

ESG Reporting and Disclosure Template

Name of the Reporting Entity:

Date:

This Template is complementary to NBG's Environmental, Social and Governance (ESG) Reporting and Disclosure Principles. The NBG ESG Principles and the corresponding template are mainly designed to assist commercial banks to disclose ESG related information in a relevant, useful, consistent and comparable manner. However, it also encourages other types of financial institutions, and non-financial sector entities, to disclose ESG-related information and to use the Principles and the template for their reference.

Please provide ESG related information regarding the entity's 1. Business Model, 2. Policies and Due Diligence, 3. Outcome 4. Risk and Management and fill out the form for KPIs on the corresponding sheets. The form should be filled out in accordance to the NBG's ESG Reporting and Disclosure Principles. Please note that the questions are non-exhaustive and are provided for general guidance. Once filled in, the template should be attached as an annex to a Pillar 3 annual report by the reporting entity when applicable. If a reporting entity is not subject to Pillar 3 requirements, an entity can directly submit the filled out template to the NBG. All the filled out templates will be published on the NBG's website. An entity should provide a report on ESG-related information at least once a year.

In case of questions, please contact: Mariam.Kharaishvili@nbg.gov.ge

Disclosure on Business Model

Please provide ESG related information regarding the entity's business model below. The form should be filled out in accordance to the NBG's ESG Reporting and Disclosure Principles. Please note that the questions below are non-exhaustive and are provided for general guidance.

Questions	Answer	Additional Comments
Describe the impact of ESG risks and opportunities of the investment and lending portfolios on the entity's business model, strategy and financial planning.	Liberty Bank has an ESG Policy Document since December 2021 and is responsible for relevant ESG issues, environmental, social and governance risks are innovative issues for us and in response to current demands and challenges, Liberty Bank is considering the ESG Strategy for the coming years and future plans. In terms of planning to modernize the business portfolio and take an appropriate place in the issuance of similar loans.	-
Describe whether and how the entity considers that its counterparties take ESG risks and opportunities into account.	At present Liberty Bank doesn't look into the partners ESG risk management system.	-
Describe how the entity incorporates the assessment of ESG risks and opportunities into relevant investment and lending strategies.	As mentioned above, from 2022 Liberty Bank has started researching / considering ESG risks and opportunities in lending and investment strategies, besides Liberty Bank plans to attract international financial institutions in this regard.	-
Describe how the transition to a lower-carbon economy might affect relevant investment and lending strategies.	An investment and lending into the Environmental Friendly activities, mostly will have a positive effect on both reputable and strategic goals.	-
Describe the ways in which the entity's business model can affect the environment and society both positively and negatively.	The Bank plans to conduct a continuous analysis of significant potential positive and negative impacts on business, taking into account the Bank's business model, scope and scope of services, revenue by geography, etc. The initial stage of this analysis is to understand ESG key issues for stakeholders, including consumers. And for clients, colleagues, the community, and investors. The Bank will focus on the following areas: The social and environmental impact of funding, including climate change, and the availability and transparency of financial products. Liberty Bank recognizes its responsibility to respect human rights in both its direct operations and its financing and procurement practices; Liberty Bank already has a relevant person in charge of ESG issues, who actively cooperates with all the structural units of the bank in terms of implementation of the mentioned issues in the operating system.	-
Describe opportunities related to resource efficiency and cost savings, the adoption of low-emission/polluting energy sources, the development of new products and services, access to new markets, and building resilience along the value chain.	At the present time, one of the biggest opportunities for Liberty Bank is lending in the environmental friendly and/or social projects (existing/planned) in which the main lender is international financial institute. In addition to the above, the financing of the mentioned content will have a positive impact on the reputation of the bank. Currently, JSC "Liberty Bank" with "Enterprice Georgia" and the World Bank provide loans to clients who are engaged in low-risk environmental activities, who have never been fined from an environmental point of view, and whose work area is not located in any valuable area (protected area, prohibited, emerald etc.) in the area and/or vicinity.	-
Other relevant information	-	-

Disclosure on Policies and Due Diligence Processes

Please provide ESG related information regarding the entity's policies and due diligence processes below. The form should be filled out in accordance to the NBG's ESG Reporting and Disclosure Principles. Please note that the questions below are non-exhaustive and are provided for general guidance.

Questions	Answer	Additional Comments
Describe any entity policies related to ESG issues.	JSC Liberty Bank is guided by the ESG Policy document approved by Protocol #278/319 of December 17, 2021. The document includes information on: principles and procedures related to Liberty's Internal ESG issues, categorization of ESG risks in the lending process and its evaluation and management, information on responsibilities at the level of the structure. In addition, the policy document addresses the issues of periodic inspection of customers and relevant monitoring procedure. Liberty Bank ESG policy is based on international IFC standards.	-
Describe any ESG-related targets the entity has set as part of its policies.	ESG risk assessment is carried out at the initial stages of the lending process, which means assigning the appropriate ESG category to a particular project (depending on the field of activity). If a significant environmental impact on the client is identified, the process continues throughout the life cycle of the loan, namely the so-called DUE DILIGENCE procedure begins, in which a visual audit assesses the impact on various environmental components and the client will be obliged with an additional environmental, labor safety and social measures. In addition, the above-mentioned type of clients are obliged to submit an E&S MONITORING REPORT to Liberty annually, which serves the purposes of effective operation of the permanent control mechanism of clients with environmental impact.	-
Describe the oversight of ESG governance by its executive officer(s), board committee or highest governing body.	<pre> graph BT A[Risk Director, Deputy CEO] B[Head of the Risk Department, Deputy Head of the Risk Director] C[ESG Risk Manager] C --> B B --> A </pre>	-
Describe how the entity encourages better disclosure and practices related to ESG-related risks to improve data availability. Also, any effort to increase the awareness of counterparties, and more generally of customers, of the relevance of ESG-related issues as part of their lending and investment processes.	Given that the ESG Policy Document was adopted on December 17, 2021, it is currently in the process of facilitating its full implementation. In the near future it is planned to correct the Liberty Bank website and to make environmental issues public. In addition, it is planned to conduct both internal and external trainings to raise awareness on ESG issues.	-
Describe how ESG-related issues are considered as drivers of value in the entity's investment decision process.	According to the policy, there are three ESG risk criteria, LOW, MEDIUM & HIGH, so there are specific lists listing the basics and specific activities for each criterion, for example, if the client is granted HIGH status, the DUE DILIGENCE procedure continues and is monitored by the bank on an annual basis and in some cases on a quarterly basis. Besides this, an Environmental and Social Action Plan is attached to the agreement, if the client is granted MEDIUM status, he / she is obliged by the contract to fully comply with the national environmental, labor safety and social legislation. In the case of LOW clients, their risks are assessed before making a loan decision (which kind of activities is often not related to any kind of environmental impact)	-
Describe the entity's approach for incorporating ESG aspects into practices.	The ESG issues are integrated into the day-to-day processes as follows: Each loan lending process assesses the client's ESG risks, meeting are held regarding to ESG issues twice a week, besides this in mentioned meetings are discussed also existing challenges and planned activities. Liberty Bank is in constant contact with partner IFs to improve existing practices, and is also in this regard we're planning additional consultations and trainings.	-
Describe the entity's approach to due diligence (including project level) and any particular standards or guidelines the entity follows.	According to the policy, there are three ESG risk criteria, LOW, MEDIUM & HIGH, so there are specific lists listing the basics and specific activities for each criterion, for example, if the client is granted HIGH status, the DUE DILIGENCE procedure continues and is monitored by the bank on an annual basis and in some cases on a quarterly basis. Besides this, an Environmental and Social Action Plan is attached to the agreement, if the client is granted MEDIUM status, he / she is obliged by the contract to fully comply with the national environmental, labor safety and social legislation. In the case of LOW clients, their risks are assessed before making a loan decision (which kind of activities is often not related to any kind of environmental impact)	-
Other relevant information	-	-

Disclosure on Outcomes

Please provide ESG related information regarding the entity's outcomes below. The form should be filled out in accordance to the NBG's ESG Reporting and Disclosure Principles. Please note that the questions below are non-exhaustive and are provided for general guidance.

Questions	Answer	Additional Comments
Describe the outcomes of the entity's ESG policy, including the performance against the indicators used and targets set to manage ESG risks and opportunities.	Liberty Bank ESG policy fully meets the Bank's capabilities, it should be noted that Liberty has approved the policy document on December 17, 2021, therefore the bank has implemented NACE codes in the program, which is an even more convenient way to detect environmental risks in time. It should be noted here the fact - regarding the green taxonomy, in this regard as well, the bank has joined the request of the National Bank of Georgia and is reporting loans under "Green Taxonomy".	-
Describe the development trend of the amount of ESG-related assets against any relevant target set and the related risks over time.	From 2021 to the present, the Bank already has an ESG Risk Officer, relevant ESG policies and procedures, for example, printers have been reduced (maximally) throughout the offices to ensure energy efficiency, the latter are mainly sent by e-mails which also serves to minimize the production of toner cartridges. Liberty has conducted environmental awareness trainings on 26-28.04, the company also tries to digitize the processes, which also helps to minimize the generation of waste paper, in addition, Liberty Bank uses energy efficient lamps (99 %) instead of fluorescent tubes, which also meet waste management standards.	-
Other relevant information	-	-

Disclosure on Principal Risks and Management

Please provide ESG related information regarding the entity's principal risks and management of these risks. Please note that the questions are based on the Reporting and Disclosure Principles. Please note that the questions are based on the Reporting and Disclosure Principles.

Questions

Describe the entity's processes for identifying and assessing ESG risks over the short, medium, and long term and disclose how the entity defines short, medium, and long term.

Describe the principal ESG risks the entity has identified over the short, medium, and long term and any assumptions that have been made when identifying these risks.

Describe processes for managing ESG risks and how the entity is managing the particular ESG risks that it has identified.

Describe how processes for identifying, assessing, and managing ESG risks are integrated into the entity's overall risk management.

Describe how the entity has assessed the exposure of financial assets and nonfinancial assets to ESG risks.

Describe characterisation of the entity's ESG risks in the context of traditional industry risk categories such as credit risk, market risk and operational risk.

Describe volume of the collateral highly exposed to ESG risks.

Other relevant information

pal ESG risks and how those risks are managed and mitigated. The form should be filled out in accordance to the NBG's ESG below are non-exhaustive and are provided for general guidance.

Answer	Additional Comments
ESG risk management is carried out in accordance with the Bank's policies and procedures. The Risk Department and the Board of Directors are responsible for the Bank's risk management and internal control systems.	-
The Liberty Bank ESG Policy Paper identifies the following types of risks: Liability, financial, reputational, credit and market risks. Short-term risks - liability, financial, medium-term risks are reputational and credit, as well as long-term market-related risks	-
The above risks are regulated by the ESG risk assessment procedure.	-
There are three risk categories: High Risk (Category "A"): Projects with potential significant adverse social or environmental impacts those are diverse, irreversible and/or unprecedented. There may be highly significant, negative and/or long term environmental and social impacts, the magnitude of which is difficult to determine at the application stage; Medium risk (Category "B"): projects with potential limited adverse social or environmental impacts that are few in number, site-specific, largely reversible environmental and social impacts which can be readily identified and standard preventative and/or remedial measures can be prescribed and readily addressed through mitigation measures. Low risk (Category "C"): projects with minimal or no adverse social or environmental impacts. Environmental and social impacts are expected to be negligible. Taking into account the nature, location, sensitivity and scale of the project and the nature and magnitude of its possible environmental and social impacts and issues, the Credit Officers can determine the nature and level of environmental and social assessments required, the level of information received by the Credit Officer can be used for this purpose.	-
Risks on financial assets are carried out in accordance with the requirements of Liberty Banks ESG policy, in particular, in lending procedure we take into account environmental and social risks, as for non-financial / intangible assets, In this regard in 2023-24 we're planning to conducting internal and external awareness trainings, implementation of other "green" activities, we think, will have a positive impact on non-financial assets.	-
Types of E&S Risks in Liberty Bank: Liability Risk; Financial Risk; Reputational Risk; Credit Risk; Market Risk. Liability Risk: By virtue of taking possession of collateral assets, a financial institution is exposed to liability risk stemming from a client's legal obligation. This includes fines, penalties and costs for addressing third-party claims for damages due to negligence in managing environmental and social risks in a client's operations and clean-up of contamination. If the financial institution is principal shareholder of a client's operations, it may also be directly liable for all environmental and social risks associated with a client's operations. Financial Risk: A financial institution is exposed to financial risk stemming from potential disruption of client's operations as a result of environmental and social problems. If not managed properly, these problems can affect a client's ability to meet its financial obligations to the financial institution and/or can drive down the value of client's collateral in the context of transaction. A client's failure to effectively address environmental and social considerations can jeopardize its business operations as well as our Bank's which is supporting the transaction. Reputational Risk: Liberty Bank is exposed to reputational risk due to potentially negative publicity associated with a client's poor environmental and social practices. This harms a financial institution's brand value and image in the media, with the public, the business and the financial community, and even with its own staff. Credit Risk: A financial institution is exposed to credit risk when a client is unwilling and/or unable to fulfill the contractual obligations associated with a transaction as a result of environmental and social issues. For example, if a client faces increased capital or operations costs of complying with environmental and social standards or if operating and emission/discharge permits are absent or expired resulting in regulatory fines or penalties, there is a risk that the client cannot meet its financial obligations to the financial institution. Market Risk: A financial institution is exposed to market risk stemming from a reduction in the value of collateral associated with a transaction due to environmental and social problems. For example, if a product site becomes contaminated, the market value of the underlying	-
Liberty Bank doesn't currently record this kind of information, although it is planned to introduce similar risk assessment practices	-
-	-

Disclosure on KPIs				
Please provide ESG related information regarding the entity's principal ESG risks and how these risks are managed and mitigated. The form should be filled out in accordance to the NBR's ESG Reporting and Disclosure Principles.				
KPI	Unit of measure	Note	Answer	Comment
Environmental				
1	Volume of green loans issued during the reporting year (flow)	currency of issuance	–	–
2	Share of green loans in the total loans issued during the reporting year	%	–	–
3	Total amount of green loans, outstanding as of end of reporting year	currency of issuance	4312778	–
4	Share of green loans in the total outstanding portfolio as of end of reporting year	%	0,2	–
5	Volume of green investment securities as of end of reporting year	–	–	–
6	Share of green investment securities in total amount of investment securities as of end of reporting year	%	–	–
7	Volume of green debt securities issued during the reporting year	currency of issuance	–	–
8	Share of green debt securities in the total debt securities issued during the reporting year	%	–	–
9	Total volume of green debt securities issued, outstanding as of end of reporting year	currency of issuance	–	–
10	Percentage of loans undergone ESG screening during the reporting year	%	19,3	–
11	Percentage of loans that has been rejected based on ESG criteria during the reporting year	%	–	–
12	Share of non-performing green loans in the total green loans as of end of reporting year	%	–	–
Does the entity use any of the following waste management policies:				
13	Reducing:	Yes/No	Reduction - Yes (paper, printer toner and cartridge, fluorescent tubes)	–
	Reusing:	Yes/No	Reuse - Yes (printer cartridges (recharge))	–
	Recycling:	Yes/No	Recycling - Yes (paper recycling)	–
	Composting:	Yes/No	Composting - no	–
Does the entity initiate any environmentally friendly activities (for example: introduction of EVs, rooftop PVs at local branches, better insulation for offices, etc.), please specify				
14	Does the entity initiate any environmentally friendly activities (for example: introduction of EVs, rooftop PVs at local branches, better insulation for offices, etc.), please specify	Yes/No	Energy efficiency of offices has been improved due to the presence of double plastic windows and energy efficient lamps (99%), except this in each room, instead of individual.	–
15	GHG emissions (Scope 1, Scope 2 and Scope 3) for the reporting year	Mean: tons of CO2 equivalent	–	–
16	GHG emissions target, if any	Mean: tons of CO2 equivalent achieved or % reduction, from 2019-2020	–	–
Social				
17	Diversity in the workplace - percentage of female employees as of end of the reporting year	%	69%	–
18	Diversity in the workplace - percentage of females in senior management as of end of the reporting year	%	10%	–
19	Diversity in the workplace - percentage of females in middle management as of end of the reporting year	%	46%	–
20	Diversity in the workplace - percentage of persons with disabilities employed as of end of the reporting year	%	0,48	–
21	Diversity in the workplace - maturity of workforce as of end of reporting year	age structure distribution - number of employees per age group:	41 29 30-40 40-50 50	–
22	Training & education - share of employees who have received the training during the reporting year	%	0,54	–
23	Training & education - average expenses on training per employee during the reporting year	HEL	42,80 422	Expenditure per employee in internal trainings (2797 employees in total) Expenditures per employee in external trainings (862 employees in total)
24	Employee turnover rate	%	29%	–
25	Parental leave - total number of employees that took parental leave during the reporting year	number of employees	309	–
26	Parental leave - average length of parental leave during the reporting year	Days	169	–
27	Customer privacy - total number of complaints received concerning breaches of customer privacy during the reporting year	number of complaints	0	–
28	Customer privacy - total number of identified leaks, thefts, or losses of confidential data during the reporting year	number of leaks, thefts, or losses	0	–
29	Customer satisfaction - does the entity conduct surveys on customer satisfaction?	Yes/No	Yes	–
30	Customer satisfaction - percentage of total customers surveyed comprising identified customers during the reporting year	%	61,4	–
31	Human rights - Accessibility of facilities, documents and websites to people with disabilities	Describe how the facilities, documents and websites are adjusted to ensure their accessibility for employees, as well as for customers with disabilities	In the adapted service center for disabled people, there is an access ramp to the building, the entrance door is opened automatically, the service of a disabled person is added in the queue number machine, and when selected, the service of a disabled person will be redirected to an employee as a priority. The service employee is equipped with an additional notebook, from which the hearing-impaired person can communicate with the operator. An additional sound center is installed in the working space. The operator is equipped with disposable headphones, a magnifying glass. A special program is installed in the employee's computer, which allows to voice the contract to be signed with the disabled person. The branch also has a voice ATM.	–
32	Human rights - Number of grievances about human rights impacts filed, addressed, or resolved during the reporting year	number of grievances	0	–
33	Share of social sustainable loans in the total outstanding portfolio as of end of reporting year	%	–	–
34	Volume of social sustainable investment securities as of end of reporting year	–	–	–
35	Share of social sustainable investment securities in total amount of investment securities as of end of reporting year	%	–	–
36	Workplace health and safety - does the entity have workplace health and safety policies and procedures? Please, provide details.	Yes/No	This may include emergency response training, first aid and fire safety training, good workplace culture, overtime practices, and healthy office buildings, etc.	Liberty Bank hired a contract company, which ensured the conduct of the risk assessment procedure for a healthy and safe environment at the workplaces, as well as conducted trainings on how to handle emergency fire situations, microclimate measurements were carried out, which did not reveal abnormal indicators, except for the above, compensation for overtime working hours is provided for by the bank's corporate guidelines. Overtime hours are paid by the company.
Governance				
37	Corporate and third-party relationships with related to anti-competitive behavior, anti-trust and monopolies practices during the reporting year	HEL	–	–
38	Does the entity have the following policies in place:	Yes/No	Yes	–
	Anti-bribery policy:	Yes/No	Yes	–
	Anti-corruption and anti-money laundering policy:	Yes/No	Yes	–
	Policy towards business integrity:	Yes/No	Yes	–
39	Is there a designated officer/body responsible for overseeing environmental and social policies and procedures?	Yes/No	Yes	–
40	Does board approve both the ESG strategy and policies?	Yes/No	Yes	–
41	Are there processes for communication between shareholders and the board of directors concerning board environmental and social topics?	Yes/No	No	–