Corporate Governance Code for Commercial Banks

Revisions regarding the ESG

Article 3. Core Principles of Corporate Governance

7. A bank shall incorporate environmental, social, and governance (ESG) considerations into the bank's strategy in order to support its long-term sustainability. ESG considerations include those issues that can materially affect the bank's operations, for example, the gender diversity of employees. ESG considerations also include issues, such as climate change risk, that can materially affect the performance of a bank's investments, loans, and other lending activity.

Article 4. The Roles and Responsibilities of the Supervisory Board

1. In addition to other functions, the members of the Supervisory Board are individually and collectively responsible for performing the following functions:

q. Ensuring that ESG considerations are adequately integrated into the bank's strategy and monitoring its effective implementation. This includes considering and assessing not only the financial performance but also the potential environmental and social impact of the bank's activities. In order to perform the function provided in this subsection, the Supervisory Board must have the appropriate knowledge and receive relevant information on ESG issues. The bank shall allocate adequate human and financial resources, which may include activities that aim to ensure participation of the Supervisory Board members in programs that will enhance their knowledge of environmental, social, and governance issues.

Article 8. Audit Committee

1. The Audit Committee is, in particular, responsible for:

k. Monitoring the Pillar 3 reporting process, including ESG reporting and approving the annual Pillar 3 report for publication, if according to the bank's internal policy, given function constitutes Audit Committee's responsibility

Article 9. Risk Committee

1. The Risk Committee is, in particular, responsible for:

k. Monitoring the Pillar 3 reporting process, including ESG reporting and approving the annual Pillar 3 report for publication, if according to the bank's internal policy, given function constitutes Risk Committee's responsibility

Article 17. Risk Management

13. The Supervisory Board, together with financial risks, shall assess non-financial risks that contain ESG, including climate change risks. The Supervisory Board shall ensure the full integration of the ESG risks into the bank's risk management framework. As part of the risk management system oversight, the Supervisory Board shall regularly assess ESG risks and verify that these risks are identified, measured, monitored, and their impacts are mitigated appropriately.

Article 20. Information disclosure and transparency

A bank shall properly disclose relevant information to its stakeholders on its activities, including the corporate governance of the bank, and publish material information on the bank's official website. The bank shall disclose information on compliance with corporate governance standards in the annual report prepared in accordance with **decree N92 / 04** of June 22, 2017 on the "Regulation on Disclosure requirements for commercial banks within Pillar 3" approved by the President of the National Bank of Georgia , which also includes information on ESG issues.