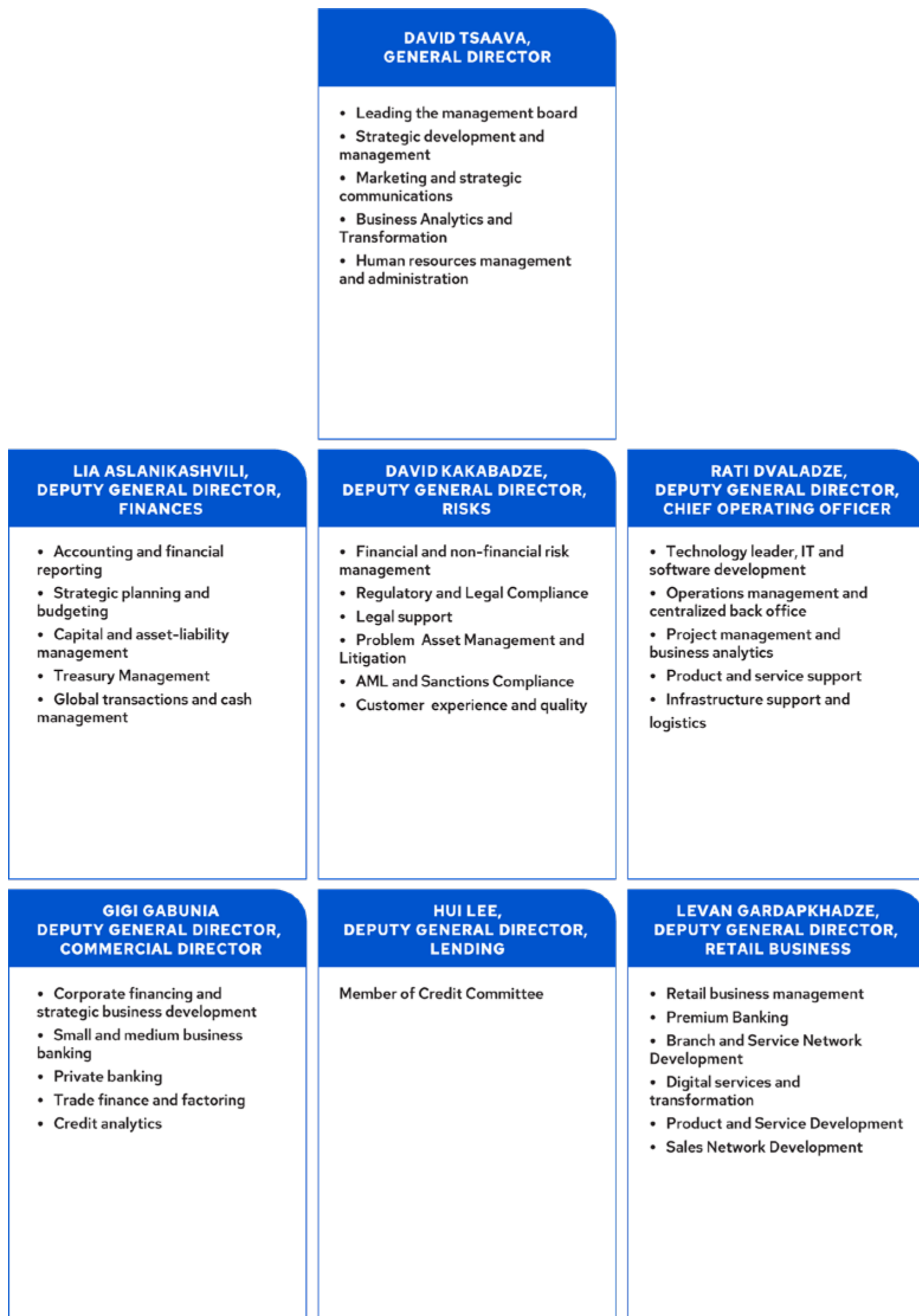
The Management Board delegates specific areas of responsibility to its committees, namely the Sustainability Committee, the Credit Committee, the Informational Technologies and Security Governance Committee, the Asset and Liability Management Committee (ALCO), and the Compliance Committee. With regard 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.

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).



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.



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.

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”).

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.

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.

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.

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.

Long-term Sustainability

By addressing risks that could threaten the Bank's stability and profitability, ERM contributes to its long-term sustainability and success.

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.

Regulatory Compliance

Since the banking sector is heavily regulated, ERM assists BasisBank in identifying and addressing compliance risks.

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.

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.

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 (2024). 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.



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. 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.
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. In this process Basisbank has received opinion and support from the Raiffaisen Bank, ensuring the new process is aligned with the best international practices as well. By the end of 2025, the renewed risk management processes and framework will be fully implemented at Basisbank.
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.

The bank manages Cybersecurity and Information security risks through a structured, risk-based, and standards-aligned program designed to protect the bank's information assets, ensure regulatory compliance, and support operational resilience. Cybersecurity and information security risk management is conducted as a continuous cycle covering identification, assessment, treatment, and monitoring of risks. Governance and Framework documents are crucial as they establish a framework for protecting sensitive data and systems from unauthorized access, breaches, and other cyber threats. The bank operates under a formal information and cyber security governance framework aligned with NIST Cybersecurity Framework (CSF). 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 awareness 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.

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.

4. 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.

2024 Key Achievements and Metrics

- **Total Number of Cases Handled:** 3,832 cases were received and resolved.
- **Resolution Efficiency:** 51% of cases were resolved within two working days.
- **Proactive Improvements:** The team initiated further development and recurring case prevention for 112 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.



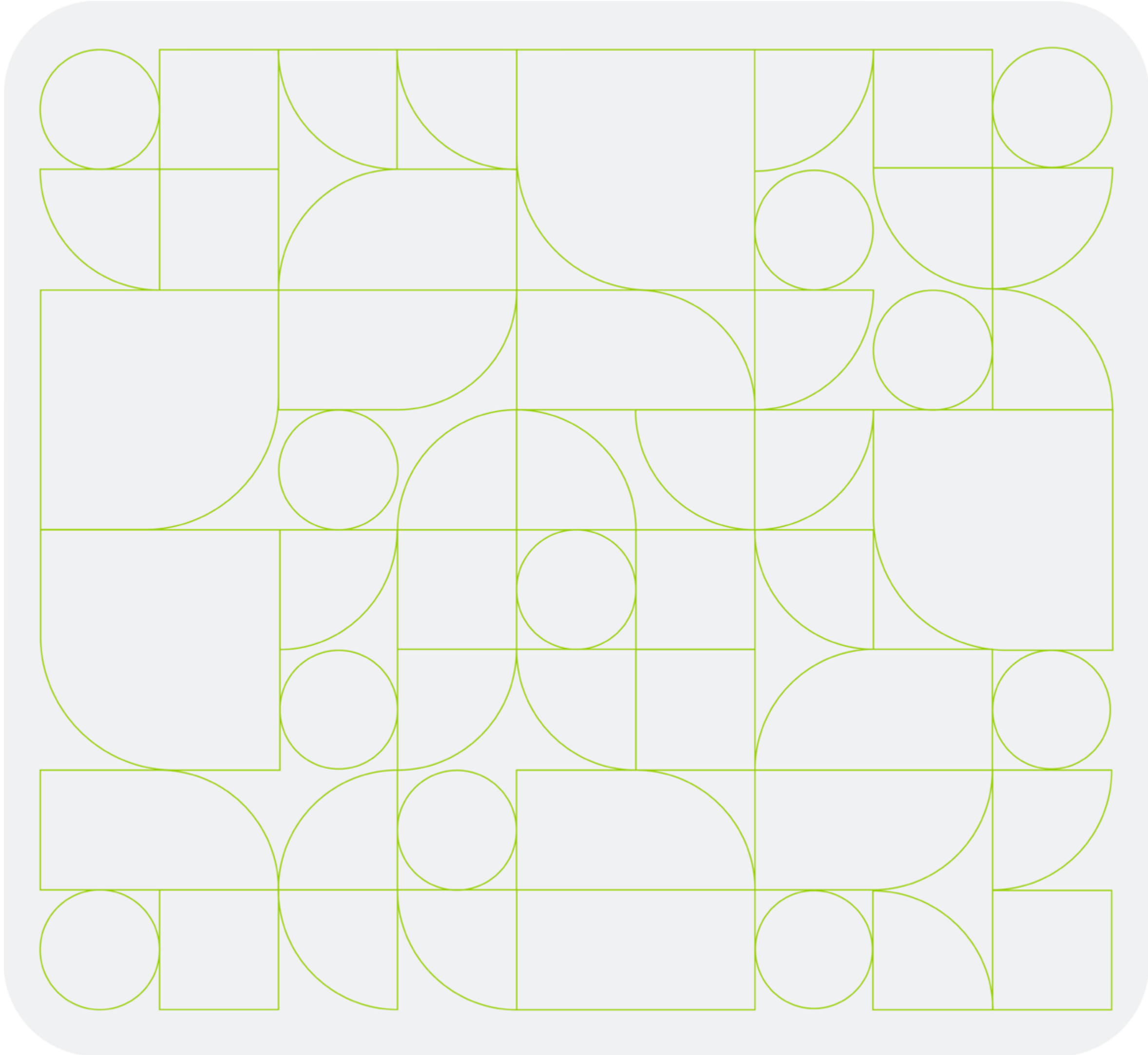
Combatting financial crime and complying with applicable laws and regulations is vital to ensuring the stability and integrity of the international financial system. In order to satisfy the requirements of increasingly complex national and international legislation and regulations, the Bank continually 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:

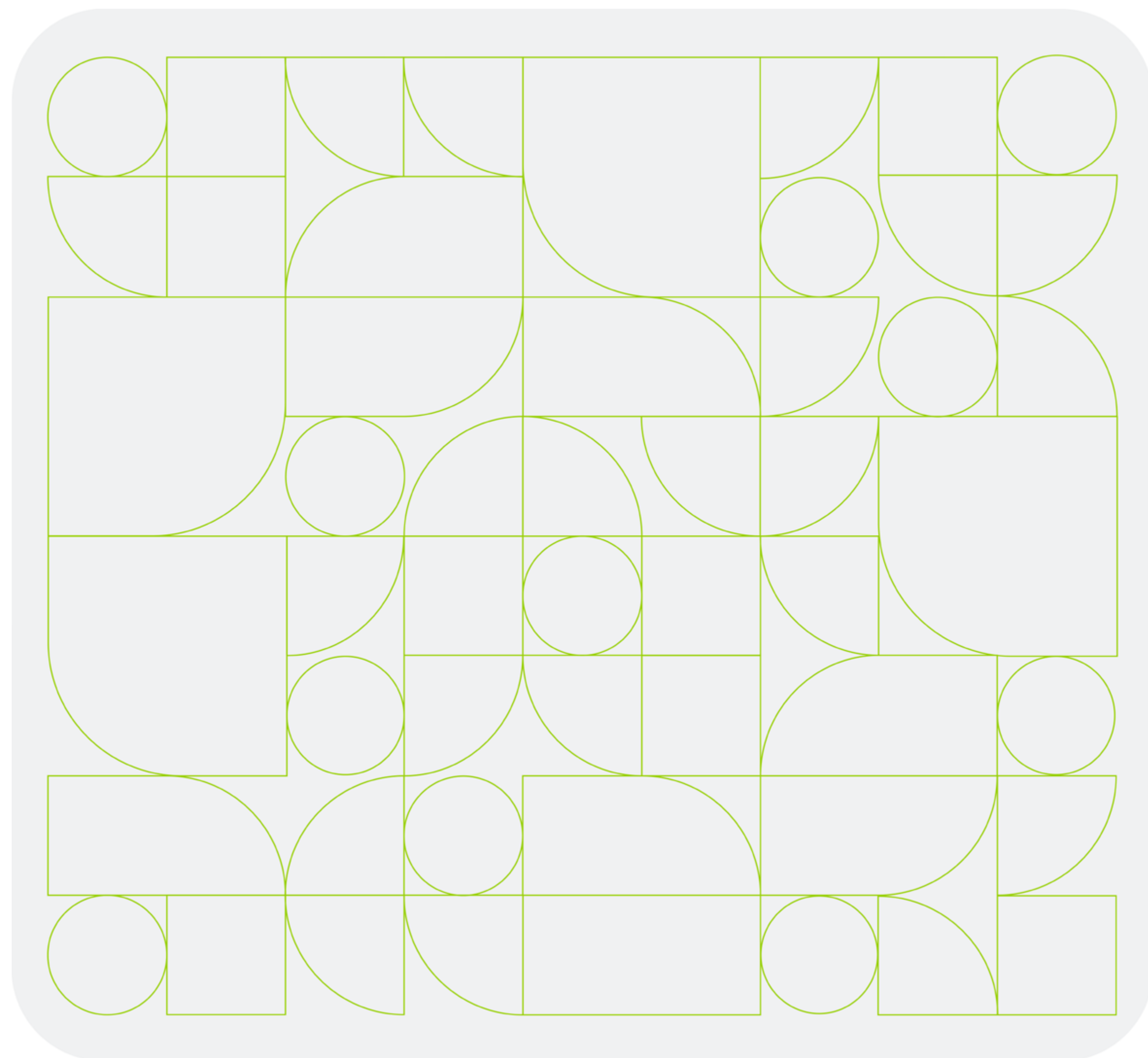
- A materiality matrix that identifies and prioritizes sustainability topics material to BasisBank;
- Sustainability objectives and commitments for the defined material topics, consisting of business goals with varying time horizons;
- Sustainability KPIs consisting of measurable quantitative indicators 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 some milestones:

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
Offer sustainable and green financial products and services	Identify and report Taxonomy-aligned credit exposures and loan applications	SDGs 13 & 8
Reduce its own carbon emissions	Measure and disclose greenhouse gas emissions	SDG 13
Reduce its own carbon emissions	Decrease BasisBank’s greenhouse gases emissions over time	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
Digitalization and digital innovation	Expand the digital channels for communication with the client	SDGs 8 & 9

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 has started to work on updating its environmental and social risk management policy, according to the requirements and recommendations of the NBG's new ESG guidelines and partner financial institutions.

Code of Professional Ethics and Standards of Conduct The Code of Professional Ethics and Standards of Conduct at BasisBank serves as a guiding framework for maintaining integrity, promoting diversity, and fostering inclusion within the organization. These documents establish clear expectations for employee behavior, decision-making, and interactions, ensuring that all actions align with the bank's core values and ethical standards.

The Code of Professional Ethics and Standards of Conduct addresses critical issues such as workplace behavior, conflicts of interest, and compliance with laws and regulations, while also emphasizing the bank's commitment to social responsibility, sustainability, and corporate governance.

Additionally, this document defines BasisBank's approach to diversity and inclusion, highlighting the importance of creating a supportive and respectful environment for all employees, regardless of background. This includes promoting equal opportunities, encouraging diverse perspectives, and preventing all forms of discrimination.

Last updated in 2024, this internal document reflects evolving societal standards, industry best practices, and the bank's ongoing commitment to ethical governance and inclusivity.



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 proactively refining its internal policies and procedures to align with relevant recommendations and ensure full compliance with the updated Law of Georgia on Personal Data Protection, while remaining fully committed to upholding the highest standards of data protection, accountability, and transparency in accordance with regulatory requirements and best practices.

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 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 2024, 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 consumption	237	
Scope 2	Electricity consumption	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. For the year 2024, we managed to decrease our carbon footprint by **1113,06 Tons of CO2e** compared to 2023, as a result of decreasing bank’s own emissions, mainly scope 1 and scope 2.

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.

1 The financed emissions were calculated using a tool provided by the National Bank of Georgia, which is based on the Bank’s exposure share in specific sectors of the Georgian economy.



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 280 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 220 loans to launch and develop energy-efficient and renewable energy projects, as well as women-owned and social businesses. Considering the breakdown of its 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.

2024 - Basisbank wins Outstanding GTFP Issuing Bank award for contribution in Gender Finance

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 DNV 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.

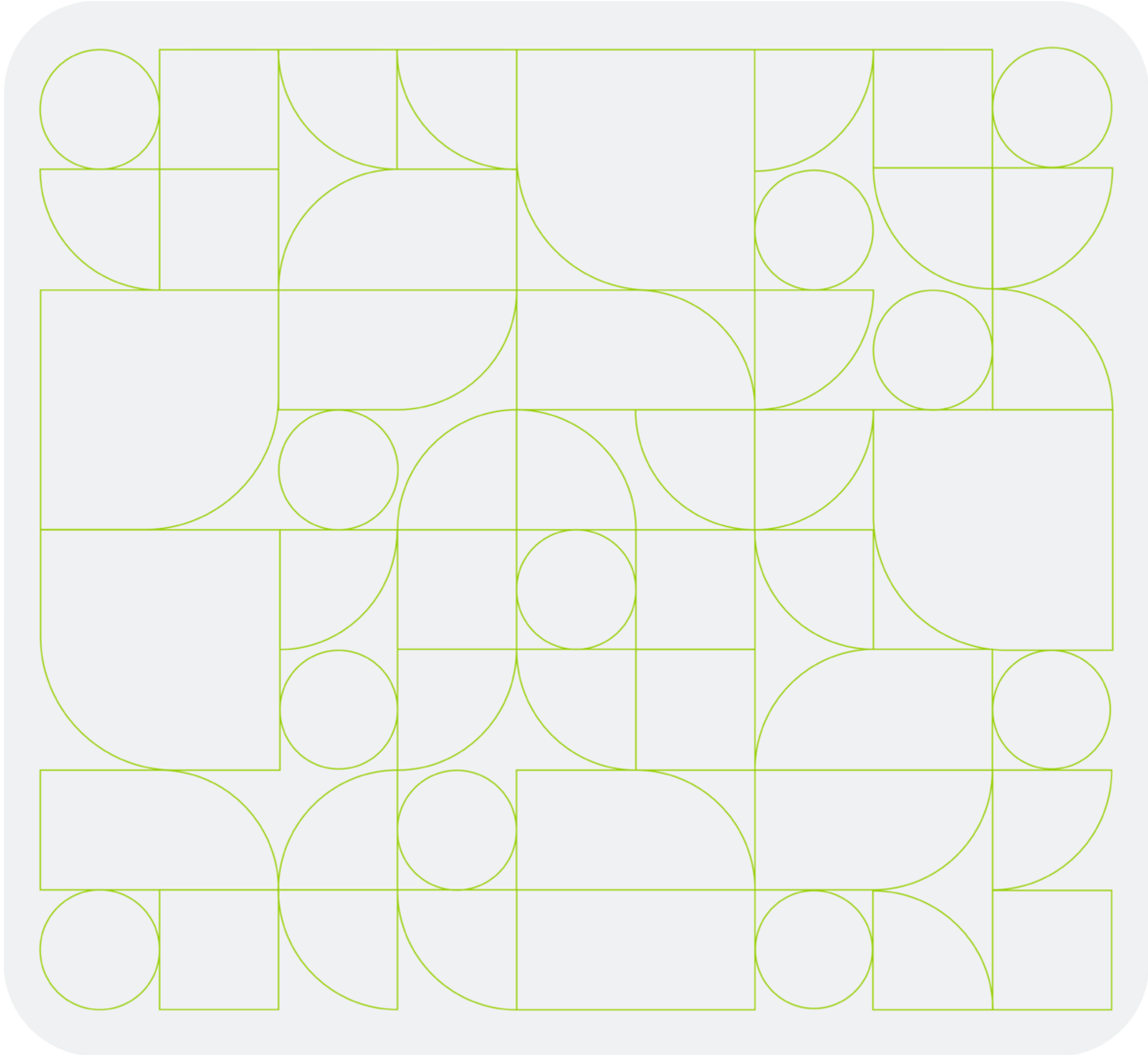
The technical criteria developed for green energy and green transport align with the Sustainable Finance Taxonomy.

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=8445ba46993a771bjmltdHM9MT-cyNjM1ODQwMCZpZ3VpZD0yZGFmYTEzNy1mY2NjLTZlY2UtMTlyZi1iMmM0ZmQ1NTZmZDYmaW5zaWQ9NTcyNA&ptn=3&ver=2&hsh=3&fclid=2dafa137-fccc-6ece-122f-b2c4fd556f-d6&psq=dnv&u=a1aHR0cHM6Ly9lbi53aWtpcGVkaWEub3JnL3dpa2kvRE5W&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

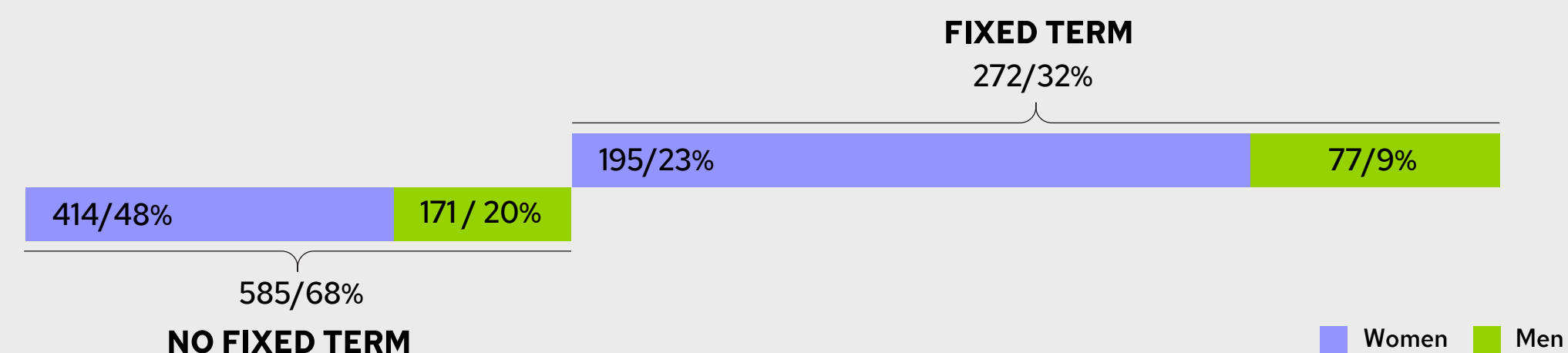
BasisBank's internal culture is grounded in mutual respect, trust, and support, creating an environment where every team member feels valued. These values set BasisBank apart in the marketplace by fostering a stable, ethical, collaborative, and encouraging environment for its employees. The Bank's mission (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 49% of employees aged below 35 and 99.8% with a higher education degree, the Bank's workforce is relatively young and educated. BasisBank also supports employees seeking to pursue graduate-level studies.

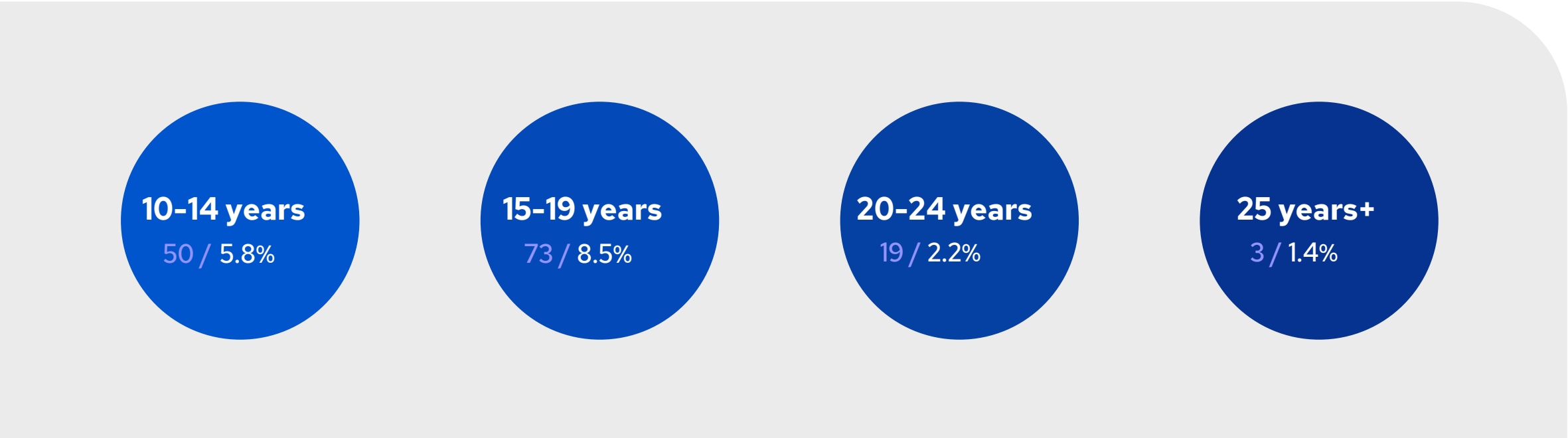
Types of Employment Contract





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 2024, the number of employees who had been with BasisBank for over ten years reached 145 (16.9%).

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.

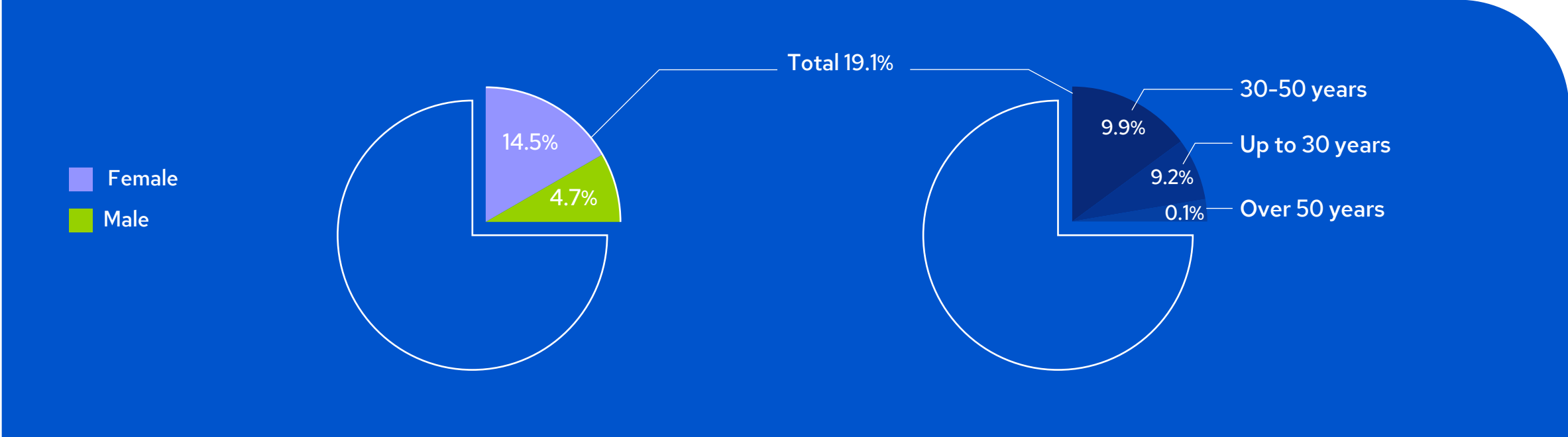
Moreover, client service positions are generally characterized by high turnover, which we strive to offset by offering a range of benefits to our employees. These efforts have successfully addressed staff shortages that existed until 2023, due in part to the acquisition of a new loan portfolio from another 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 (2024)



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 2024 , 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.

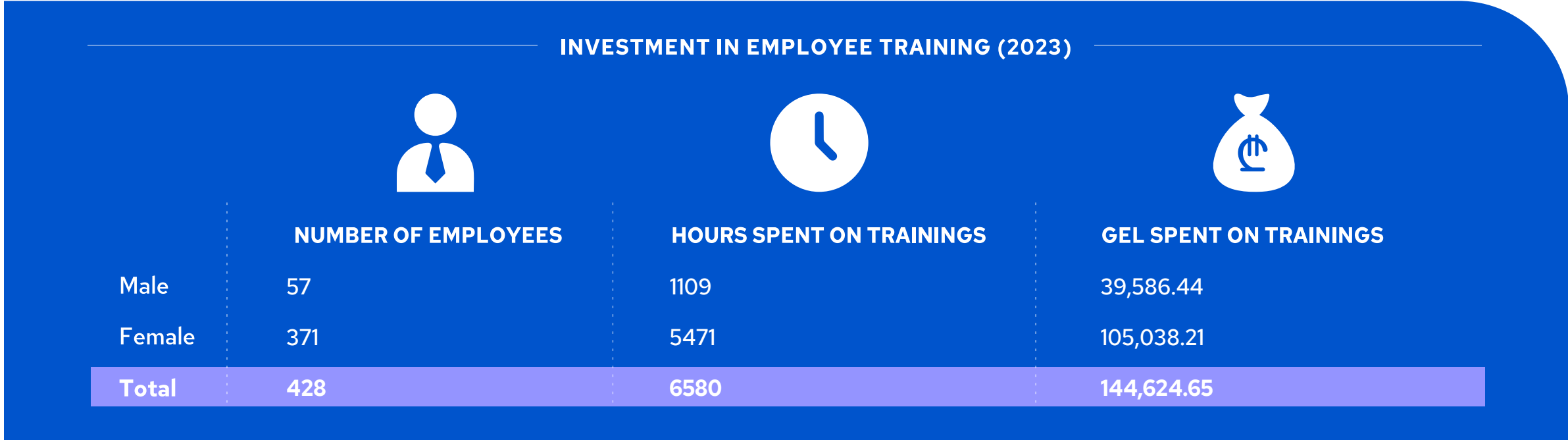
Employee Development

[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)



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 2024, 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. Addirionally, the Bank has provided trainings for the use of Sustainable Bond’s proceeds for the risk and business directions. 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:

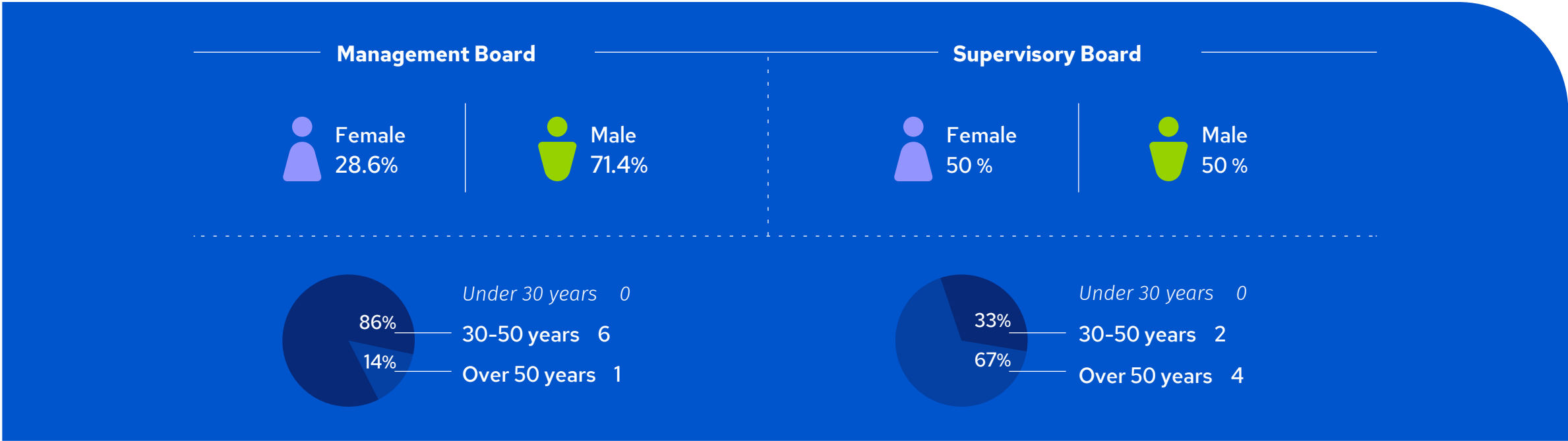
- Acting honestly, competently, and in full compliance with standards of attention, respect, and ethics towards the public, customers, employers, fellow employees, the banking sector, and other participants in the financial market;
- Prioritizing banking professional honesty and customers’ interests 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 2024.

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:

- i. 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.
- ii. 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.
- iii. Variable remuneration for any material risk-taker may be adjusted based on:
 - a. Financial performance metrics like economic capital, profit, and returns on risk-weighted assets.
 - b. 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 functions¹, 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.

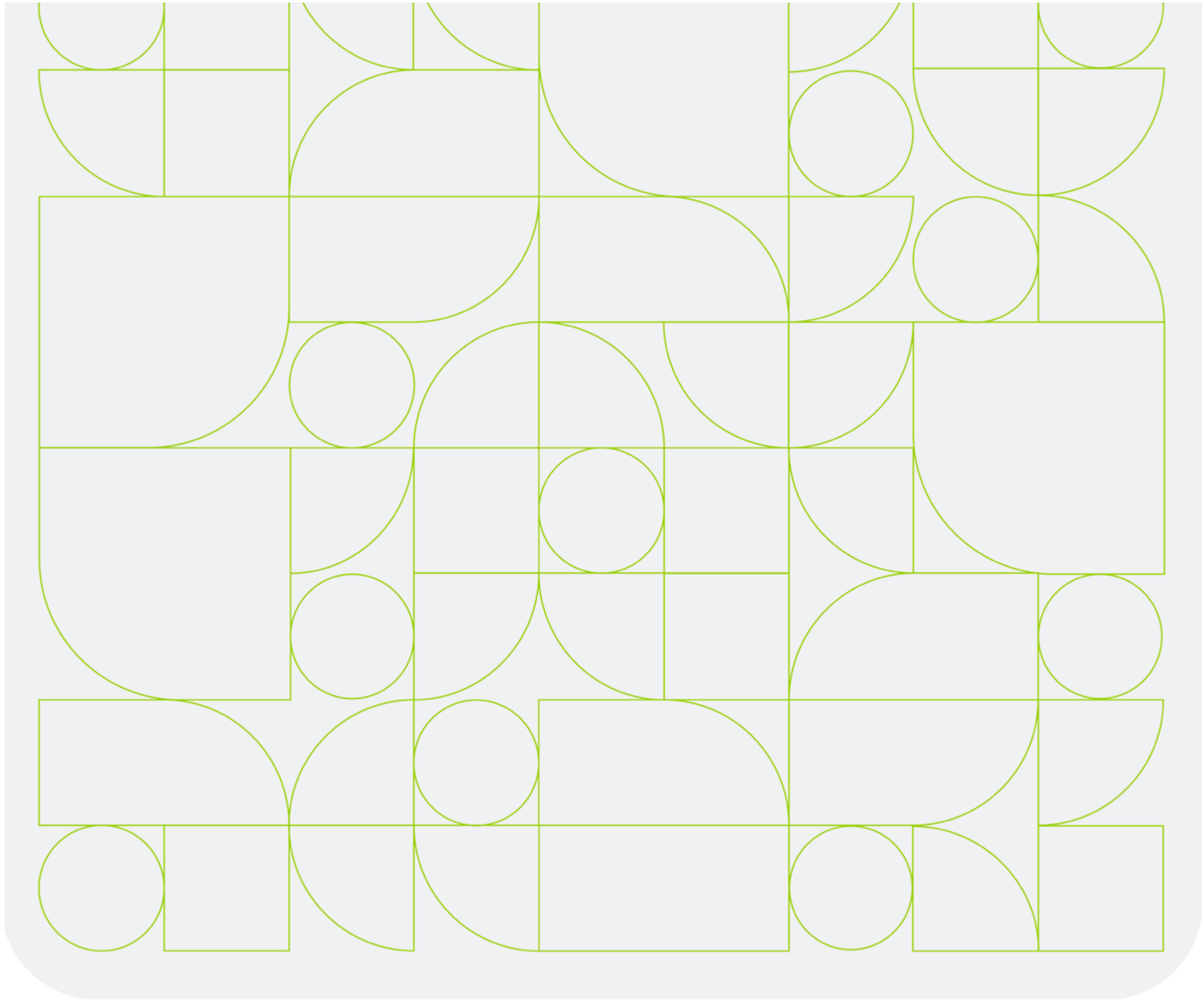
2024 Focus: Growing Our People

The personal development of employees was one of the strategic goals of BasisBank in 2024. Caring for employee development is a strategic process focused on helping employees grow, learn, and reach their full potential within the organization, which ultimately reflects on the success of the organization. We decided to initiate the development process by creating a personal development course. Personal development training is a process that helps individuals deepen their skills, capabilities, and potential. It becomes clear to them how to manage themselves, their work, and their team. They become courageous, are not afraid of changes, improve their communication skills, and develop strategic (systemic) thinking. In today’s reality, where the organizational structure has changed, and processes have been updated and technologically advanced, it is especially important to strengthen our employees in the direction of change management.

In 2024, we implemented the SAP SuccessFactors talent management module at Basisbank, specifically the employee evaluation and goal management module. The KPI evaluation system focused on goals was introduced last year, but the management of this process was done through an Excel file. It was the SAP employee evaluation and goal management module that helped us digitize this process, which was successfully implemented and covered around 400 employees. Our employees can plan their quarterly goals in the system, and subsequently, their performance is evaluated by their direct manager within the same system.



The system has ensured the timeliness of each stage. The process has become much more transparent for employees; they can see at any time what stage their form is at, how their manager has evaluated them, receive feedback on the past quarter, and collaboratively plan for the next quarter with their manager.





CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

[GRI 203-2]

The long-term success of any business is closely tied to its reputation, which is largely influenced by the company's commitment to Corporate Social Responsibility (CSR).

CSR is inherently connected to the concept of sustainable development. Both frameworks encompass economic, social, and environmental dimensions.

In today's world, achieving economic success and maintaining competitiveness requires more than a focus on profit alone. It demands adherence to ethical standards, a strong commitment to social well-being, and responsible environmental practices.

Empowering Minds: Support Educational Initiatives

It is worth highlighting that Basisbank has consistently demonstrated a strong commitment to social responsibility. Since 2005, the Bank has operated an Education Support Fund, through which numerous impactful initiatives have been implemented.

Under the umbrella of the "Basisbank for Education" program, the Bank provides financial support for students at partner universities, and offers internship and employment opportunities to bachelor's, master's, and doctoral students.

In 2024, students from the following institutions received educational funding through the program: Ilia State University, Sulkhani-Saba Orbeliani University and Free University of Tbilisi.

- In collaboration with USAID's Basic Education Program, Basisbank funded the project "Colorful Benefits", organized by the student initiative group of the Orsantia village school in Zugdidi Municipality. The project's goal is to enhance and develop entrepreneurial skills among students.
- In partnership with USAID's Basic Education Program, the Bank also supported a series of teacher training sessions and student workshops under the theme "How to Use School Subjects for Creative Ideas."
- For many years, through our ongoing collaboration with the National Bank of Georgia's "FINEDU" portal, we have actively contributed to increasing financial literacy across the country.

FINEDU Projects in 2024

- Global Money Week
- Innovation Camp
- International Youth Day
- International Customer Rights Protection Day
- Month of Increasing Cybersecurity Literacy
- Conversations about Business (speakers: The Bank’s employees)
- In secondary schools of Kutaisi, Zugdidi and Poti, representatives of the Bank as ambassadors of the “FINEDU” program provided lessons increasing financial literacy.

Empowering Culture: Support of Creative Initiatives

Basisbank plays an important role in promoting Georgian theater and supporting contemporary artistic initiatives. We remain actively engaged in supporting cultural events across the country, firmly believing that the involvement of the business sector can open up even more opportunities for the development of Georgian culture.

Projects in 2024

- For the third consecutive year, Basisbank is the general sponsor of the Marjanishvili State Drama Theater.
- We are also in our third year as the general sponsor of the Association of State Puppet Theaters, having jointly implemented several impactful projects.
- The Second International Puppet Theater Festival in Batumi was successfully held with the support of Basisbank.
- Basisbank continued its role as the general sponsor of the theatrical venue “House of Puppets,” which offers uniquely conceptual performances for audiences of all ages.

- In 2024, Basisbank launched a new partnership with the Sandro Mrevlishvili Tbilisi Municipal Theater. With the Bank’s general sponsorship, the theater presented numerous premieres and creative projects to the public.
- With official sponsorship from Basisbank, Mestia hosted the 4th Svaneti International Film Festival, which featured a competitive program of international short and feature-length films.
- Basisbank was the sponsor of the 2024 Tsinandali Prize, an annual award recognizing achievements in the fields of art and science. The Bank presented special awards and monetary prizes in two categories – Poetry and Prose – to the winning authors.
- Basisbank joined the 99th season of the Vaso Abashidze New Theater as a key partner in presenting international projects. Within the international season, the audience had the opportunity to experience innovative collaborations between the New Theater ensemble and renowned directors, scenographers, composers, and artists from around the world, made possible through our partnership.

Community Growth: Funding Social Projects

Basisbank remains actively engaged in social initiatives, consistently responding to the needs of vulnerable groups in society through a variety of impactful projects. The Bank regularly provides essential resources to shelters for the homeless, orphanages, and elderly care homes. Many of these efforts are implemented with the active involvement of our employees.

Basisbank has signed a Memorandum of Understanding with the Center for Strategic Research and Development of Georgia (CSR DG), aimed at strengthening social enterprises operating in Georgia and supporting the development of social entrepreneurship through both financial and technical assistance. As part of this partnership, a grant competition has been announced for the second time. The winning social enterprise will receive comprehensive support—both financial and technical—facilitating the social integration of people with disabilities.

In collaboration with CSR DG, with the support of the European Union and in partnership with the Administration of the President of Georgia, Basisbank awarded monetary prizes to the winners of the “Best Young Social Entrepreneurship Ambassadors” competition. These ambassadors, working directly in regions across Georgia, play a key role in promoting and strengthening social entrepreneurship at the local level.



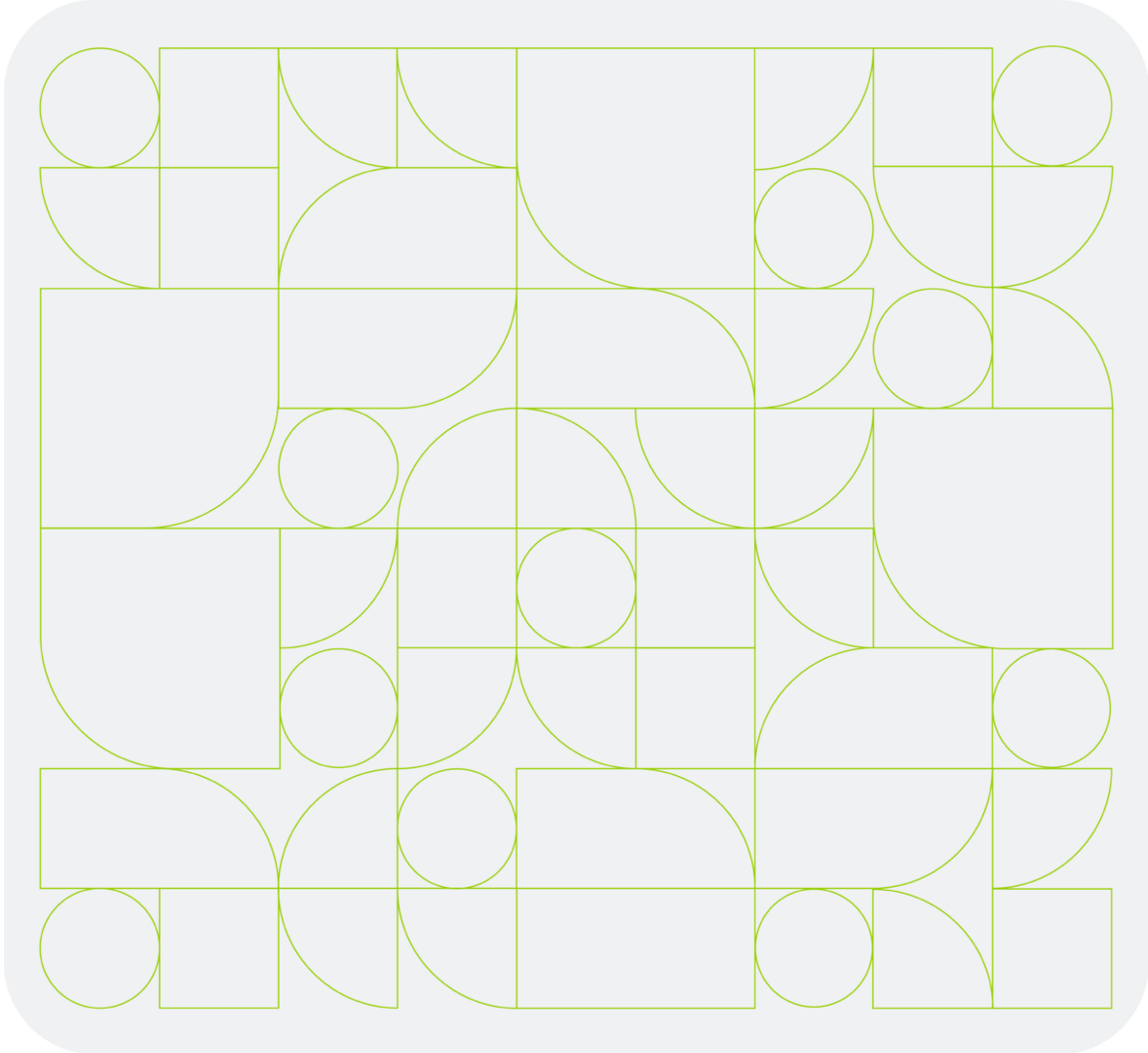
For the second consecutive year, Basisbank has implemented this program, which was also recognized within the “Meliora 2024 – Georgia’s Responsible Business Awards.” The Bank was named a finalist in the category of “Support for Society” for the project “Basisbank – Supporter of Social Enterprises.”

Supporting Sustainability: Invest in Green Projects

In today’s world, social and environmental responsibility are no longer viewed separately. Greater investment in green projects and a strong environmental image are directly linked to reputation and contribute to long-term business stability. Alongside tangible actions, we actively promote environmental awareness and eco-conscious behavior among our employees through various initiatives.

We continuously seek new ways to enhance our environmental performance. Our efforts include equipping bank branches with energy-efficient technologies, organizing tree-planting campaigns, and using energy resources more responsibly.

For Basisbank, environmentally conscious projects are a vital component of sustainable development and one of the key pillars of our corporate social responsibility strategy. We believe that waste management and the responsible use of natural resources are essential to reducing environmental harm—and are obligations we all share.



A graphic featuring a stylized globe with a blue and white color scheme, centered within a series of concentric blue circles. The globe shows the continents of North and South America. The circles are set against a light gray background.

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 well-informed workforce. This commitment is reflected in the development of dedicated internal communication channels, structured formats, and employee recognition schemes. The Bank ensures timely and consistent dissemination of information related to ongoing processes, accomplishments, and challenges, with the goal of strengthening employee engagement and promoting a shared vision across the organization.

In 2024, Basisbank continues to build upon the initiatives launched in 2023, further developing and enhancing them as part of its ongoing commitment to internal engagement.

1. Accountability and Transparency: The Bank prioritizes transparent and structured communication with its team, utilizing a variety of formats to establish consistent standards for information exchange. Sharing updates related to the Bank's operations enhances employee satisfaction and motivation, as it fosters a sense of inclusion and value in organizational matters.

Timely information sharing remains a key priority at Basisbank and is coordinated by the Strategic Communications Department. To ensure smooth and effective internal communication, the Bank implements several formats, including:

- Town hall meetings – Organized to present the Bank's annual activities and achievements directly from the management team, while also providing a platform for employees to engage in open dialogue about the

Bank's direction and their individual roles.

- Bi-weekly updates – Delivered by middle managers to department directors, these sessions cover current plans, project statuses, and important developments to support effective process management.
- Thematic meetings – Focused sessions that include the sharing of quarterly financial statements and performance results.
- Quarterly Agile team meetings – Agile teams present updates on ongoing projects, summarize key outcomes from the previous quarter, and outline plans for the upcoming period.

Through these structured communication efforts, Basisbank reinforces its commitment to employee engagement, organizational alignment, and operational transparency.

Daily Communication Channels at BasisBank

Basisbank utilizes a range of internal communication tools to ensure seamless information flow and connectivity across all levels of the organization. These tools support efficient collaboration, timely updates, and a unified work environment:

- Mail – Traditional mail is employed for official communication and the exchange of formal documents.
- Internal Portal (Intranet) – The intranet serves as a centralized platform for accessing internal information, corporate documents, announcements, and policies.
- Physical and Online Meetings – Both in-person and virtual meetings are conducted regularly to discuss ongoing projects, strategic initiatives, and operational updates.
- Workplace (Internal Communications Platform) – Workplace functions as a primary communication channel at Basisbank, offering an integrated space where all employees remain connected. It provides timely updates on news, projects, and key developments, while promoting open communication and collaboration. The platform allows the creation of groups and communities based on shared interests, encouraging knowledge sharing and team interaction. Additionally, its chat feature supports real-time messaging, enhancing everyday communication across departments and regions.

In 2024, Basisbank's internal communication platform Workplace recorded the following figures:

- Posts – A total of 466 posts were shared with employees, delivering valuable and timely information across various topics and initiatives.
- Activity Score/Employee Engagement – The platform recorded

an activity score of 17659 indicating a high level of interaction and engagement with the shared content.

2. Employee Recognition: Basisbank has consistently emphasized the importance of recognizing and celebrating motivated employees as a means of fostering a positive and high-performing work culture. Acknowledging employee achievements reinforces the values and behaviors expected within the organization, ultimately contributing to a more engaged and effective workforce.

In 2024, the Bank employed various formats to recognize and celebrate employee success. These included:

- Celebrating successful projects – Recognizing the teams and individuals behind impactful initiatives.
- Humans of BB – A storytelling format that highlights personal success stories, showcasing the people behind the Bank's progress.
- BB Star – A recognition program that honors employees who have delivered outstanding results or played key roles in successful projects.
- Branch visits by senior management – Direct engagement from leadership to personally motivate and commend employees at regional branches.

Through these initiatives, Basisbank continues to strengthen its culture of appreciation and performance, reinforcing its commitment to employee recognition and organizational excellence.

3. Employee Engagement: Basisbank remains committed to fostering a strong sense of pride and unity among its employees through a variety of engagement initiatives. In 2024, the Bank organized numerous activities aimed at enhancing team cohesion and providing employees with opportunities for informal interaction and shared experiences. These included interactive workshops, networking events, and team-building sessions that encouraged cross-functional collaboration and strengthened internal relationships.

In addition, the Bank launched a range of BB Community activities and internal campaigns, encompassing educational, cultural, and entertainment initiatives designed to support employee development and well-being.

To ensure these initiatives reflected the interests and needs of its workforce, Basisbank conducted an internal survey to gather employee feedback on preferred activities for the year. The results of this survey directly informed the planning and implementation of the Bank's annual engagement calendar, ensuring alignment with employee expectations and maximizing participation and impact.

4. Educational, Cultural, and Entertainment Activities: Basisbank continues to invest in the holistic development and well-being of its employees through a diverse range of educational, cultural, and entertainment activities. These initiatives are designed to foster team spirit, encourage active participation, and strengthen the sense of community across the organization.

In 2024, various activities were planned and implemented, including:

- Sports Clubs – Employees took part in both internal and external championships in sports such as football, basketball, chess, rafting, karting, and bowling. Notably, during the 2023/2024 qualifying stage of the Business Champions League in football, featuring teams from both public and private sector companies nationwide, Basisbank's team emerged as the league champions.
- Intellectual Competitions – The Bank organized an internal championship of "What? Where? When?" and also participated in the Business League edition of the same competition, promoting collaboration and critical thinking.
- Charity Initiatives – Employees across all regions of Georgia engaged in charitable activities, independently selecting beneficiaries and providing meaningful support to those in need, further reinforcing Basisbank's commitment to social responsibility.
- Regional Inclusion – To ensure inclusive participation, four dedicated summer events were organized for employees from regional branches, engaging over 200 participants. These initiatives aimed to strengthen cross-regional connection.

To continuously improve these initiatives, post-activity surveys were conducted, with the majority of employees providing positive feedback and expressing satisfaction with their experiences.

Furthermore, Basisbank conducts an annual anonymous Employee Engagement Survey to assess overall employee well-being. The insights gathered from the survey guide the development and monitoring of an action plan aimed at improving satisfaction, addressing identified issues, and fostering a supportive work environment throughout the year.



Recognition as a Responsible Employer: BB Unity and the Meliora 2024 Award

Basisbank was recognized as a winner in the “Responsible Employer” category at Georgia’s Responsible Business Competition ‘Meliora 2024’, highlighting the Bank’s strong commitment to employee well-being and organizational responsibility.

This recognition was driven by the successful implementation of the “BB Unity” project – an initiative designed to enhance employee engagement, motivation, team spirit, and loyalty. As part of the project, a comprehensive action plan was developed, incorporating a range of targeted initiatives and employee benefits.

External Stakeholder Engagement and Communication

In 2024, Basisbank actively continued its communications campaign focused on projects funded by the Bank and its business partners. As one of the largest corporate lenders in the country, Basisbank collaborated with its partner businesses to produce and distribute promotional video content via social media, accompanied by press releases highlighting successful partnerships. These were published through leading Georgian media outlets. As a result of these efforts, the campaign achieved over 2 million unique reach and post engagement, 5 million video plays, and close to 6 million total impressions across social media platforms. Additionally, Basisbank maintained a strong presence across both regional and professional media channels, ensuring coverage throughout all regions of Georgia.

In 2024, Basisbank received international recognition at the prestigious Global Banking & Finance Awards, winning in four categories, including:

- Best Corporate Bank of the Year
- Best SME Bank
- Best Private Bank.

Furthermore, the International Finance Corporation (IFC) recognized Basisbank as a leading bank in Eastern Europe for women’s finance under the Global Trade Finance Program.

Over the course of the year, the Bank issued 80 press releases, resulting in a total of 1,325 media mentions. These included interviews with bank representatives, TV features, and guest appearances on various programs. On average, up to 1 million individuals were reached monthly via news agency distribution. According to monthly media monitoring reports, Basisbank ranked third among commercial banks in terms of media visibility and audience reach.

Topics covered throughout the year included:

- Capital raising from partner organizations
- Launch of new products and special offers on existing ones
- Joint campaigns with partner companies
- Financial performance updates
- Sponsorship and charity initiatives

Basisbank also held dedicated presentations for the media and stakeholders on its issuance of sustainable public bonds for the first time in Georgia and securing subordinated and long-term green loans to finance green and social projects.

Basisbank continues to develop sustainably and consistently strengthen its position in the Georgian financial market. By creating the best banking experience for our customers and streamlining cooperation, we offer convenient banking, leasing, and insurance services. In 2024, our team made significant progress towards our strategic objectives, and the ambitious plans we have set ensure that we will achieve exceptional results in the coming year.

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.

In 2024, BasisBank successfully implemented a range of new features in its mobile banking app, enhancing customer experience, accessibility, and digital self-service capabilities. These included:

- Simplified loan request & approval
- Online Mego Card application
- Access to pension savings information
- Remote PIN capture for cards
- Card insurance purchase & details online
- A new contact section, enabling customers to view the bank’s official contact details, see their personal banker’s contact information (if assigned) and start direct communication with their banker via

Viber or WhatsApp for faster support

Future Developments: The Bank's remote channels are continuously evolving to meet the changing needs of customers.

In 2025, BasisBank plans to further enhance its mobile banking services with a focus on speed, flexibility, and user experience. Key developments will include:

- Faster and More Flexible Transfers to Other Banks

Improvements will be made to interbank transfer processes, aiming to provide faster execution times and increased convenience for users.

- App Design and User Experience Enhancements

A redesigned mobile app interface is planned, focused on improving usability, navigation, and overall customer satisfaction.

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.

Raiffeisen Bank International – Bank-to-Bank Twinning program

Raiffeisen Bank International (RBI) supported Basisbank through an ESG-focused Bank-to-Bank Twinning Program aimed at strengthening the bank's sustainability framework. The collaboration included several targeted modules designed to build internal capacity and align ESG practices with international standards. Key areas of support included the recommendations on gaining ESG Rating, the enhancement of the Environmental and Social Risk Management (ESRM) policy and process flow, and guidance on enhancing sustainability reporting. These modules enabled Basisbank to embed ESG considerations more systematically into its operations and improve risk assessment processes. The program also fostered knowledge sharing and peer learning, helping Basisbank take concrete steps toward more sustainable banking practices. As a result, Basisbank is better positioned to meet the evolving expectations of regulators, investors, and stakeholders.



GRI Content Index

Basisbank has reported the information cited in this GRI content index for the period **January 2024 – December 2024**, 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_17			
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

2_23	Policy commitments	16; 30	Compliance with Laws and Regulations; Professional Ethics and Diversity
2_24	Policy commitments in business relationships	8	Governance
2_25	Processes to remediate negative impacts	15	Complaint Management
2_26	Mechanisms for raising concerns	16	Whistleblowing
2_27	Compliance with laws and regulations	16	Compliance with Laws and Regulations
2_28	Membership in organizations and associations	6	Membership of Associations
	GRI 2: Stakeholder engagement		
2_29	Stakeholder Engagement	38	Stakeholder Engagement
2_30	Collective bargaining agreements	N/A	
	GRI 3: Material topics		
3_1	Process to determine material topics	19	Materiality Assessment
3_2	List of material topics	21	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.



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