



Communication on progress
BDO Georgia

1 July 2022

BDO

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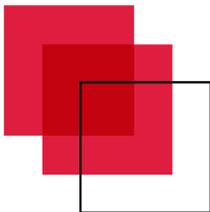
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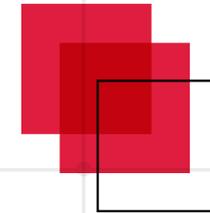
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Statement of continued support



I am pleased to confirm that BDO Georgia affirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

At BDO we recognise the need to continually adapt the way we operate to meet the sustainability demands of all our stakeholders to protect our business and the interests of generations to come. In our vision to deliver exceptional client service always and everywhere we encapsulate the idea of delivering positive impact for people, society and the environment.

We continue to build on the solid systems and processes we have put in place throughout these 22 years of delivering exceptional client service, and thus support our unfaltering commitment to quality.

Our mission is to use our knowledge and experience to help all our communities thrive. It defines how we deliver our knowledge and experience to our clients, how we care about our people, their personal success and happiness, and what goals we set ourselves to contribute to sustainable development goals.

Our core values define how we work towards our mission every day. By focusing on our people first, adhering to the highest standards of professionalism and business ethics, and committing to constant development and innovation, we amplify BDO's brand and reputation as a responsible and sustainable business.

In our annual Communication on Progress, we describe our actions, our efforts and plans towards the integration of the Global Compact and its principles into our business strategy, culture, and daily operations. Since this is our first report, and might I emphasize - being published under strong impact of unprecedented disruptions - the global pandemic and Russia's war in Ukraine, we are diligent in our long-term plans and ambitions to deliver impactful results.

We commit to sharing this report with our stakeholders using our primary channels of communication.

Sincerely yours,

Zurab Lalazashvili
Managing Partner





BDO Georgia at a glance

BDO Georgia, one of the leading audit and business advisory firms on Georgian market, is the member of international BDO network of professional accounting firms. With more than 95,000 people in 1713 offices worldwide, BDO is represented in 164 countries and territories.

22 years

BDO has been following the millennium, perfectly mirroring its peculiarities and pace of development

Our partners and staff of over 250, excellent specialists in their fields, work hard every day to understand our clients' businesses and markets. Our focus on growth and development, empowering our people through knowledge and exceptional relationships, a client base of successful businesses and individuals who trust us continually, demonstrate our strong standing on the market.

BDO invests heavily in service quality, resources and technology. We are proud of our service diversity, ability to adapt to the ever-changing needs of business as well as the increasing pace of technological and digital transformation.

BDO holds ISO/IEC 27001 information security management certification.

We are the member of Georgia's Pro Bono Network, an informal union of companies willing to make their expertise and professional resources available to the organizations working to improve society.

We are involved and seek out relevant collaborations with business associations, sustainability organizations and projects in Georgia to help educate, inspire and lead sustainability concept for business, the state and individuals.

Our mission

Use our knowledge and experience to help all our communities thrive

Our values





Our services

 Audit and assurance

 People advisory

 Tax advisory

 Risk advisory

 Business Services and Outsourcing

 Forensics

 Legal advisory

 Sustainability services

 Corporate finance

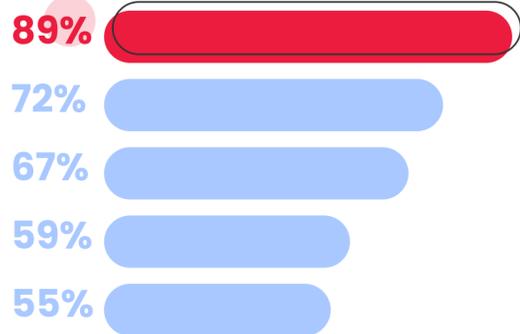
 Digital transformation services

Brand awareness

BDO was named top of mind business advisory brand by the respondents of brand survey conducted in July – September 2021.

The survey aimed to explore the awareness and overall consumer perception of audit, business advisory and IT advisory brands in Georgia. Large and medium sized businesses across 15 industries were selected for the survey by random sampling, and economics and business experts were also interviewed in the process.

Top of mind



Market Leader Perception



Description of actions

Human Rights

At BDO we are committed to respecting the human rights of all our staff, and the community we operate in, and we ensure to adhere to the internationally proclaimed human rights throughout our values, business practices, policies, and culture.

Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2:

Make sure that they are not complicit in human rights abuses



Our people are core to our business and we make a concerted effort to ensure all our employees feel safe, valued and free to be their most authentic selves, communicate, collaborate and take initiatives confidently, are willing to learn as well as help others learn, and grow with purpose. We care about individualism and personal accomplishment at work. For this we create an environment where equality, professionalism, comfort, engagement, teamwork and relationships are of utmost importance.

BDO recognizes the principle of equal treatment of persons and rejects any type of discrimination due to race, skin colour, language, ethnicity and social status, nationality, origin, material status or position, place of residence, age, sex, sexual orientation, marital status, handicap, religious, public, political or other affiliation, including affiliation to trade unions, political or other opinions.

We cover more on our commitments and actions towards our people in the Labour Rights section of this report, since all relationships with partners and staff, internal policies, guides and standards of operating procedure are covered in and governed by our employment policies and procedures.

In this section however we talk more about how we strive to create an inclusive and empathetic culture – both inside and outside BDO. Our corporate and individual contributions to the society touch multiple areas from philanthropy to reducing inequalities within the communities. We achieve this by delivering pro-bono services to those who lack access to quality resources, by helping them access the quality education, supporting social entrepreneurship, and by our efforts to adjusting the value chain at the best interest of all parties across it and the environment. We have a long-standing tradition of collaboration with universities for extensive knowledge-sharing and career advice and supporting the organizations with social causes. Since April 2020 we are also official signatory of the UN's Women Empowerment Principles and since then our efforts in this direction have been more concrete and relevant.

Human Rights



Within the period that this report covers, a few examples of the deliverables towards our chosen SDGs include

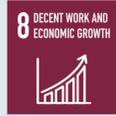
- 01** Pro-bono audit, tax, legal and consulting services provided to the community organizations, foundations and social enterprises
- 02** Funding for laptops and uninterrupted internet connection for vulnerable high school students across Georgia to help them access quality educational resources and find their own ways for career development
- 03** Together with partner organizations, opening of informal education center for youth in Barisakho, mountainous region of Georgia. This is an ongoing project and we intend to participate at various stages relevantly and effectively, such as financing the specific training courses for the local youth, delivering seminars and sharing knowledge on entrepreneurship, etc.
- 04** Regular philanthropic donations both corporate and individual to the community houses and shelters for the elderly and/or vulnerable, day care center for children with special needs, charitable purchases for social causes, participation in international and local campaigns and marathons such as World Run, Red Nose Day, International Down Syndrome Day and many more
- 05** We take cooperation with social enterprises seriously, it has been a major part of our strategic approach to how we see impactful collaborations for social causes, even philanthropy. We believe that strong collaboration between corporate business and social entrepreneurship can make significant progress towards implementation of the SDGs, because such collaboration potentially touches multiple angles of social, environmental and governance areas.
We have therefore set it our mission to speak out in favour of the role that partnership between business and social enterprises can have. We participated in the target survey and sponsored the annual Social Entrepreneurship Forum in September 2021, where we

spoke about our experience of cooperation with social enterprises and our conviction why this is the right way to work towards implementation of SDGs by 2030.

- 06** Since 2014 BDO Georgia has a biennial tradition – every other year donating the annual gift budget to a social cause of our choice in the name of our people, clients and partners.
So every other year when we give out symbolic year-end appreciation gifts to our clients and partners, we make purposeful choice to cooperate exclusively with social enterprises and women’s businesses in respective procurement and services. In both cases we communicate our reasoning openly to our stakeholders, thus passing on and encouraging similar decisions for anyone who can do so. Feedback we receive has been only positive and we intend to keep up the tradition.
Moreover, we are working on how to plan more permanent and large-scale adjustments to our supply chain to ensure socially and environmentally cautious procurement, in terms of touching women owned business, recycling, circular economy, etc as much as possible. We will be reporting on progress in this regard in our next communication of progress
- 07** For us gender equality is important both inside and outside BDO. We strongly believe that empowered women across the economy, in business, politics, healthcare, etc can deliver more effective results and provide happier community.
Within our ongoing project on women’s economic empowerment with UN Women, which is funded by the Norwegian Government, we have completed first half of training for 100 women entrepreneurs. The trainings covered knowledge sharing on many aspects of entrepreneurship – how to turn business idea into business plan and run a successful entity, project, and yield results, obtain funding and grow. Next group within the project is the group of 100 more women with no experience in entrepreneurship who by the end of March 2023 will receive similar trainings tailored to their field of engagement.
This series of entrepreneurship and tax trainings delivered by our professionals was also part of another similar pro-bono project in March 2022 organized for women owned SMEs and other groups.

We provide some of the figures to corroborate our commitments in the last section of this report.

Labour



At BDO we are committed to implementing the highest standard of labour practices and to complying with the Labour Code of Georgia and international best practices in all circumstances.

Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4:

The elimination of all forms of forced and compulsory labour

Principle 5:

The effective abolition of child labour

Principle 6:

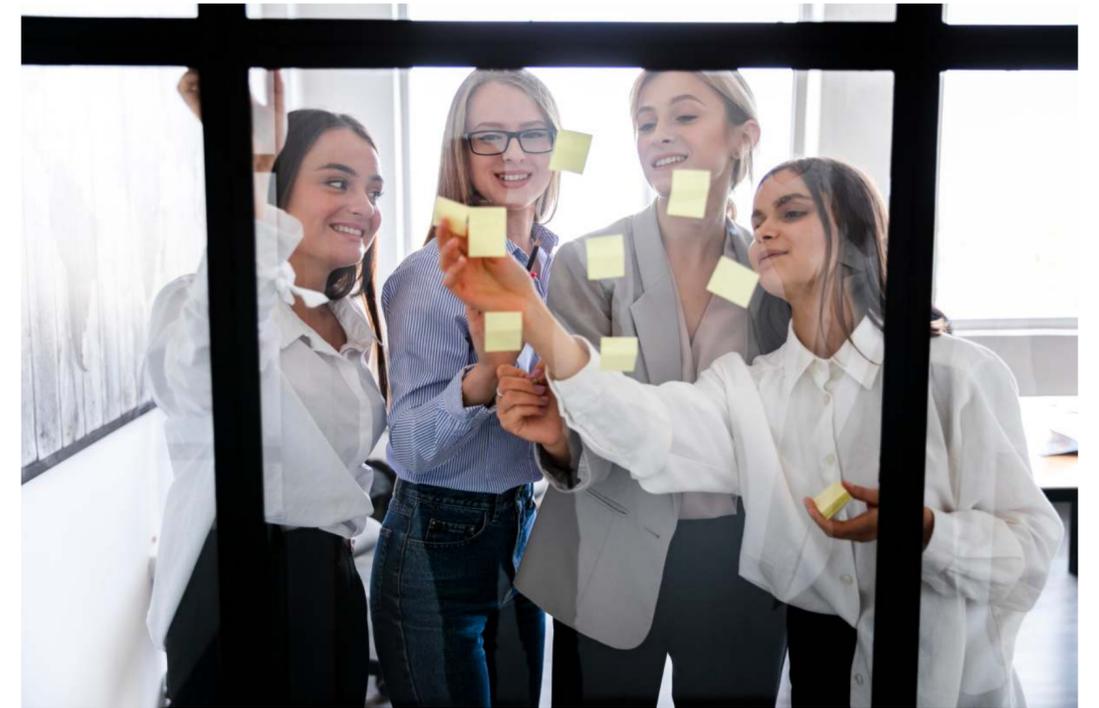
The elimination of discrimination in respect of employment and occupation.



Our employment policies are in line with Georgian labour Code and are consistently reviewed for timely updates. Although our standards of employment exceed the basic requirements of the Labour Code in many cases which largely accounts for our unique corporate culture.

We have developed the relevant employment policies and procedures, which govern relationships between the company and an employee and all relationships that the employment entails.

- We condemn and reject any type of discrimination and sexual harassment, both in pre-contractual (including at the stage of advertisements for employment and recruitment) and labour relations. We recognize the principle of equal treatment of persons, provide equal employment opportunity to all applicants and employees and prohibit any type of discrimination by race, skin colour, language, ethnicity and social status, nationality, origin, material status of position, place of residence, age, sex, sexual orientation, marital status, handicap, religious, public, political or other affiliation, including affiliation to trade unions, political or other opinions
- We ensure that our working hours and overtime pay comply with all applicable laws
- We provide competitive salary, based on performance merit
- We provide a clean, safe and healthy working environment to protect the occupational safety of all employees
- Our benefits include competitive allowances on communication, transportation, tuition fee remunerations, additional study leave, paid maternity leave and other essentials, quality healthcare and well-being provisions, etc.
- We have Discrimination and Harassment Prevention Policy in place to see that none of the employees should ever be subjected to any threat of sexual or other harassment and verbal abuse or forms of intimidation. The complaints procedure embedded in the policy ensures that every voice is heard, and any cases are handled with proper care



- BDO rejects and prohibits any form of child, slave, forced or obligatory labour and never engages in or supports human trafficking
- BDO allows workers freedom of association to organise and bargain collectively, without interference, discrimination, retaliation or harassment
- One of the core values and thus top priorities at BDO is constant development. We set it our goal to provide our people with opportunities for quality learning in all forms – classroom trainings, on-job learning, external courses, secondments etc. Our recently launched Learning Management System (LMS) will allow all partners and staff to plan their learning process at their own pace and convenience for better results
- Performance based assessments at BDO provide fair foundation for bonus and premium payments. The remuneration scheme is transparent and communicated to the staff in due course Gender equality and women empowerment is organic for BDO
- 66% of our staff are women professionals contributing to BDO's success in all positions from audit, tax, legal, accounting and business advisory to IT and tech positions, including in manage-

Labour



ment roles. Any reflection of diversity for that matter brings value to business such as ours, but having empowered women on board entails impressive intelligent, thoughtful, competent insights that only the unique experiences of women and their views of life and behavior can bring to the table.

In March 2022 we reviewed and updated our action plan for WEPs to take relevant steps towards gender equality and women empowerment measures inside and outside BDO

- We believe that proper onboarding process for newcomers is essential. Up to recently we handled this process based on exhaustive Employee Handbook and personal support by leadership team. Since early Spring 2022 we have been working on perfecting and optimisation of onboarding process through digital solutions. As a result, our People & Culture site on BDO intranet will be launching shortly and will cover extensive material, resources, applications, sign-off and feedback forms and other practical features for our newcomers. This new development will help us to manage people engagement from the very beginning which is critical for further nurturing of relationships and attitudes
- We have long-standing tradition of sharing knowledge, business insights and advice to the university students. During the period this report covers we delivered series of webinars, seminars and master-classes on tax, entrepreneurship, audits, careers and self-presentation, etc. Number of attendees of these events have then applied to joined BDO at different times and started their career with us
- BDO is represented on European Business Association's (EBA) Youth Board advocating for European values in Georgia, empowering youth and supporting their active participation in policy making processes
- We are the signatory of memorandum on the Internship Program within USAID's and EBA's Youth for Change project, which unites the private sector organizations to coordinate and support youth employment in Georgia through providing opportunities for young people to apply their theoretical knowledge into practice, gain work experience and receive mentorship and guidance from their supervisors.

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As we entered the second half of 2021, our focus has been to ensure that our people, our clients and their families reintegrate in the new normal, yet with another strong wave of the pandemic present in our lives in Georgia. Job security never stopped being our number one priority throughout the whole time. None of the BDO employees were left behind and our team grew shortly after the first phase of the crisis was overcome.

We maintained and strengthened the sanitary and safety measures in the office premises and ensured well planned hybrid work environment to let our people be flexible with their attendance. We believe in constant, open and consistent communication with our people through which we spoke to them about practical instructions, recommendations and showed general support. We based our corporate decisions on the feedback from partners and staff to ensure maximum flexibility for better work-life balance for all, including working parents, and provide them with needed support to shift easily to the 'realise' phase as we call it at BDO.

Various social activities for team building and fun, sense of togetherness and support have always been an integral part of our culture. Throughout the times of limited social outings, we made particular effort to ensure their engagement via our intranet, our virtual office, offering our people different rewarding activities, constant flow of useful information and resources, self-service applications, feedback forms, etc.

Lifting the limitations on social gatherings have resulted in major get-together events for all partners and staff, initiated by us, which turned out as rewarding as expected after the unprecedented refrainment from anything resembling live entertainment, we all had to endure.

Environment



As a business, we realise our role in protecting, preserving and renewing our resources so that we do not compromise the development opportunities for future generations. We are all capable of making an impact and playing our part in leading positive change for the environment we live in.

Corporate social responsibility (CSR) has been an integral part of BDO's identity since the beginning. Evolving our CSR into the overarching topic of sustainability was a natural development. Since 2021 we have started to identify the areas of environmental issues where we could make impact considering our industry, our value chain and general priorities here in Georgia.

Information and data security ensured by ISO/IEC 27001 allowed for safe and comfortable transfer of work environment and service provision on cloud for BDO teams and clients back in 2020. As part of the roadmap of our digital transformation, from March 2022 we have started major migration to cloud and removing our servers from the office space to reduce energy consumption on our premises initially and achieve many long-term positive outcomes:

- Despite using the shared data centre facility for now to switch to cloud computing, we are still minimizing the hardware and energy required to run the process, including the massive cooling systems needed on premise
- Through the series of digitization including BDO Portal, shifting entirely to Microsoft 365 suite as our work environment, we have significantly reduced the need for physical documentation. Not being reliant upon paper-based processes helps us reduce our environmental impact. We realise that the consequences paper production has on the environment are huge.
We have also introduced Follow Me printing to further reduce paper and energy consumption and ensure more privacy and information security. Follow Me is a network print queue set up operated by swiping ID card on the printer terminal. Hence no uncontrollable and unnecessary use of paper and printers in the office
- We are planning to keep up with our tradition of planting trees whenever we can and thus encourage the idea of doing the right thing
- Cloud based tools and home working also reduce CO2 emissions produced by commuting, moreover it has enhanced productivity and

employee wellbeing due to flexible work. Any single staffer with a device (notebook, smartphone) connected to internet represents a fully equipped traveling BDO office.

We have been recycling paper for years now and plan to expand our commitment to more types of recyclable paper, such as paper cups, etc. Also, for our wrapping and/or boxing needs with large orders it is our conscious choice to cooperate with providers who use only the product of recycled paper.

Since returning to the offices more actively, we have decided to contribute more to recycling and circular economy:

- We are now partners of a local organization for secondary plastic processing. We have placed recycling boxes all over our offices and encouraged our people to engage and inspire others. This initiative resulted in up to 72 kg of plastic waste recycled in 4 months and counting.

BDO encourages all our people globally to join the BDO sustainability movement and learn more about how they can personally embrace sustainability practices as an individual, as a BDO professional and as an adviser to our clients.



Principle 7:

Businesses should support a precautionary approach to environmental challenges

Principle 8:

Undertake initiatives to promote greater environmental responsibility

Principle 9:

Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption



Principle 10:

Businesses should work against corruption in all its forms, including extortion and bribery.

BDO holds itself to the highest standards of ethical behaviors and this is embedded in our values and implemented throughout our supply chain. We are committed to quality, independence and ethics. We not only embed ethics into our values, but also work hard at ensuring that we all live by them; particularly ones that reflect our commitment to integrity, honesty, objectivity, responsibility and respect.

OUR APPROACH TO ETHICS AND ANTI-CORRUPTION

At BDO, we don't see ethics and compliance as a standalone undertaking: the relevant behaviours are already embedded in the firm's values, and our working culture.



- BDO is regulated firm and our partners and staff comply with the IFAC Code of Ethics
- Ethics training for all partners and staff is provided by the firm on a regular basis
- We have a designated Ethics & Independence Leader, Anti money laundering Officer, Head of Audit and Assurance Quality Management and Head of Monitoring and Remediation

Our corporate culture reflects our commitment to ethics and independence by implementing following policies and internal control mechanisms:

-  We have established and promoted an independently run whistleblowing/complaints reporting mechanism, through which staff can confidentially raise any concerns. Our Complaints Policy has been designed to ensure that our people deal responsibly and in the interest of all concerned in the event of any malpractice within the firm
-  BDO Georgia copes with inducement threats by implementing a disclosure procedure, which requires personnel to declare any kind of gift or hospitality offered by clients; firm assesses and defines value and intensity of gifts and incentives that is prohibited to accept from a client.



Firm has policy for the acceptance and continuance of client relationships and engagements compliant to IESBA Code the BDO Ethics and Independence Manual, and all applicable national standards and requirements. All new client relationships and specific engagements are assessed for risks associated with acceptance prior to the commencement of any services. When performing acceptance procedures for a new engagement of an existing client relationship Compliance team re-assess the continuance of the client relationship



Before accepting a client firm ensures to have sufficient and satisfactory information regarding nature of client's business, client's management, their commitment to address the problematic issues. Regulatory Compliance team investigates reputation and other relevant information concerning client, client's management and owners. We use Tool enabling access to trusted and up to date information.



We established effective Anti-money laundering policy and monitoring system. Policies and procedures are compliant to local regulations and FATF recommendations. Relevant employees are trained and aware regarding policy and local law. Firm periodically assesses and manages organizational and service risks related to AML and TF

Key statistics



257 | People

170 | Woman, 66% of staff

26 | Women in management positions

28 | Women in Tech

115 | People recruited

10 210^{hrs} | Training for staff

5% | Of workforce have taken parental leave



71.2^{kg} | Plastic recycled

700+^{kg} | Paper recycled



80^{hrs} | Pro bono work

100 | Women entrepreneurs trained

9 940€ | Philanthropic donations

65 000€ | Donations for Ukraine crisis

5 | High school students with low socio-economic background provided laptops with internet

For more information

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