



Global Compact
Network Georgia

The Influence of COVID-19 on Corporate Responsibility in the Business Sector in Georgia

2020





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და მრავალპირობის ჩართულობის პროექტი
ADVANCING CSO CAPACITIES AND ENGAGING SOCIETY
FOR SUSTAINABILITY (ACCESS)



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The contents of this Study are the sole responsibility of the author and do not necessarily reflect the views of EWMI, USAID, the United States Government, or the Swedish Government.

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EXECUTIVE SUMMARY

2019 2020





The given document represents a report on “COVID-19 Impact Assessment Study on Corporate Responsibility in Georgia” prepared for nongovernmental organization CIDA by Innova Company.

The aim of this study is the assessment of the post-pandemic state of corporate responsibility in Georgia. The study shows how companies perceive corporate responsibility in the face of the pandemic. How it changed their priority areas and attitudes towards the environment, society, employees, and other stakeholders.

The study was conducted with a design similar to the «Quantitative Corporate Responsibility» survey conducted by Innova on behalf of CIDA throughout Georgia in 2019. This allowed us to compare 2 years of data to each other and see the dynamics of the situation.

It is noteworthy, that despite the challenges posed by the pandemic and the unfavorable environment for business development, the situation in terms of corporate responsibility has not deteriorated significantly and there is still small progress in this direction. Improved rates are mainly found in the case of large and medium-sized companies, although some progress can also be seen in the small business segment.

It should also be mentioned, that both the 2019 and 2020 survey results are based directly on information provided by companies themselves. No further research was conducted to verify the accuracy of their answers.

This research report presents the results in the following main thematic areas: Organizational structure and corporate responsibility; the process of planning, executing, and monitoring activities regarding corporate responsibility; corporate responsibility reporting and the coverage of related activities; human rights and labor rights; environmental protection, waste management and the fight against corruption; charity, support for the development of various fields; partnership with the non-governmental sector; assessing the impact of the pandemic on the business process of companies operating in Georgia.

ORGANIZATIONAL STRUCTURE AND CORPORATE RESPONSIBILITY

Compared to 2019, the degree of formalization of corporate responsibility issues has demonstrably increased in large and medium-sized companies. For example, the number of large companies claiming to have at least some sort of written official document concerning corporate responsibility issues has increased by almost 60%. Furthermore, if in 2019 5% of large businesses said they had a long-term corporate responsibility strategy, according to a 2020 survey, that figure has risen to 16%. Relatively small scale but still positive dynamics are observed in the case of medium-sized companies as well.

Interesting changes were noted in terms of the organizational structure: In 2019, it was revealed that almost 70% of small companies did not have a specific unit/manager directly responsible for corporate responsibility. However, in 2020 there was a positive change in this parameter in companies of all three sizes: in small companies, this figure decreased to 53%, in medium-sized companies from 46% to 40%, and in large companies from 27% to 22%.

THE PROCESS OF PLANNING, EXECUTING, AND MONITORING ACTIVITIES RELATED TO CORPORATE RESPONSIBILITY

Based on the data provided by companies during the research process, we can conclude, that by 2020, the number of large and medium-sized companies carrying out corporate responsibility activities has increased (15% -20% increase). In small companies, progress in this regard is of a smaller scale.

A qualitative study conducted in 2020 demonstrated that the pandemic made companies more sensitive to projects proposed by outside sources. This observation was also confirmed during the quantitative research: The 2019 survey found that 67% of small companies did not respond to the projects proposed by outside sources at all. By 2020 this number has dropped to 52%. The aforementioned figure has decreased from 35% to 21% in medium-sized companies, and from 19% to 8% in large companies.

The results of the 2019 study revealed, that regardless of their size, most companies operating in Georgia did not have a pre-defined budget for activities concerning corporate responsibility. The results of the 2020 survey demonstrate small (positive) changes in this regard.

In 2019, corporate responsibility measures were not monitored by a third of large companies, while in the case of medium and small companies, this figure was 52% and 78%, respectively. According to the new study, this number has dropped to 16% for large companies, 42% for medium-sized companies, and 62% for small companies.

CORPORATE RESPONSIBILITY REPORTING AND COVERAGE OF ACTIVITIES

A study conducted in 2019 revealed, that assessing the effectiveness of corporate responsibility was a problematic issue in the Georgian business sector, as most companies did not conduct such an assessment/analysis and did not have the appropriate tools to do so. According to the data provided by companies in the 2020 survey, there is a positive trend in this direction: the number of organizations that state they do not evaluate the effectiveness of corporate responsibility at all, has decreased from 81% to 57% in case of small companies, from 35% to 23% regarding large companies, and only small changes can be indicated when it comes to in medium-sized companies (52% reduced to 50%).

As in 2019, the newer study found that most of the companies surveyed do not have a separate corporate responsibility report at all. Moreover, in most of the surveyed organizations, financial and content reports related to corporate responsibility are not transparent and in most cases, are not published and/or sent to the stakeholders.

The leading position in terms of corporate responsibility coverage is still held by large companies - 47% of them cover corporate responsibility activities. Only a certain portion of medium-sized companies (18%) do the same, while only 5% of small companies report that they cover corporate responsibility activities. Compared to 2019, these figures have increased sharply (by 18%) in large companies, while in medium and small companies the change is almost imperceptible.

The most popular communication channels are the Internet and social networks.


HUMAN RIGHTS AND LABOR RIGHTS

Compared to 2019, there are no significant changes in the drafting of human and labor rights standards, as well as in the protection of these rights.

The main document that contains the human and labor rights standards is the charter of an organization. The largest proportion of large companies - 36% claim that they oblige their partners to recognize and respect human rights. The largest proportion of medium-sized companies - 31% - state they recommend and assist contractors and partners in recognizing and respecting universally recognized human rights standards. When it comes to small companies, most of them - 37% - believe that the issue of human rights recognition does not affect their partnerships at all.

43% of the large companies surveyed state that the mechanisms for monitoring and protection of labor rights are carried out by the Internal Monitoring Service, in 37% of cases, periodic monitoring is conducted by the Human Resources Management Service, while 26% explain that there is an internal grievance mechanism within companies.

As for medium-sized companies, in 41% of cases, the mechanisms for monitoring and protection of labor rights are provided by the Internal Monitoring Service, 19% of them said that this is done by



the Human Resources Management Service, and in 18% of cases, there was no such mechanism observed.

53% of small companies admitted that they have no mechanism for monitoring and protecting labor rights. This figure has increased since 2019 when 44% of small companies had no mechanism to protect/monitor labor rights. In large companies, the involvement of the Human Resources Management Service in terms of labor rights protection increased considerably compared to the previous survey (from 22% to 37%), while in the case of medium-sized companies, it was the involvement of the Internal Monitoring Service that increased (from 24% to 45%).

As for the proportional distribution of female employees, the following findings were identified: in 39% of large organizations, the number of female employees exceeds 50%, the same figure was observed in 25% of medium-sized companies, and 23% of small companies. In this regard, there is no difference in comparison with the results of the previous year's survey.

ENVIRONMENTAL PROTECTION, WASTE MANAGEMENT, AND THE FIGHT AGAINST CORRUPTION

Compared to 2019, no significant progress has been made in terms of environmental protection and waste management. The study revealed that business companies operating in Georgia seldom include environmental issues in formal documents. According to the overall distribution, 36% of the surveyed companies do not have an official document on environmental issues. Regarding waste management principles, waste management instructions are found in only 12% of large companies surveyed, a waste management action plan is most common in 9%, and waste management instructions are found in only 3% of small companies. 20% of large companies, 34% of medium-sized companies, and 51% of small companies do not have such a document at all.

As for the anti-corruption principles, the main document containing this issue is the charter. According to the research results, as the size of the researched companies grows, so does the frequency with which we encounter anti-corruption standards provided in the company's internal documentation. In this regard, compared with the previous survey, there are different findings.

Most of the surveyed organizations, regardless of their size, name periodic monitoring by an internal monitoring service, internal complaint mechanisms, and observations carried out by the HR department as mechanisms for preventing corruption and monitoring the implementation of anti-corruption standards. In the case of small companies, 6% of the surveyed organizations admit that they do not have an appropriate mechanism in place for the aforementioned issues. Compared to the previous year's research, the main trends concerning these figures have not changed.

CHARITY, SUPPORTING THE DEVELOPMENT OF VARIOUS FIELDS

Compared to 2019, some positive trends were observed in terms of establishing methods for organizing the charity process, however, the basic picture remains the same: the criteria and processes for charity are not formally written out by most of the small organizations. As for large and medium-sized companies, in most cases, the charity process is organized/coordinated/implemented by the representatives of the organization itself.

The most popular topics that were associated with corporate responsibility activities of organizations operating in Georgia in 2019 were: overcoming poverty, eradicating hunger, and promoting a healthy lifestyle. According to the 2020 survey, the leading themes have not changed significantly: elimination of all forms of poverty (33%), eradication of hunger, food security and improvement of nutrition, and promotion of sustainable agriculture (30%), Healthy living and well-being for people of all ages (17%), Gender Equality (10%) Partnership for Sustainable Development Goals (10%).

PARTNERSHIP WITH THE NON-GOVERNMENTAL SECTOR

56% of large companies, 42% of medium-sized companies, and only 30% of small companies express a desire to be involved in partnership projects with non-governmental organizations. Compared to 2019, this figure has improved dramatically for large, medium-sized, and small companies (According to the 2019 survey, 26% of large companies, 27% of medium-sized companies, and 21% of small companies expressed a desire to partner with NGOs).

In 2019, the desire to engage in partnership projects with NGOs was mainly expressed if such projects would provide a new opportunity for business development. This trend remained the same in 2020 and the surveyed companies again cite the same reason as the motive for engaging in partnership projects with NGOs.

ASSESSING THE IMPACT OF THE PANDEMIC ON THE WORK PROCESS OF COMPANIES OPERATING IN GEORGIA

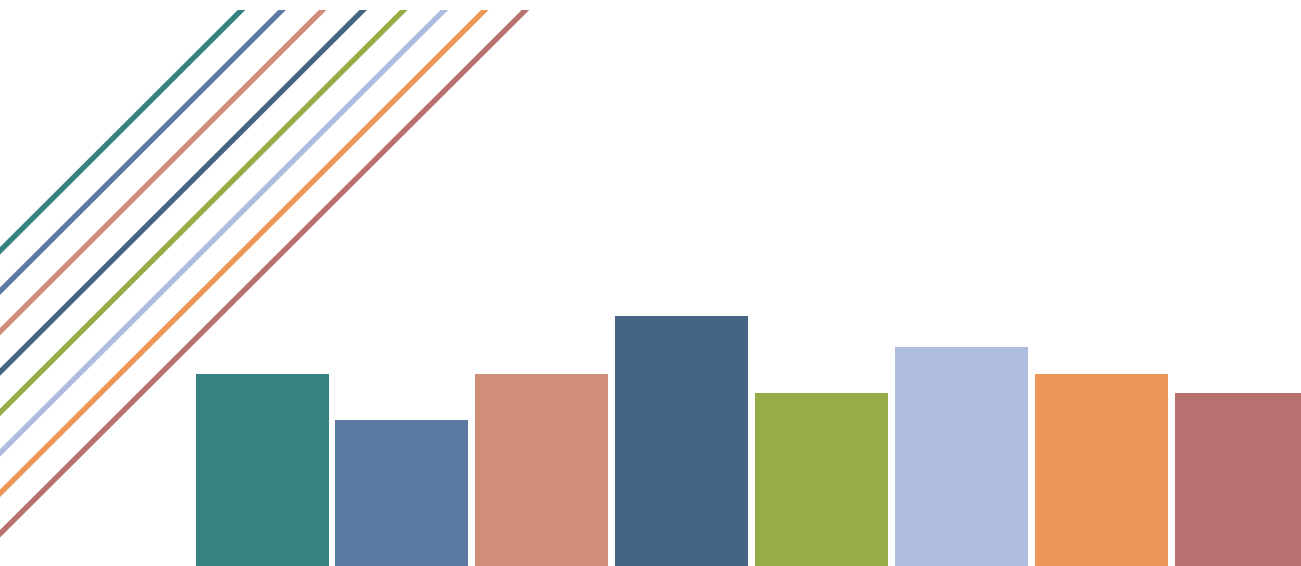
The results of the study revealed that the pandemic has created certain difficulties for businesses. Companies of different sizes managed to overcome the COVID challenges differently. Small companies suffered the most during this period. They had fewer resources to deal with the crisis, making it more difficult for them to maintain salaries and jobs for their employees.

As for large and medium-sized companies, they adapted to the new reality relatively easily. Most of the large and medium-sized companies surveyed were to some extent able to at least temporarily switch processes to remote work and implement innovative approaches.

According to the overall distribution, 76% of the organizations surveyed indicated that they did not develop a new corporate responsibility strategy in order to account for the new reality brought upon by the pandemic. The new corporate responsibility strategy developed during the pandemic is almost non-existent in small organizations (8%), in medium-sized companies they are found relatively more often (19%), and in large companies almost twice as much as in the previous two cases (41%).

According to the overall distribution, 65% of the companies surveyed in the research stated that they did not lay off employees due to the pandemic. According to the same distribution, 14% of companies had to lay off employees and 21% had to send them on temporary, unpaid leave. It must be mentioned, that compared to large and medium-sized organizations, employees of the small companies were most affected negatively due to the pandemic.

The study found that during the pandemic, most of the large and medium-sized companies operating in Georgia switched to remote or partially remote operation (In total, 72% of large companies, 63% of medium-sized companies, and 41% of small companies). It was also revealed that 58% of the small companies surveyed did not switch to remote operations during the pandemic.





RESEARCH PURPOSE AND METHODOLOGY



The study aims to assess the impact of Covid-19 on the corporate responsibility of businesses operating in Georgia. The survey allows all stakeholders to see and determine the current state of corporate responsibility in large, medium, and small companies operating in Georgia.

Also, in the framework of quantitative research, we can compare the current situation in the country in terms of corporate responsibility to the data obtained in 2019 from similar research.

QUANTITATIVE RESEARCH METHODOLOGY FOR ASSESSING THE IMPACT OF COVID-19 ON CORPORATE RESPONSIBILITY IN GEORGIA

The target population for the quantitative research was business companies of different sizes registered and operating in Georgia. The selecting method is stratified random sampling. Operating business companies were divided into three groups (strata) according to their size. According to the annual turnover and the number of employees, the National Statistics Office of Georgia classifies enterprises as large (More than 250 employees or more than 60 million GEL annual turnover), medium (50-249 employees or 12-60 million GEL turnover), and small (49 or fewer employees and up to 12 million GEL annual turnover) sized enterprises. The database of existing enterprises was provided by the National Statistics Office. 1053 businesses were selected by random sampling, of which 171 were large, 489 medium-sized, and 393 small. The sampling methodology provided an average margin of error of less than 5% with 95% confidence.

A quantitative research questionnaire was developed by the client organization. The questionnaire was slightly modified and refined by the research organization. Additional questions were added to the questionnaire to assess the impact of the pandemic on the work process. The structured interview questionnaire included 55 closed-ended and semi-closed-ended questions. The survey was conducted through telephone interviews.

QUANTITATIVE RESEARCH ANALYSIS

As previously mentioned, 1053 business organizations were surveyed as part of the quantitative survey, of which 171 were large, 489 medium-sized, and 393 small. Following is an analysis of the information obtained from the quantitative survey and key findings. The data are also compared with the results of the 2019 Corporate Responsibility Survey of businesses operating in Georgia. It is noteworthy that the survey is based entirely on information provided by companies in the course of interviews. The researchers did not request and analyze additional documentation from the surveyed companies or verify the accuracy of the provided information with a third party.

QUANTITATIVE RESEARCH ANALYSIS COVERS THE FOLLOWING MAIN THEMATIC AREAS:

SECTION 1	Organizational structure and corporate responsibility;
SECTION 2	The process of planning, executing, and monitoring activities regarding corporate responsibility;
SECTION 3	Reporting and coverage of corporate responsibility activities;
SECTION 4	Human rights and labor rights;
SECTION 5	Environmental protection, waste management and the fight against corruption;
SECTION 6	Charity, support for the development of various fields;
SECTION 7	Partnerships with the non-governmental sector;
SECTION 8	Assessing the impact of the pandemic on the work process of companies operating in Georgia.

The results and analysis of each section are given in the research report. The results are presented graphically in 4 sections:

- 1. General distribution** - where the total distribution of answers of all surveyed companies is given;
- 2. Large** - Only the percentage distribution of responses from large companies is given (number of responses as a share of 171 large companies surveyed);
- 3. Medium** - only the percentage distribution of responses of medium-sized companies is given (number of responses as a share of 489 medium-sized companies surveyed);
- 4. Small** - Only the percentage distribution of responses from small companies is given (number of responses as a share of 393 small companies surveyed).

For visual and comparative analysis, results are shown in figures for both 2020 and 2019.

SECTION 1

ORGANIZATIONAL STRUCTURE AND CORPORATE RESPONSIBILITY

This section of the questionnaire aims to determine whether corporate responsibility issues are formally defined in business companies of different sizes operating in Georgia; whether there is appropriate written documentation; in which documents are components of the corporate responsibility strategy mainly outlined; mainly by whom corporate responsibility is managed in companies operating in Georgia; how important is corporate responsibility in the activities and structure of the organization.

The results of the research show that with the increase of the company size, the degree of formalization of corporate responsibility issues increases in the companies operating in Georgia (As shown by both the 2019 and 2020 surveys. See Figure 1). For example, if in 2019 26% of large companies claimed that the organization has a document written in terms of corporate responsibility, in 2020 this figure increased to 42%. While in 2019 this number was 18% in medium-sized companies, in 2020 25% of medium-sized companies have a written corporate responsibility document. This indicates a 7% increase. In small organizations, the figure was 2% in 2019, and now 8% have a corporate responsibility document. It is also noteworthy that in 2019, only 5% of large organizations had a long-term corporate responsibility strategy, while now 16% of large companies have added this management concept in their long-term strategy (see Figure 2).

FIGURE 1 - Survey Results 2020

Does your organization have a written document regarding CR?

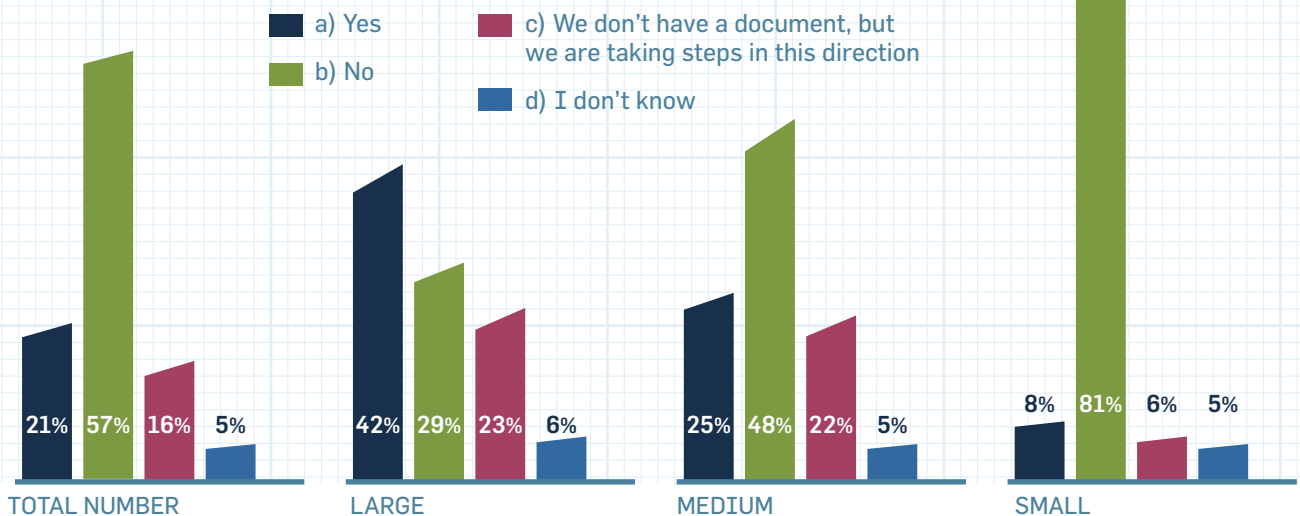


FIGURE 1 - Survey Results 2019

Who generally oversees the CR process in your organization?

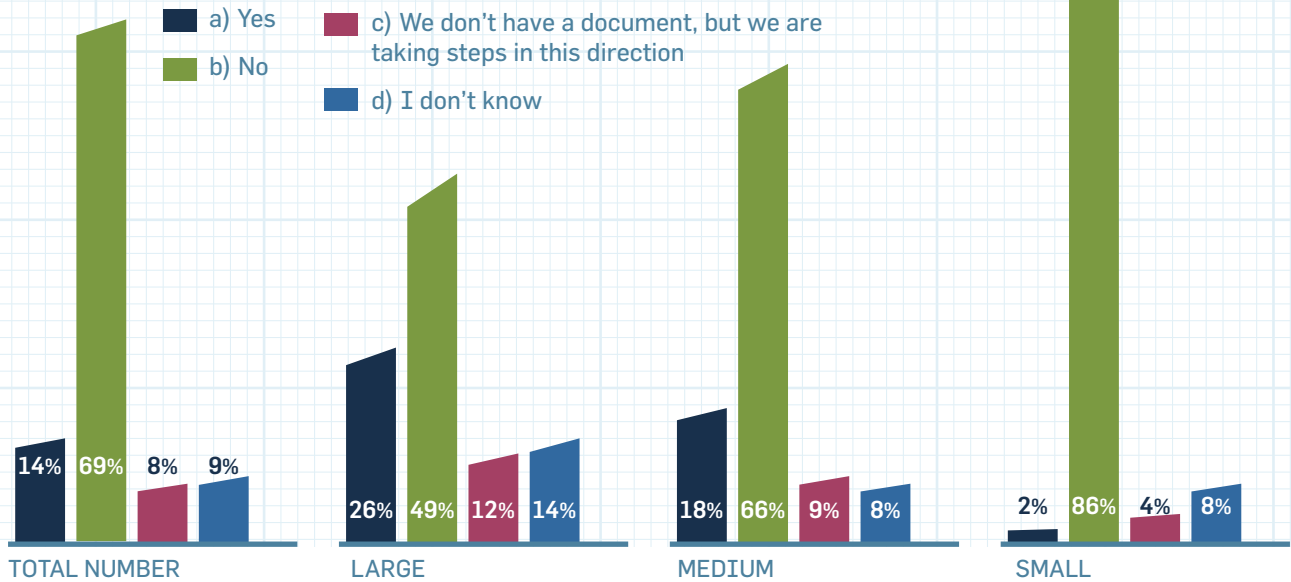


FIGURE 2 - Survey Results 2020

Which documents describe the components of your CR strategy?

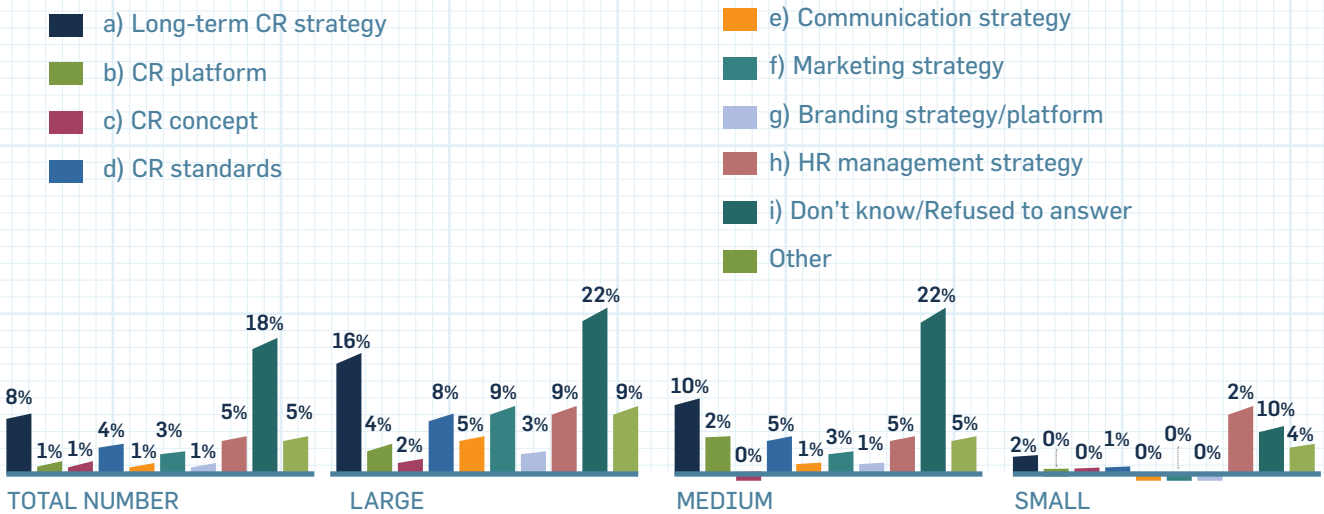
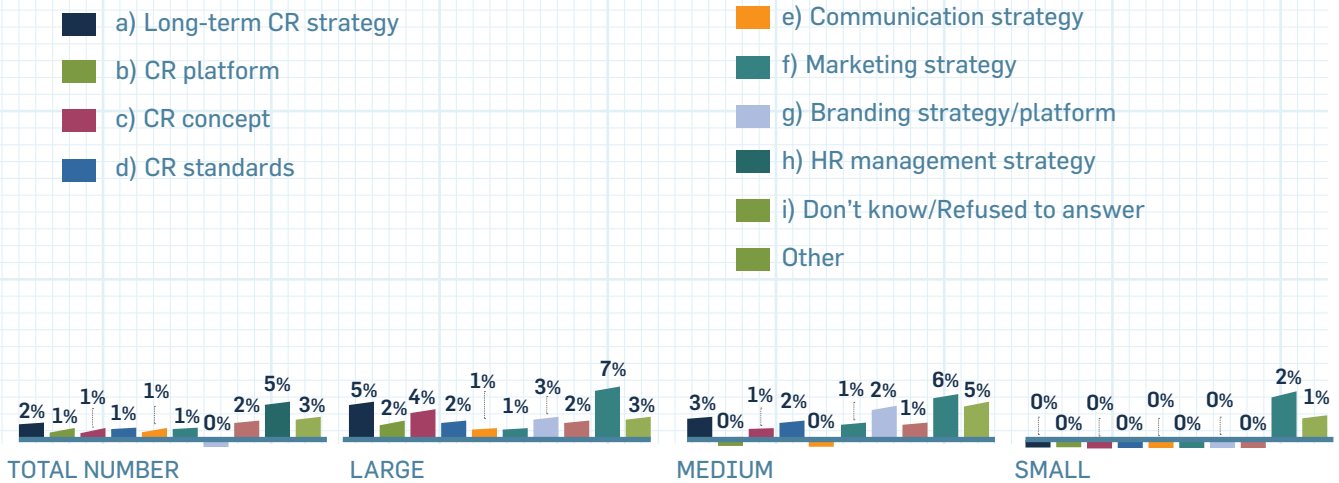


FIGURE 2 - Survey Results 2019

Which documents describe the components of your CR strategy?



As for the structural unit of corporate responsibility, in 2019 it was revealed that almost 70% of small companies did not have such a unit/manager. In 2020 there seems to be a positive change in this parameter in companies of all three sizes. In small companies, the figure of companies without the structural unit of corporate responsibility dropped to 53%; in medium-sized companies from 46% to 40%, and in large companies from 27% to 22%.

It was revealed that compared to 2019, the figure of the structural unit working on the management of the corporate responsibility process in large companies has increased from 4% to 11%.

As for large and medium-sized companies, in 2019 this function was in most cases allocated to some additional department or division, whose main activity is to perform other functions (e.g. marketing, public relations, human resource management). No changes are observed in this direction in the 2020 study either. In the case of large companies, for the most part, this function is assigned to the marketing department (16%), the human resources management department (12%), and the public relations management department (12%). In medium-sized companies, this function is held by managers in similar fields, not departments. For example, marketing manager (7%), human resource management manager (7%). As for small companies, the position of marketing manager was identified only in the case of 3% of companies. (See Figure 3).

FIGURE 3 - Survey Results 2020

Who generally oversees the CR process in your organization?

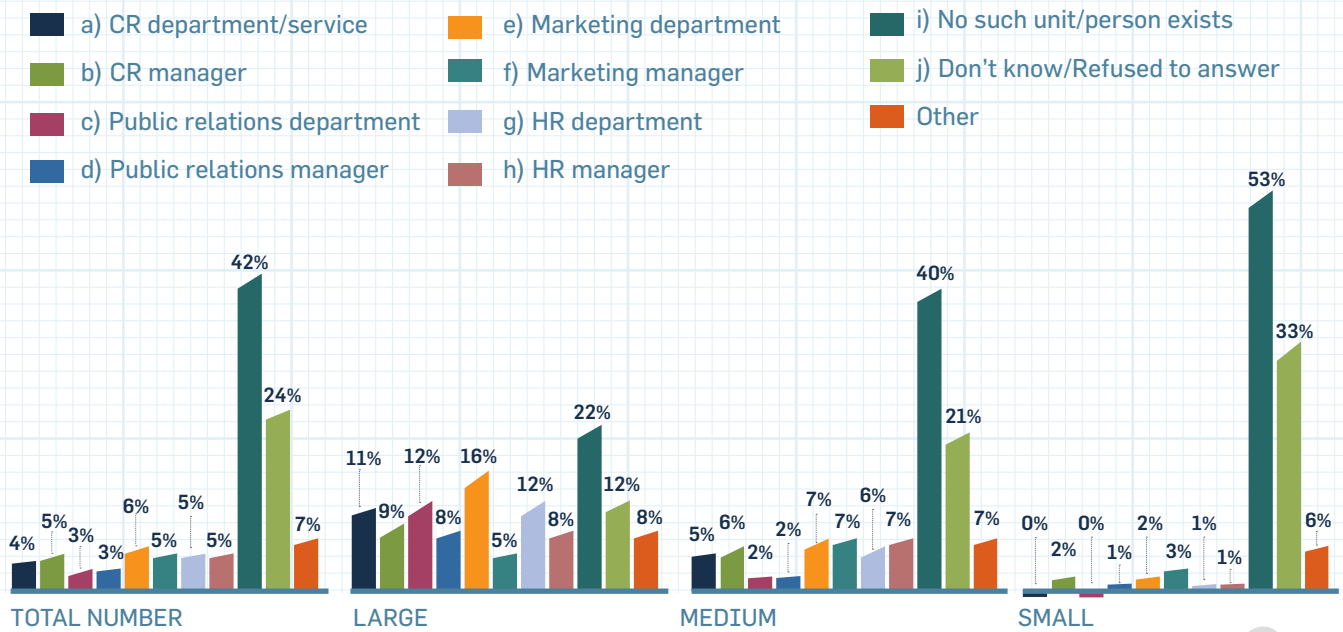
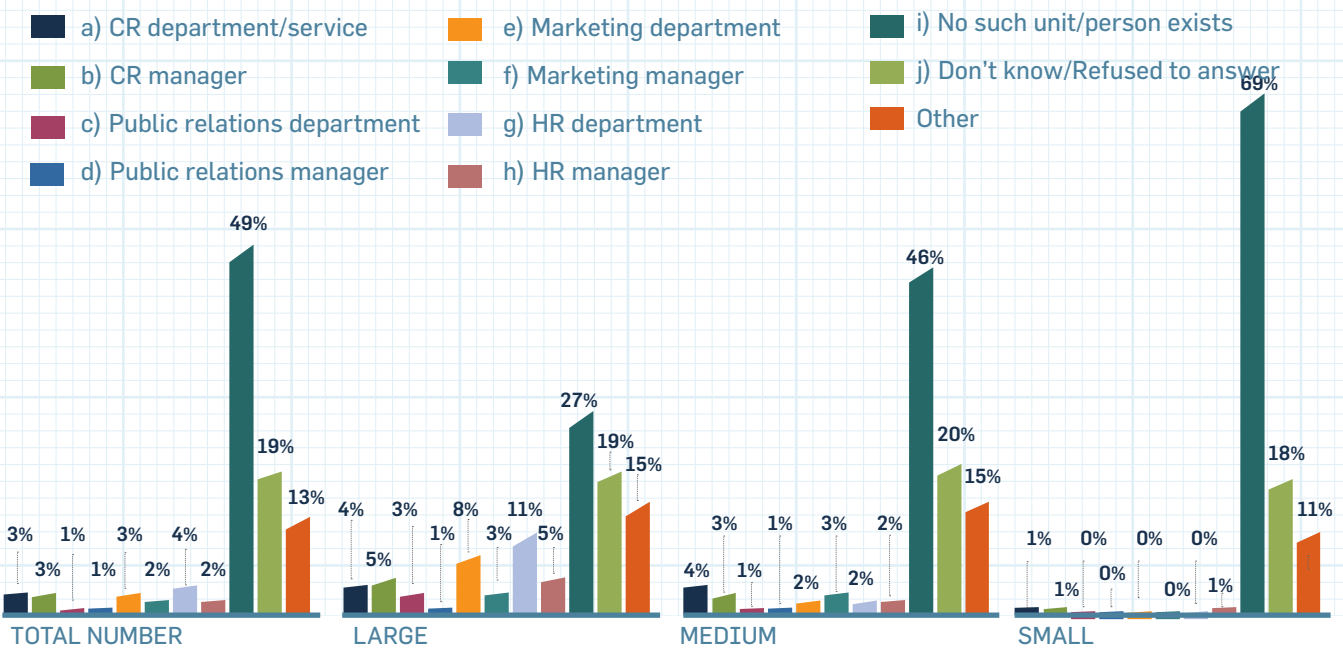


FIGURE 3 - Survey Results 2019

Who generally oversees the CR process in your organization?



The vast majority of small and medium-sized companies surveyed in 2019 stated that corporate responsibility was not integrated into the structure and activities of the organization. Only 26% of large companies regarded corporate responsibility as part of the company's overall development strategy. However, in the 2020 survey, the number of large companies claiming that corporate responsibility is integrated into the structure and activities of the organization and is part of their overall development strategy increased to 36%.

In 2019 35% of large companies, 55% of medium-sized companies, and 71% of small companies stated that corporate responsibility was not integrated into their activities at all. Now, in 2020, these figures have changed and only 22% of large companies, 41% of medium-sized companies, and 58% of small companies say that corporate responsibility is not integrated into their activities. One can observe a change towards a positive trend (see Chart 4).



FIGURE 4 - Survey Results 2020

**How integrated is CR into the organization's structure and operations?
(Multiple answers are possible)**

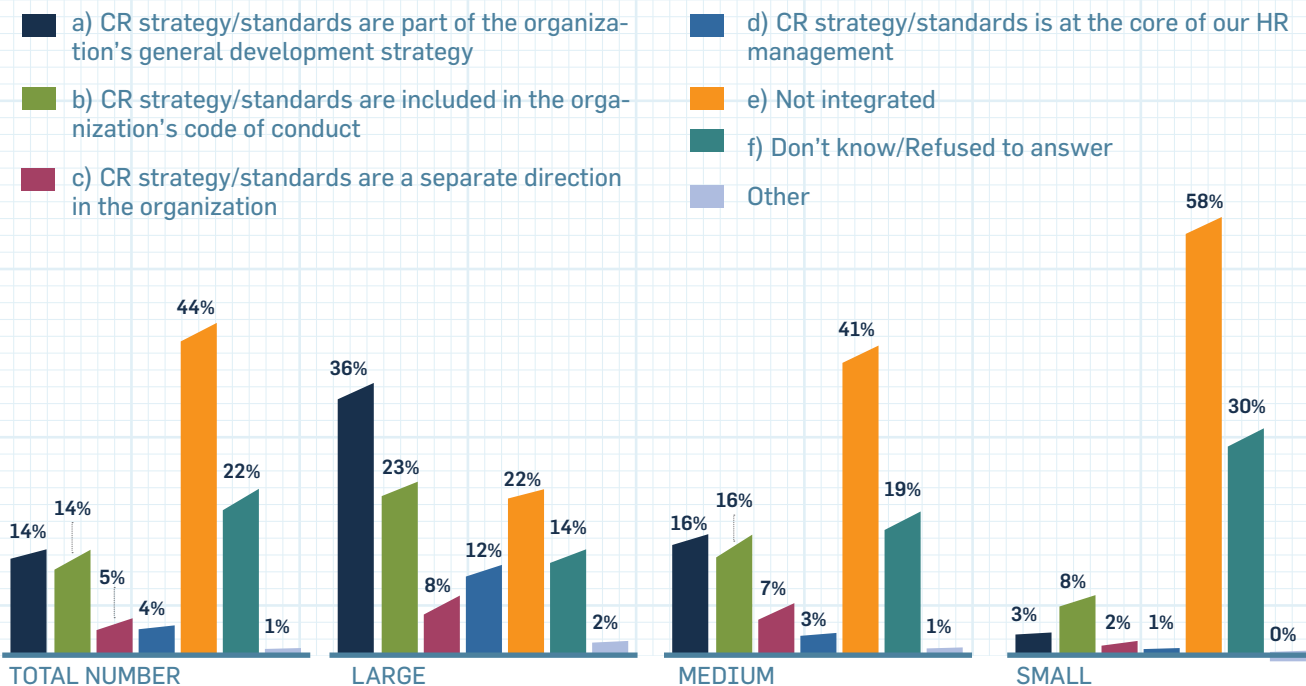
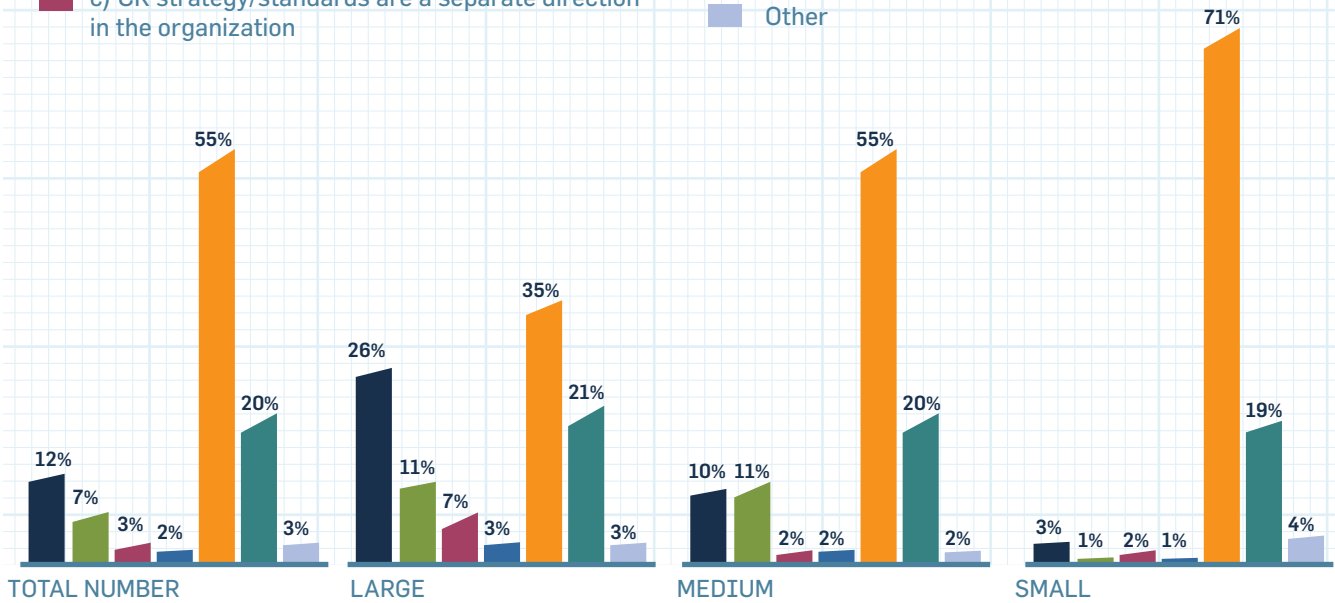


FIGURE 4 - Survey Results 2019

**How integrated is CR into the organization's structure and operations?
(Multiple answers are possible)**

- a) CR strategy/standards are part of the organization's general development strategy
- b) CR strategy/standards are included in the organization's code of conduct
- c) CR strategy/standards are a separate direction in the organization
- d) CR strategy/standards is at the core of our HR management
- e) Not integrated
- f) Don't know/Refused to answer
- Other



SECTION 2

THE PROCESS OF PLANNING, EXECUTING, AND MONITORING ACTIVITIES REGARDING CORPORATE RESPONSIBILITY

The purpose of this section of the study is to determine the following matters: whether corporate responsibility projects and activities have been carried out in the last 3 years; how decisions are made about corporate responsibility projects proposed by external sources, mainly what type of projects are submitted externally, which one of those are leading projects; what is the average annual budget allocated to corporate responsibility; what is the process of determining this budget; what is the share of the funding for externally proposed projects in the annual budget of companies and to what extent is the necessity for corporate responsibility assessed before the enactment of a specific measure; additionally, what is the process of monitoring corporate responsibility, who implements it and by what mechanisms.

It should be noted that, similar to 2019, within the 2020 survey, most of the large enterprises have carried out at least 1 project related to corporate responsibility in the last 3 years. In 2019, 61% of large companies conducted corporate responsibility activities, in 2020, this number increased to 70%. In the case of medium-sized companies, the 44% rate increased to 56%. The situation is radically different in small companies. If in 2019, 84% of small companies said they did not execute such activities, in 2020 this number is still quite high and stands at 80% (see Figure 5).

FIGURE 5 - Survey Results 2020

Have you carried out any CR projects or activities over the past 3 years?

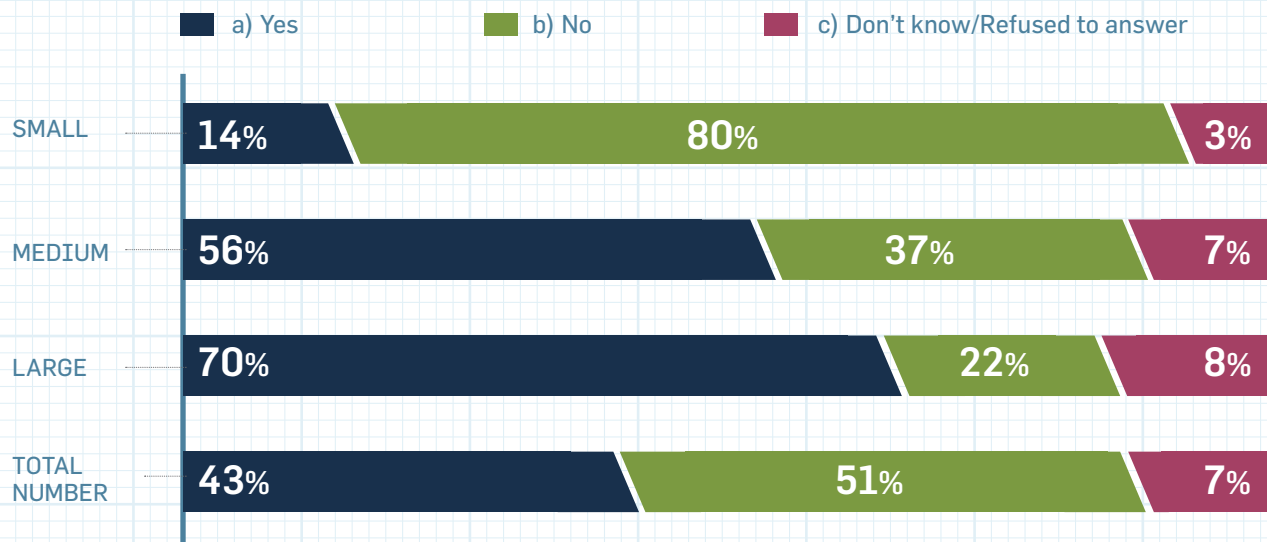
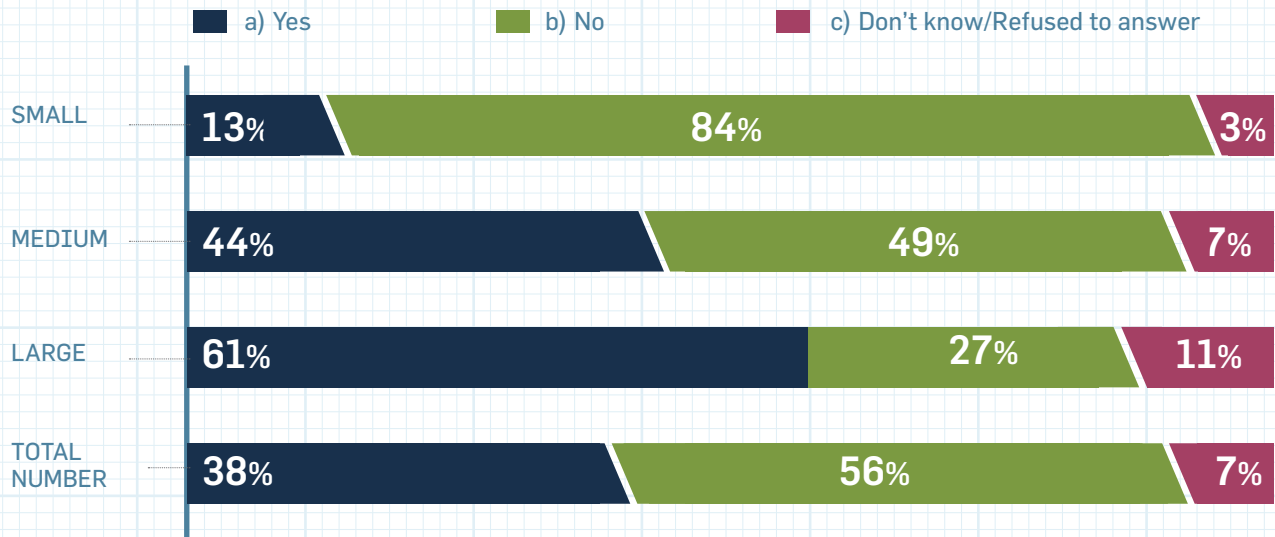


FIGURE 5 - Survey Results 2019

Have you carried out any CR projects or activities over the past 3 years?



The 2019 survey found that 67% of small companies entirely neglected projects from the outside of the company. By 2020 this number decreased to 52%. This figure decreased from 35% to 21% in medium-sized companies and from 19% to 8% in large companies (see Figure 6).

FIGURE 6 - Survey Results 2020

How does your organization make decisions when reacting to CR projects coming from outer sources?

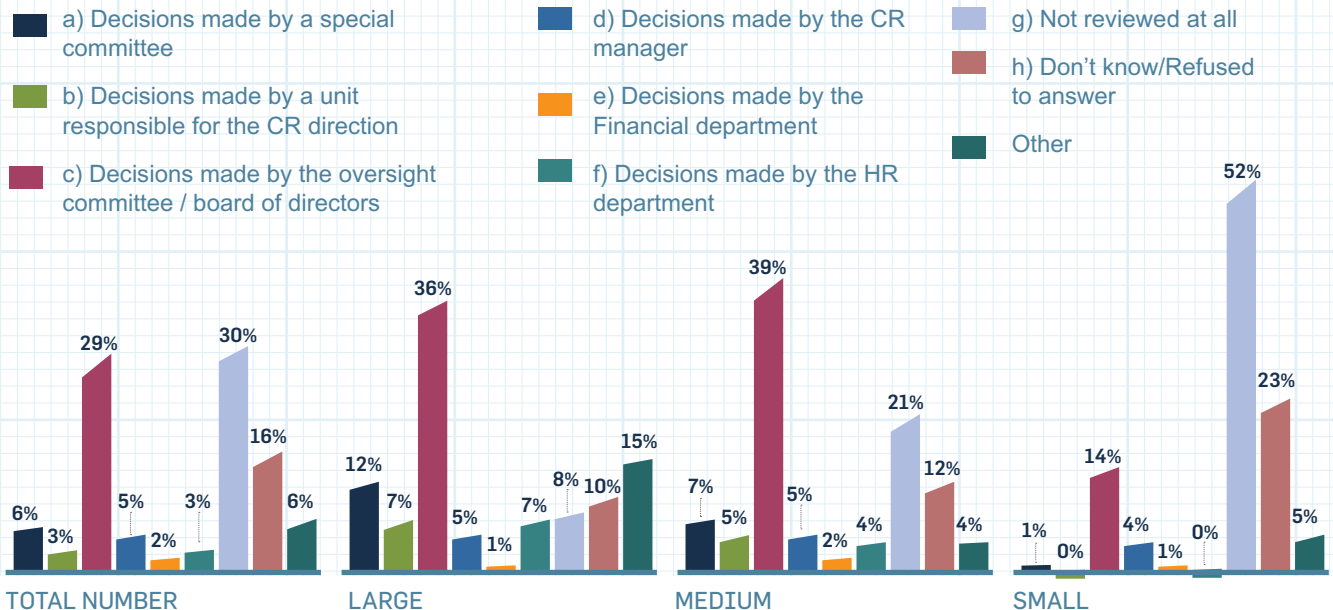
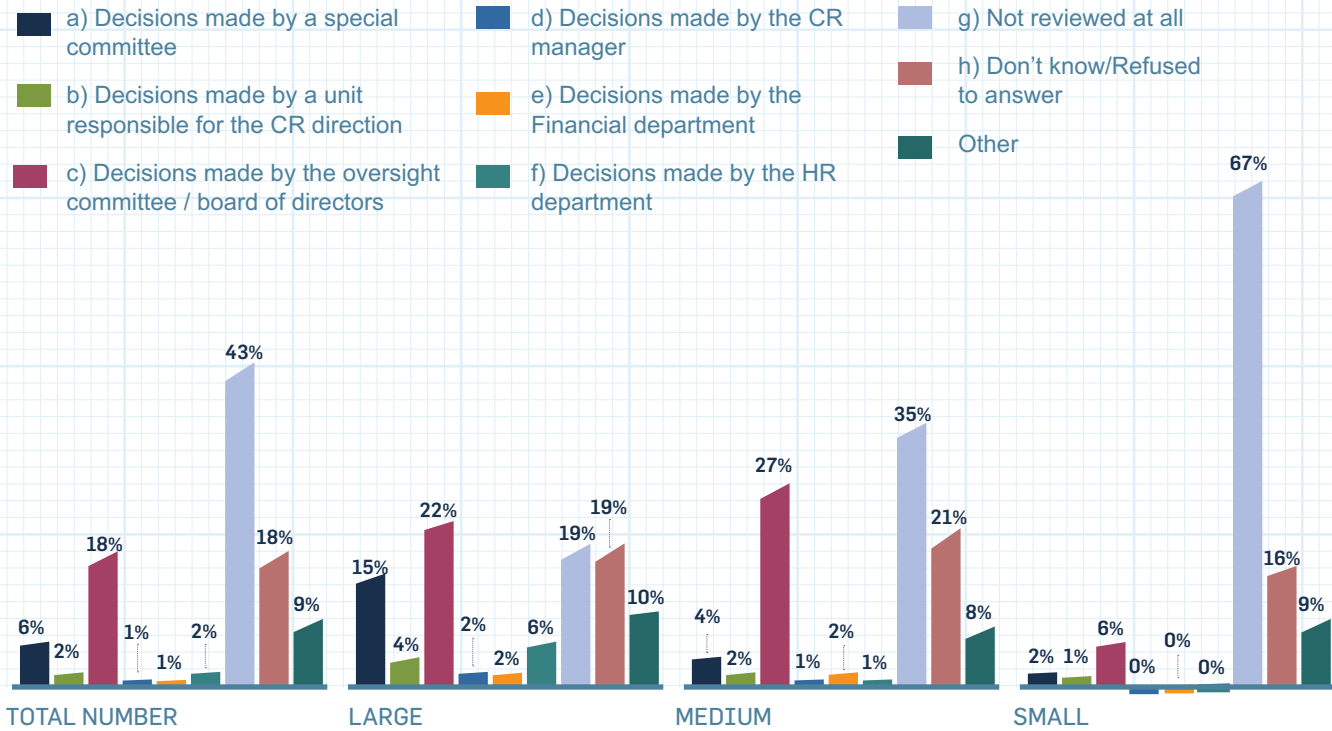


FIGURE 6 - Survey Results 2019

How does your organization make decisions when reacting to CR projects coming from outer sources?



Based on the responses of the surveyed business organizations, it was revealed that a large part of the projects proposed from outside the company is charitable. However, it should be noted that in the case of large companies, the number of external charitable projects has decreased from 43% in 2019 to 34% in 2020. While in medium-sized companies this number has increased from 28% to 33%. Meanwhile, only slight changes were observed in small companies and this figure has decreased from 10% to 9% (see Figure 7).

A 2020 study found that for surveyed large, medium, and small-sized companies that carry out external corporate responsibility projects, the chief focus is on charitable activities (similar results are observed in 2019 research) (see Figure 8).

The results of the 2019 study revealed that most of the business companies, regardless of size, did not have a predetermined budget allocated to corporate responsibility. In this regard, small changes can be observed within the results of the 2020 survey. Specifically, the budget allocated to corporate responsibility within large and medium-sized companies did not exceed 6-7% in 2019. As for small enterprises, their budget share assigned to corporate responsibility was less than 1%. In 2020, the follow-up study revealed that 18% of large companies, 9% of medium-sized companies, and 3% of small companies have at least some amount of the budget specifically designated to corporate responsibility (see Figure 9).

It should also be noted that though 32% of large companies, 43% of medium-sized companies, and 12% of small companies do not have a corporate responsibility budget, they still spend money in this area (see Figure 9). Compared to 2019, these figures are relatively low. In large companies, these figures have reduced from 40% to 32%, which is likely due to the designation of appropriate budgets for corporate responsibility and the allocation of funds within the budget.

FIGURE 7 - Survey Results 2020

What kind of outside project does your organization receive?

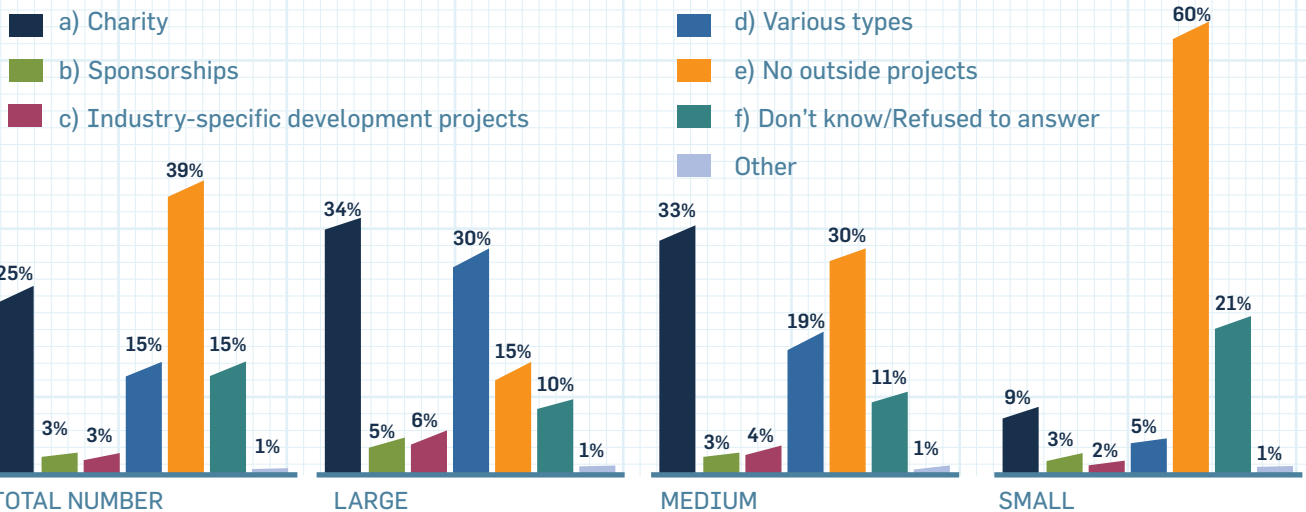


FIGURE 7 - Survey Results 2019

What kind of outside project does your organization receive?

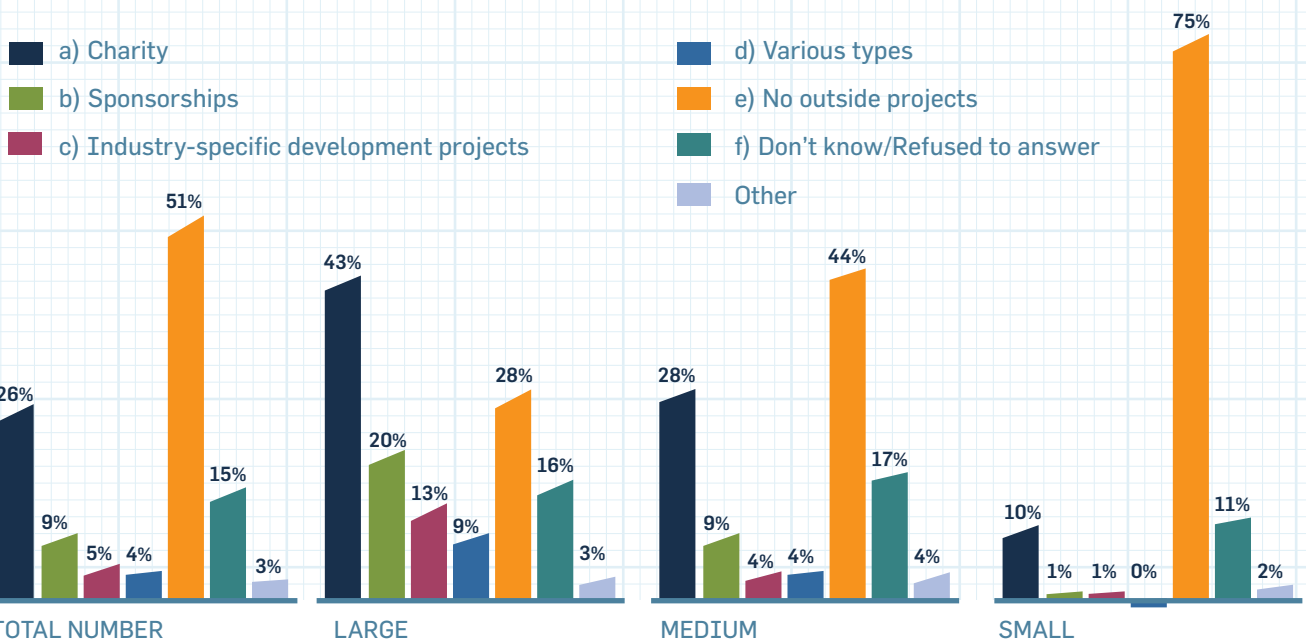


FIGURE 8 - Survey Results 2020

Which of these are the main/leading projects?

** This question was asked only to those companies that implement corporate responsibility projects proposed from outside the company (647 respondents).*

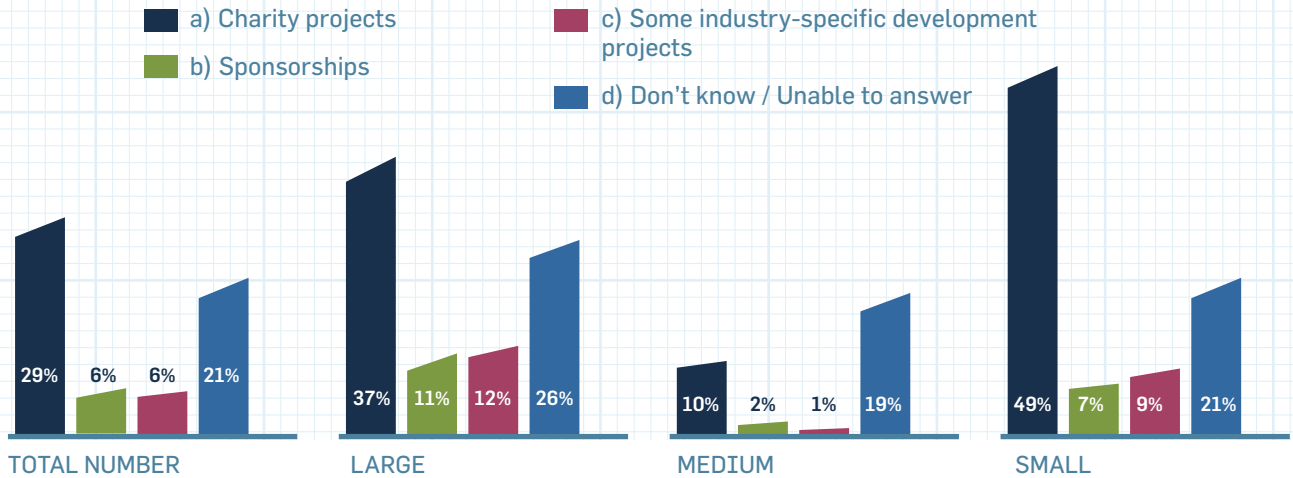


FIGURE 8 - Survey Results 2019

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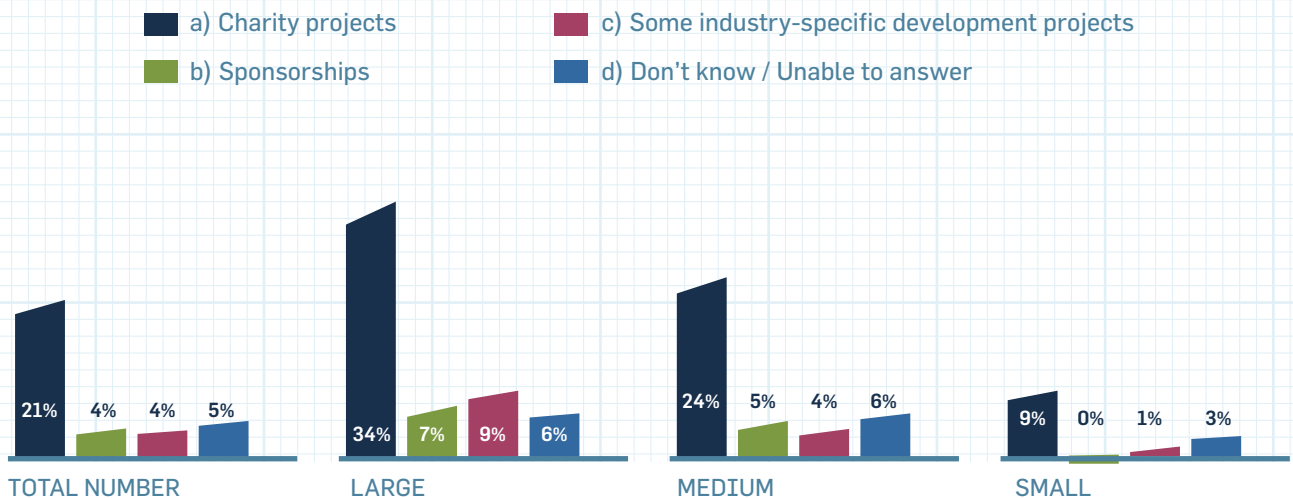


FIGURE 9 - Survey Results 2020

**What is your organization's annual CR budget?
(average annual budget for the last 3 years)**

- a) < 5 thousand GEL
- b) 5 to 10 thousand GEL
- c) 10 to 25 thousand GEL
- d) 25 to 50 thousand GEL
- e) 50 to 100 thousand GEL
- f) 100 to 250 thousand GEL
- g) 250 to 500 thousand GEL
- h) 500 to 750 thousand GEL
- i) 750 thousand to 1 million GEL
- j) 1 to 2.5 million GEL
- k) 2.5 to 5 million GEL
- l) No such budget and no such expense
- m) No such budget, but some expenditures in this direction
- n) Don't know/Refused to answer
- Other

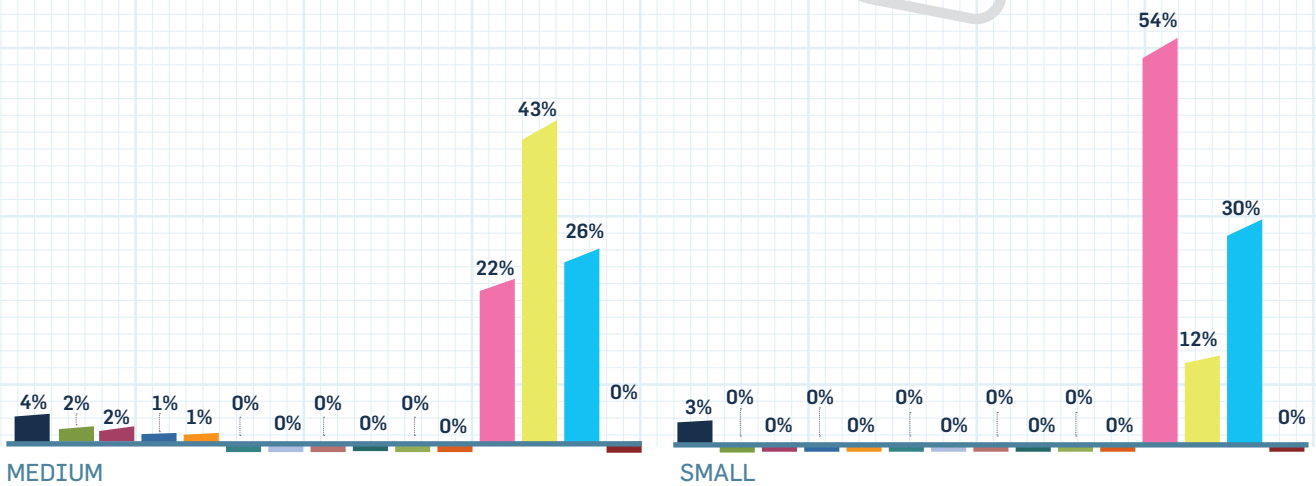
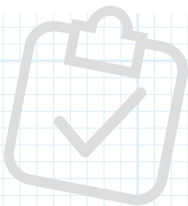
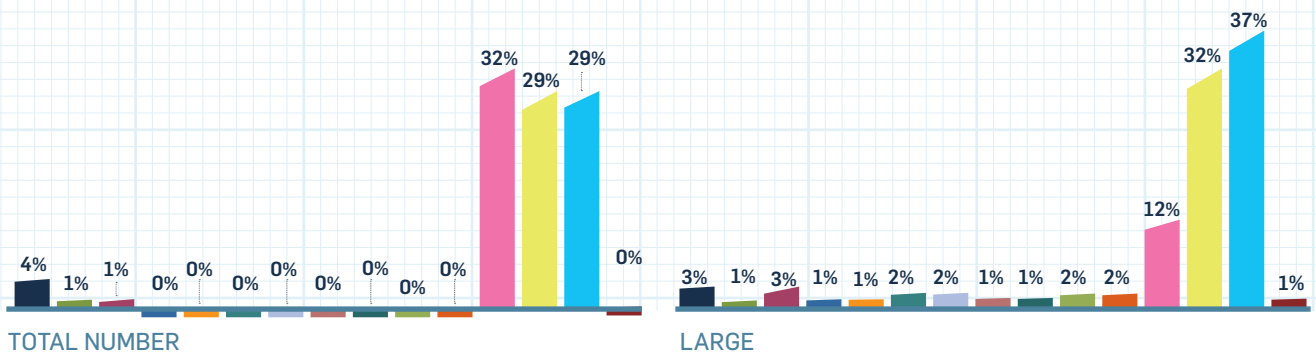
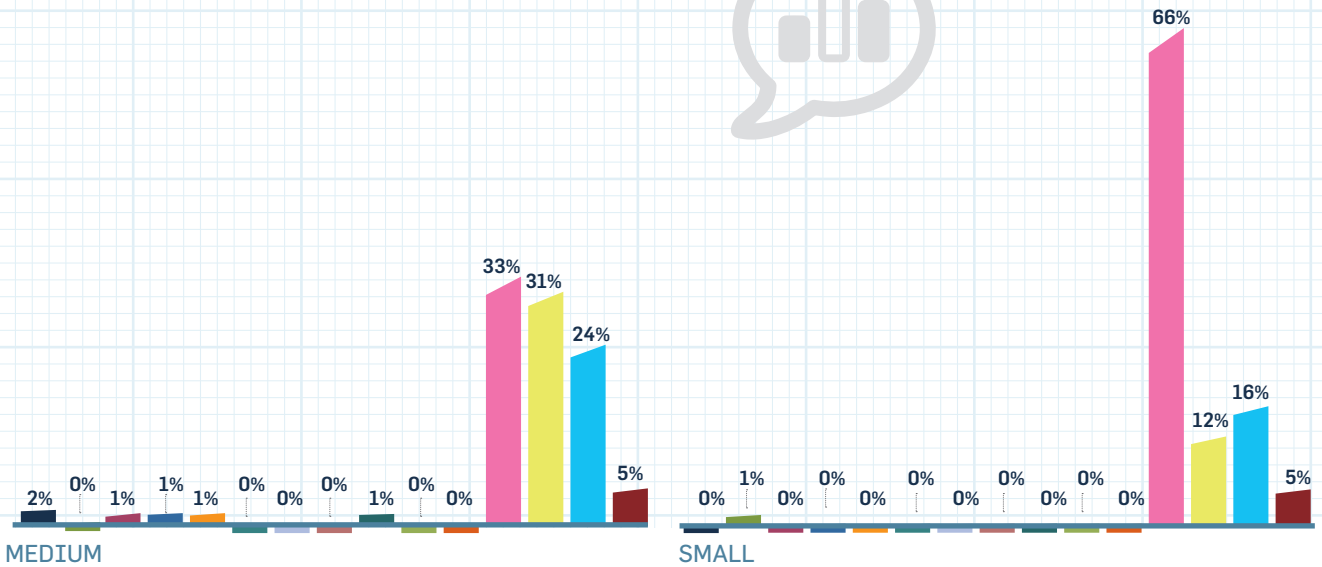
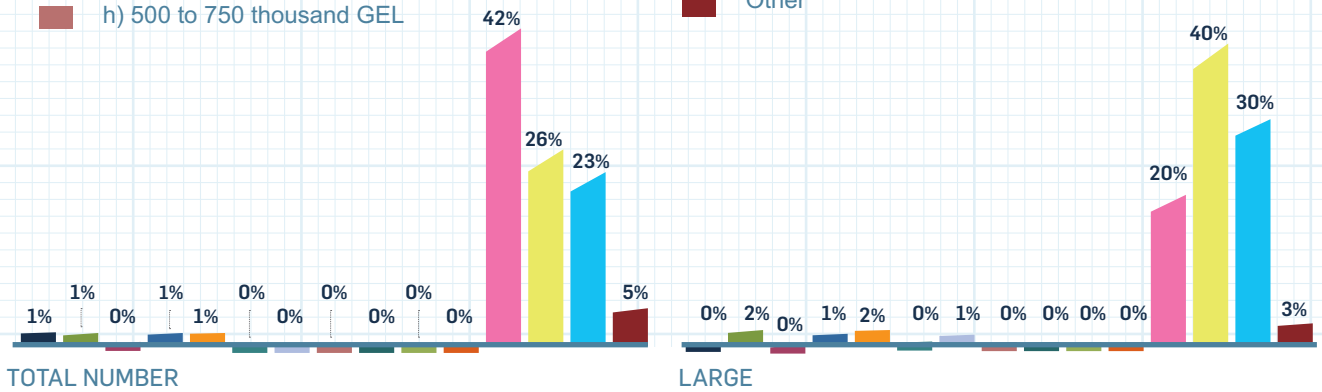


FIGURE 9 - Survey Results 2019

**What is your organization's annual CR budget?
(average annual budget for the last 3 years)**

- a) < 5 thousand GEL
- b) 5 to 10 thousand GEL
- c) 10 to 25 thousand GEL
- d) 25 to 50 thousand GEL
- e) 50 to 100 thousand GEL
- f) 100 to 250 thousand GEL
- g) 250 to 500 thousand GEL
- h) 500 to 750 thousand GEL
- i) 750 thousand to 1 million GEL
- j) 1 to 2.5 million GEL
- k) 2.5 to 5 million GEL
- l) No such budget and no such expense
- m) No such budget, but some expenditures in this direction
- n) Don't know/Refused to answer
- Other



Regarding the established budgeting procedure, it was revealed that in most of the large companies surveyed (12%) the budget for corporate responsibility is determined within the marketing budget, upon the submission of the responsible unit/manager, and with the approval of the director. This is a sharply increased rate compared to 2019. Meanwhile, in medium-sized companies, only 4% of the respondents determined the corporate responsibility budget separately, with the submission of the responsible unit/manager and the approval of the supervisor. 15% of medium-sized companies and 13% of small-sized companies surveyed have no established budgeting procedure at all (see Figure 10).

When it comes to the share of funding for external projects within the company's corporate responsibility budget, both 2019 and 2020 studies indicate that the vast majority of companies surveyed do not want to give a specific answer on this matter (see Figure 11).

FIGURE 10 - Survey Results 2020

What is the CR budget development process in your organization?

** This question was asked only to those companies that allocate corporate responsibility budget (403 respondents)*

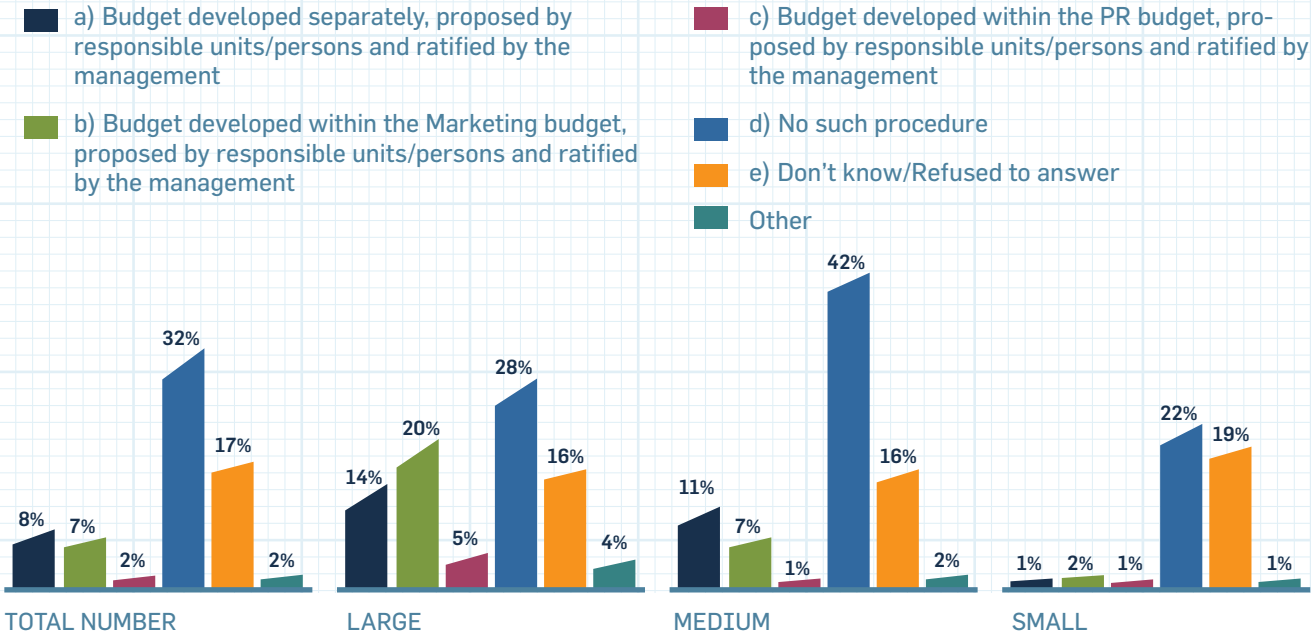


FIGURE 10 - Survey Results 2019

What is the CR budget development process in your organization?

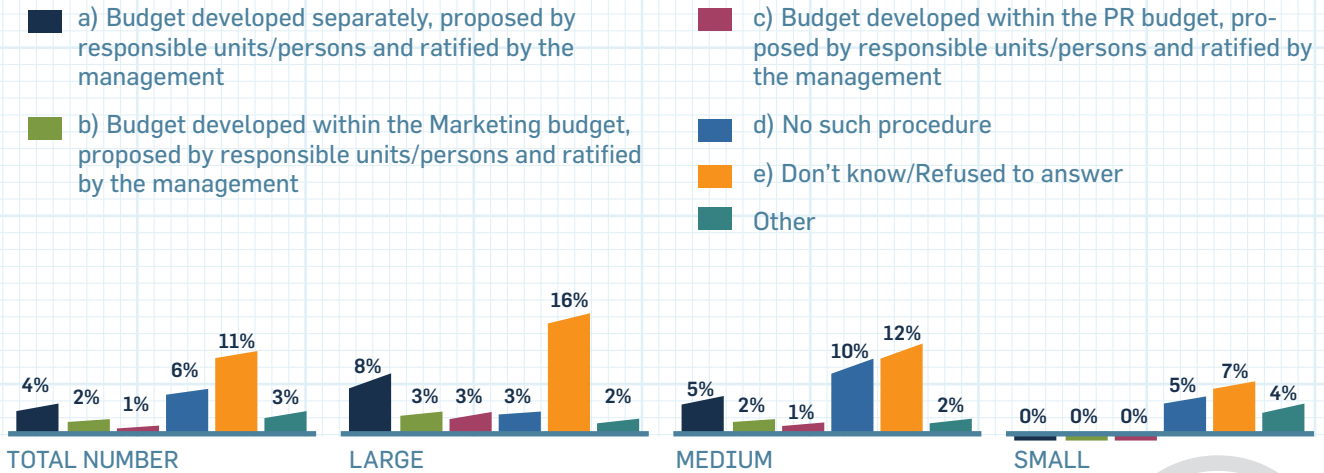


FIGURE 11- Survey Results 2020

What is the share of outside project financing in the overall CR budget? (Specify the percentage in «Other»)

- a) Don't know/Refused to answer
- Other

** This question was asked only to those companies that allocate corporate responsibility budget or spend a certain amount of money on corporate responsibility (713 respondents)*

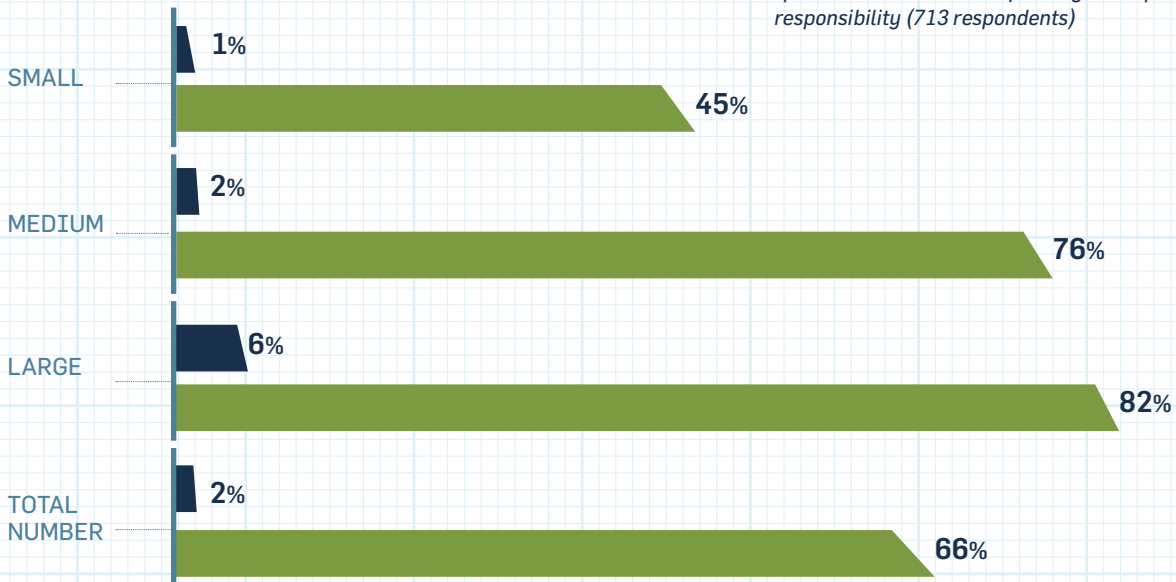
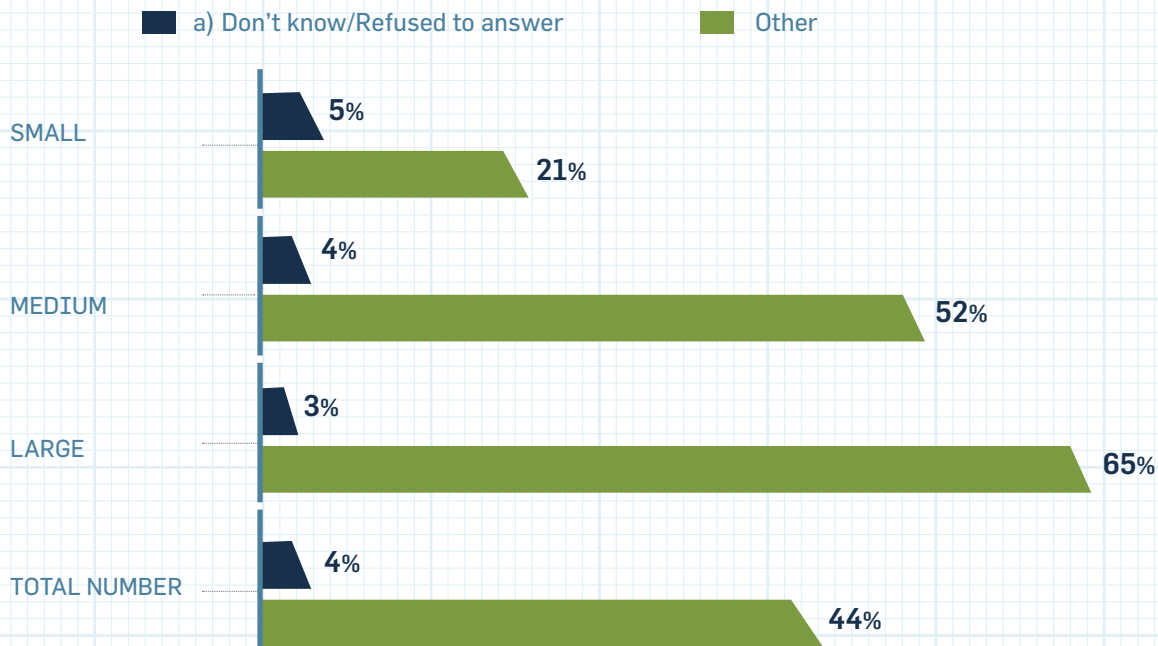




FIGURE 11 - Survey Results 2019

**What is the share of outside project financing in the overall CR budget?
(Specify the percentage in «Other»)**



As the 2019 research indicates, before planning specific activities some large and medium-sized companies identified the necessity for corporate responsibility using external or internal resources, while the vast majority of small companies did not make such an assessment. A 2020 study found that the number of companies generally assessing corporate responsibility before taking a specific measure has increased.

According to the overall distribution, if in 2019 50% of the surveyed companies did not assess the necessity for corporate responsibility, in 2020 this number has been reduced to 38%. In 2019, 33% of the surveyed companies conducted necessity analysis using external or internal resources before planning specific activities, and as a result of the 2020 survey, this number has increased to 51% (according to the summary of general distribution data) (see Figure 12).

FIGURE 12 - Survey Results 2020

**Do you evaluate the need for CR before carrying out specific projects?
(Multiple answers possible)**

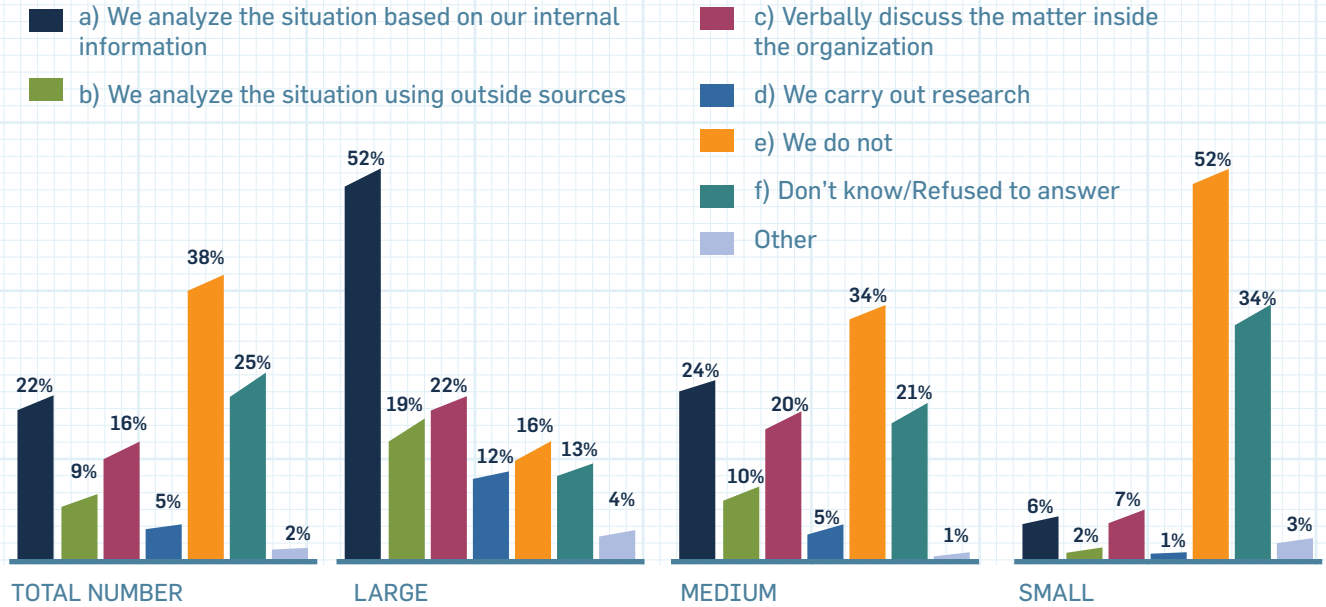
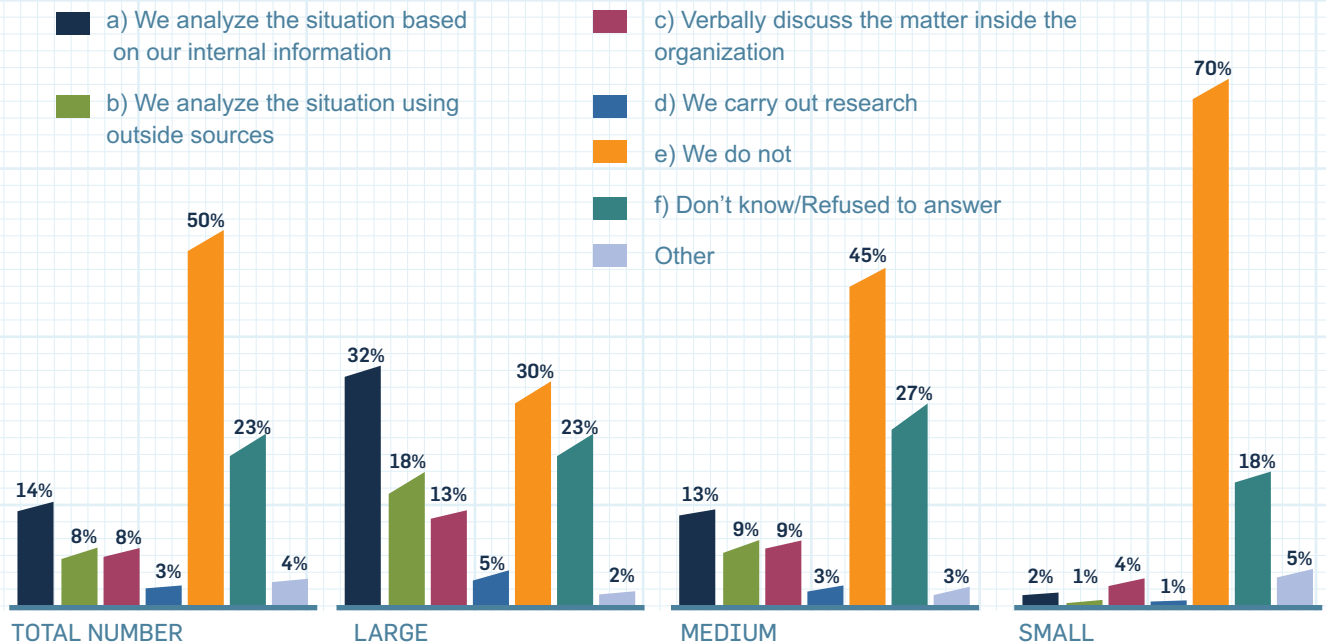


FIGURE 12 - Survey Results 2019

**Do you evaluate the need for CR before carrying out specific projects?
(Multiple answers possible)**



In regards to monitoring corporate responsibility measures, in 2019, one-third of large companies, 52% of medium and 78% of small companies did not monitor. According to the newer study, these numbers have decreased to 16% for large companies, 42% for medium-sized companies, and 62% for small companies (see Figure 13).

FIGURE 13 - Survey Results 2020

**Who is responsible for periodically monitoring CR activities?
(Multiple answers possible)**



- a) Strategic unit responsible for carrying out CR activities
- b) CR implementation responsible manager
- c) Hired outside organizations
- d) Hired consultants
- e) Internal monitoring service
- f) Internal audit service
- g) Financial department
- h) Nobody
- i) Don't know/Refused to answer
- Other

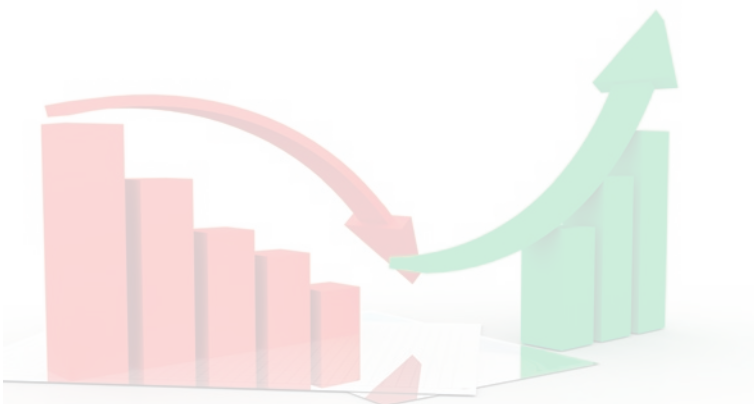
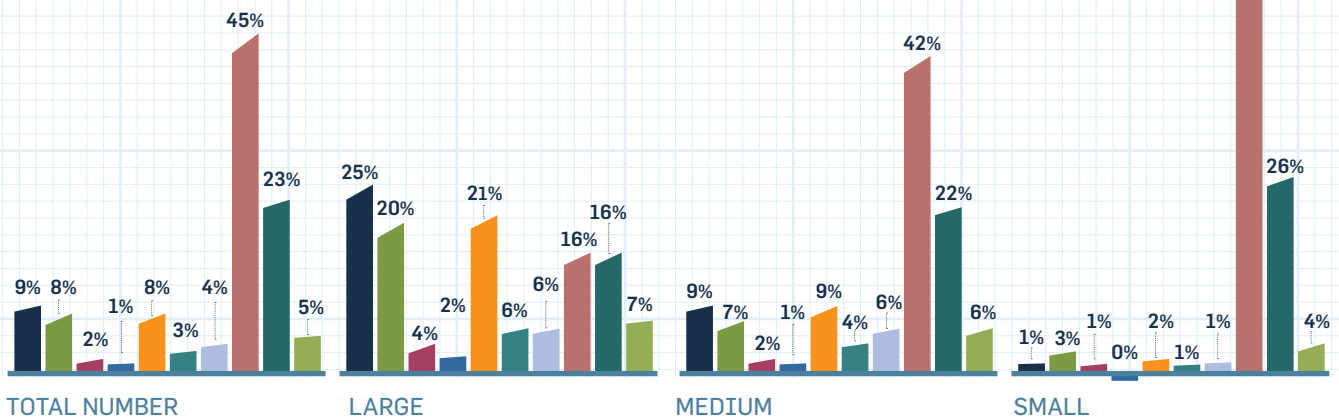
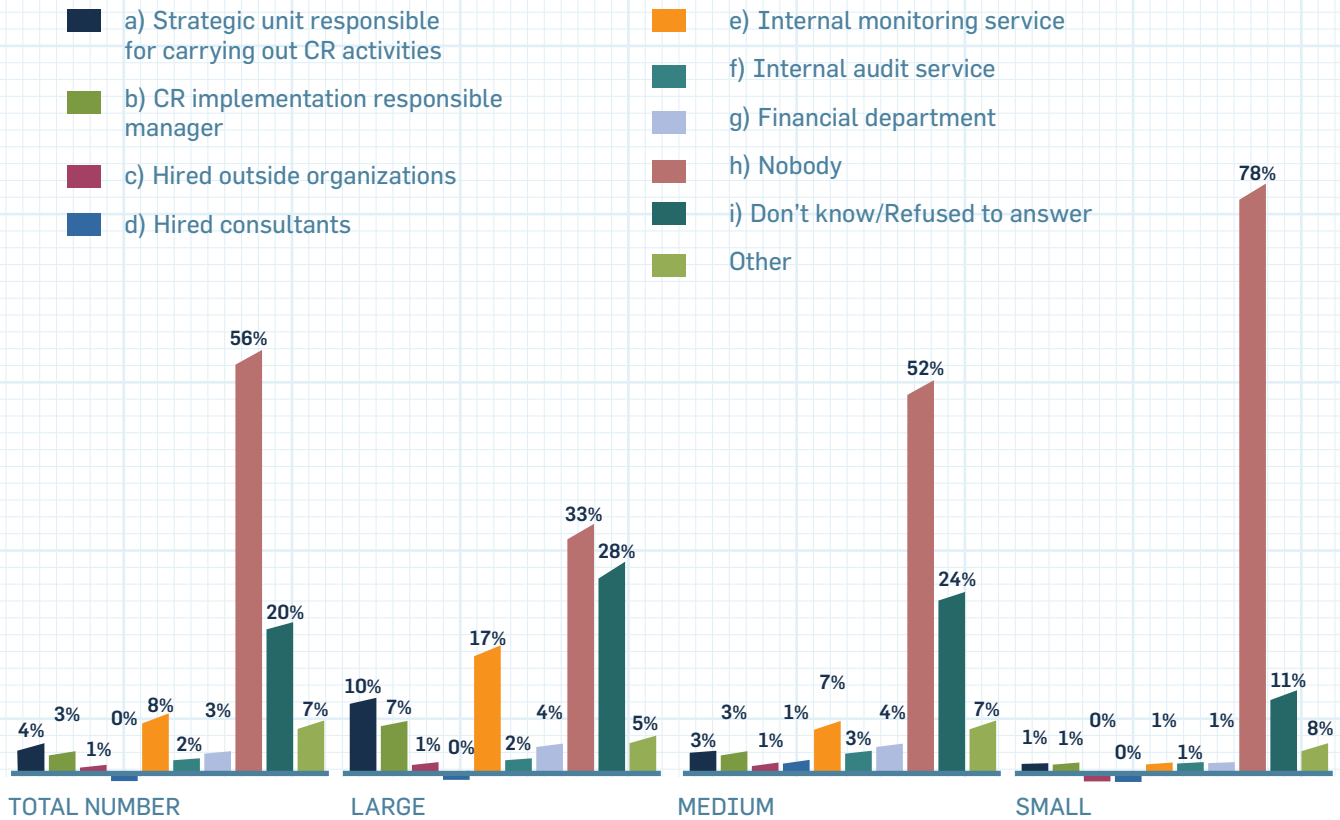


FIGURE 13 - Survey Results 2019



**Who is responsible for periodically monitoring CR activities?
(Multiple answers possible)**



Corporate responsibility measures are periodically monitored by the structural unit responsible for the implementation of corporate responsibility within 25% of large and 9% of medium-sized companies surveyed. Monitoring is done by an internal monitoring service in 29% of the large and 9% of the medium-sized organizations. This function is performed by the manager responsible for implementing corporate responsibility in 20% of the large and 7% of the medium-sized companies. In 3% of small companies, monitoring is conducted by a corporate responsibility manager (see Figure 13).

The majority of the large, medium and small companies surveyed monitor corporate responsibility according to the internal research method (25%, 11%, 4% respectively). Large companies additionally use internet analysis (17%) and quantitative research (16%) as corporate responsibility monitoring methods. Medium and small companies use the analysis of employee complaints for a similar purpose (7% and 2%, respectively) (see Figure 14). Compared to 2019, no drastic changes are observed in this regard.

FIGURE 14 - Survey Results 2020

**What mechanisms do you use to monitor CR?
(Multiple answers possible)**

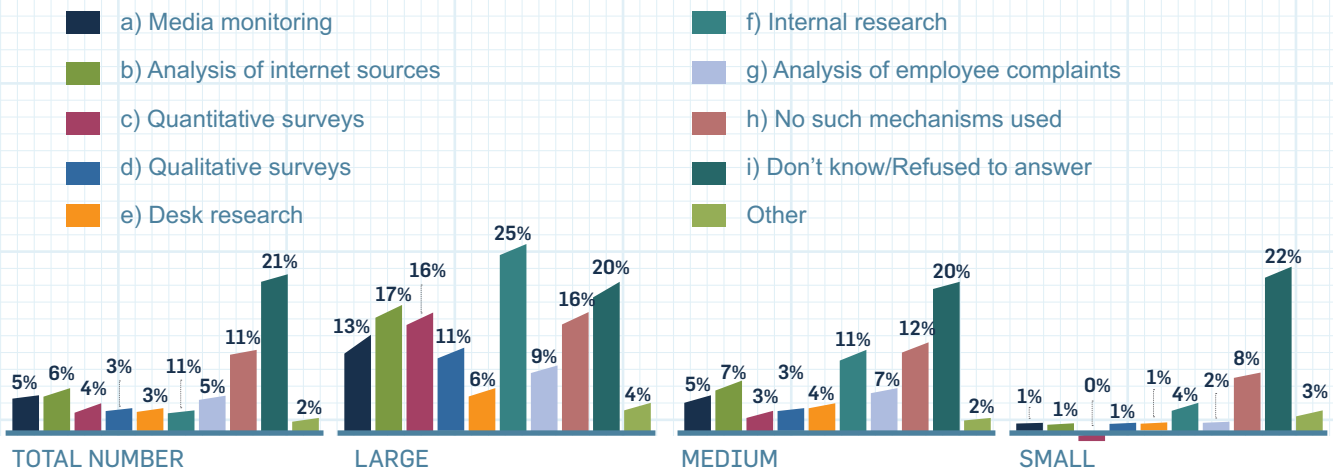
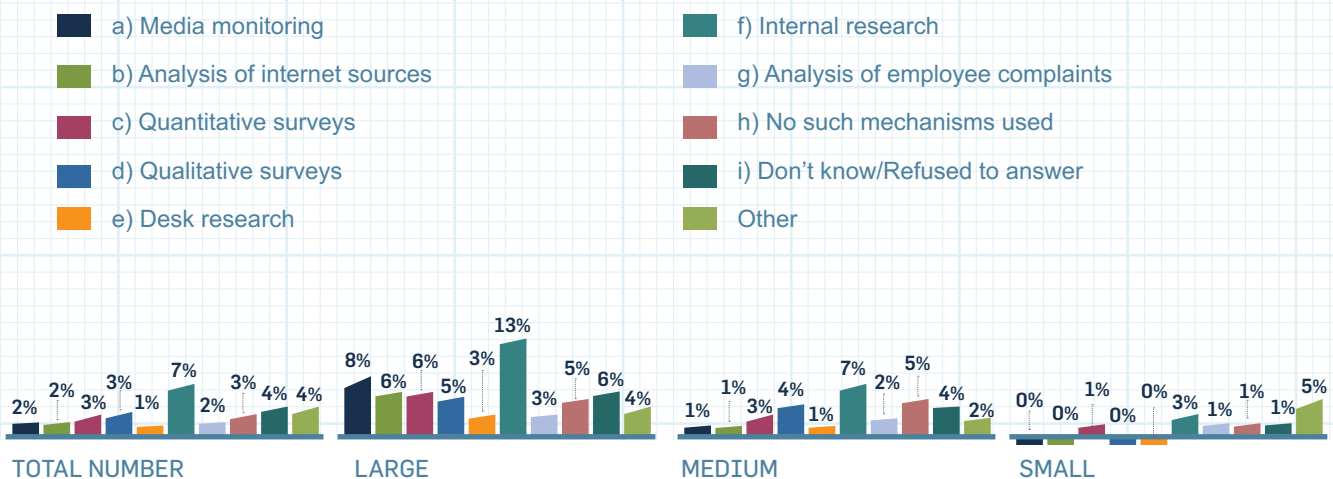


FIGURE 14 - Survey Results 2019

**What mechanisms do you use to monitor CR?
(Multiple answers possible)**



SECTION 3

REPORTING AND COVERAGE OF CORPORATE RESPONSIBILITY ACTIVITIES

This section of the study aims to determine how the effectiveness of corporate responsibility is assessed in companies operating in Georgia; as well as whether a corporate responsibility report is done in organizations; how transparent is the financial and substantive reporting of corporate responsibility; whether corporate responsibility is covered; what type of audience is the target of the information provided; what communication channels are used most often; what financial resources are spent on corporate responsibility coverage; also, how often corporate activities are covered and what kind is the media involvement in this regard.

More than 50% of medium and small companies surveyed do not evaluate the effectiveness of corporate responsibility at all. However, it should be noted that this figure has improved dramatically compared to 2019. This figure has been reduced from 81% to 57% in small companies, from 52% to 50% in medium-sized companies, and from 35% to 23% in large companies. 22% of large companies and 10% of medium-sized companies surveyed, which assess the effectiveness of corporate responsibility, mainly use the internal audit mechanism (see Figure 15).

As in 2019, an ongoing survey revealed that most of the companies surveyed do not make a separate corporate responsibility report at all (48% of large, 74% of medium, and 86% of small companies). A separate report is found mostly in large companies. Compared to the previous year, we have positive dynamics and an increase of 20% to 27%, while in medium-sized companies - from 9% to 12% (see Figure 16).

FIGURE 15 - Survey Results 2020

How does your organization evaluate CR effectiveness? (Multiple answers possible)

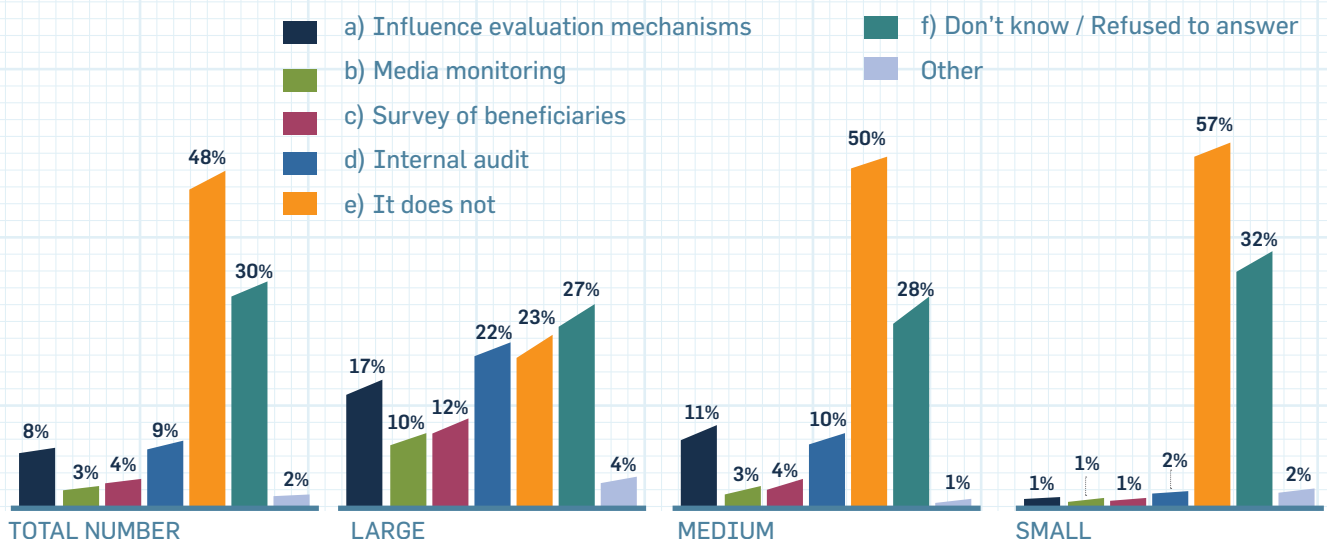


FIGURE 15 - Survey Results 2019

How does your organization evaluate CR effectiveness? (Multiple answers possible)

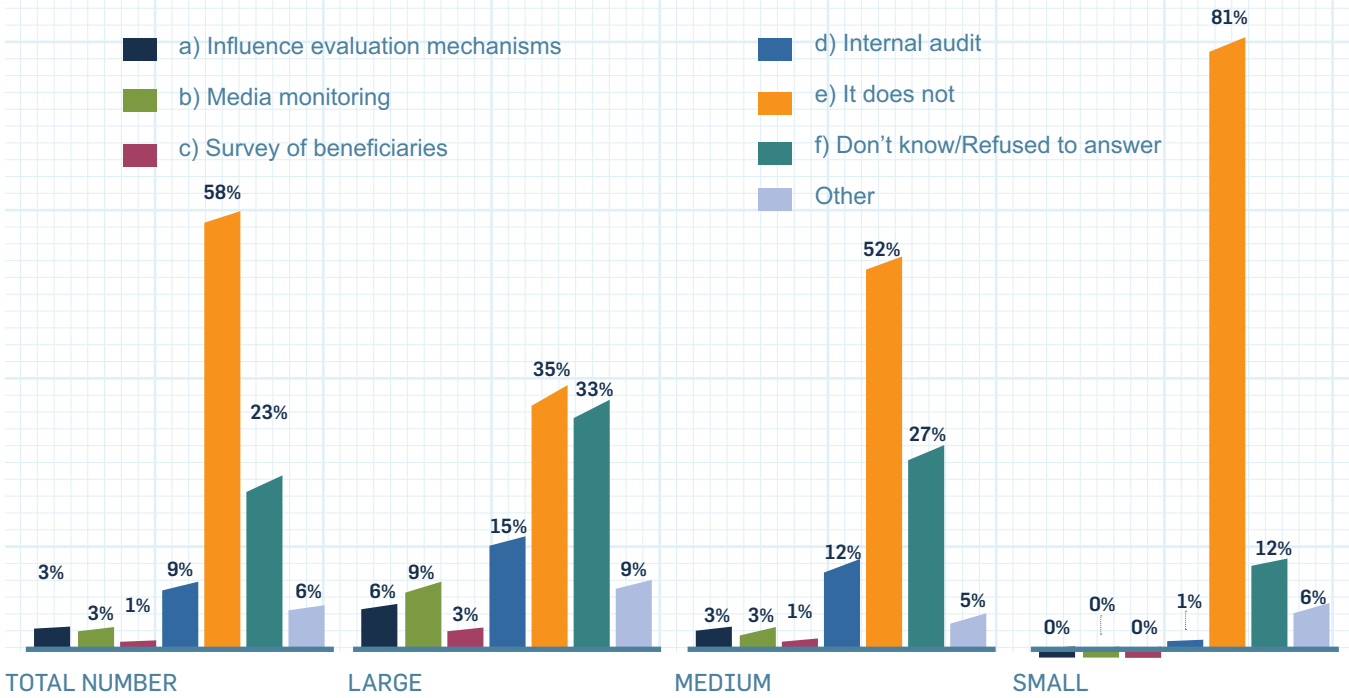


FIGURE 16 - Survey Results 2020

Does your organization prepare separate CR reports?

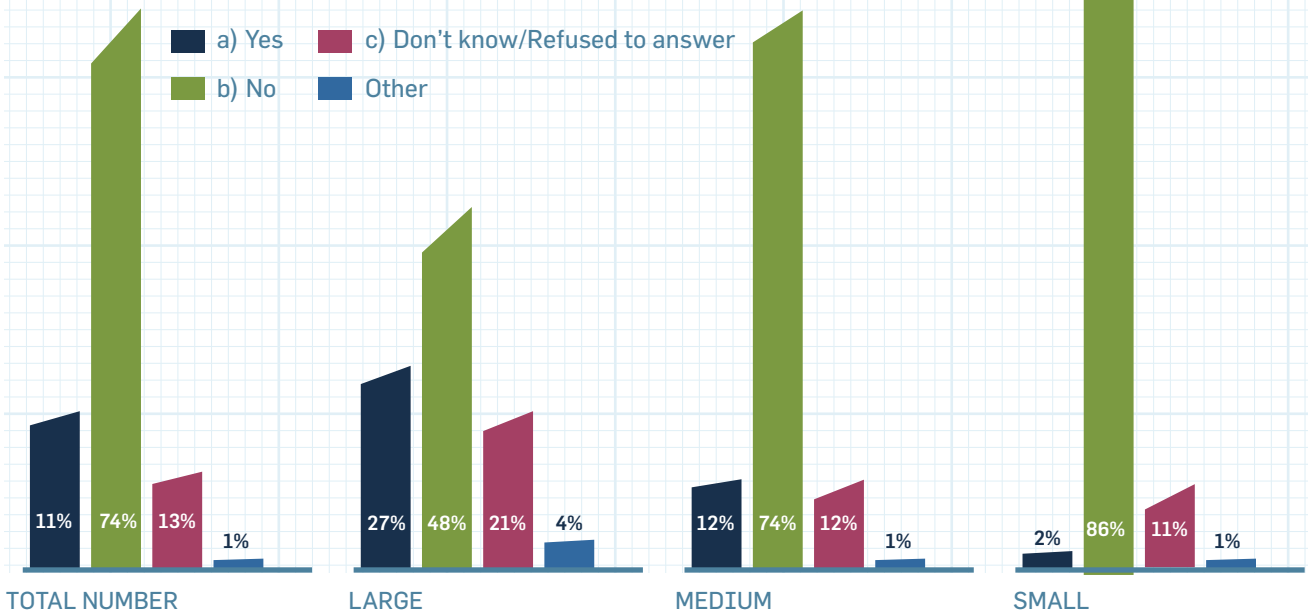
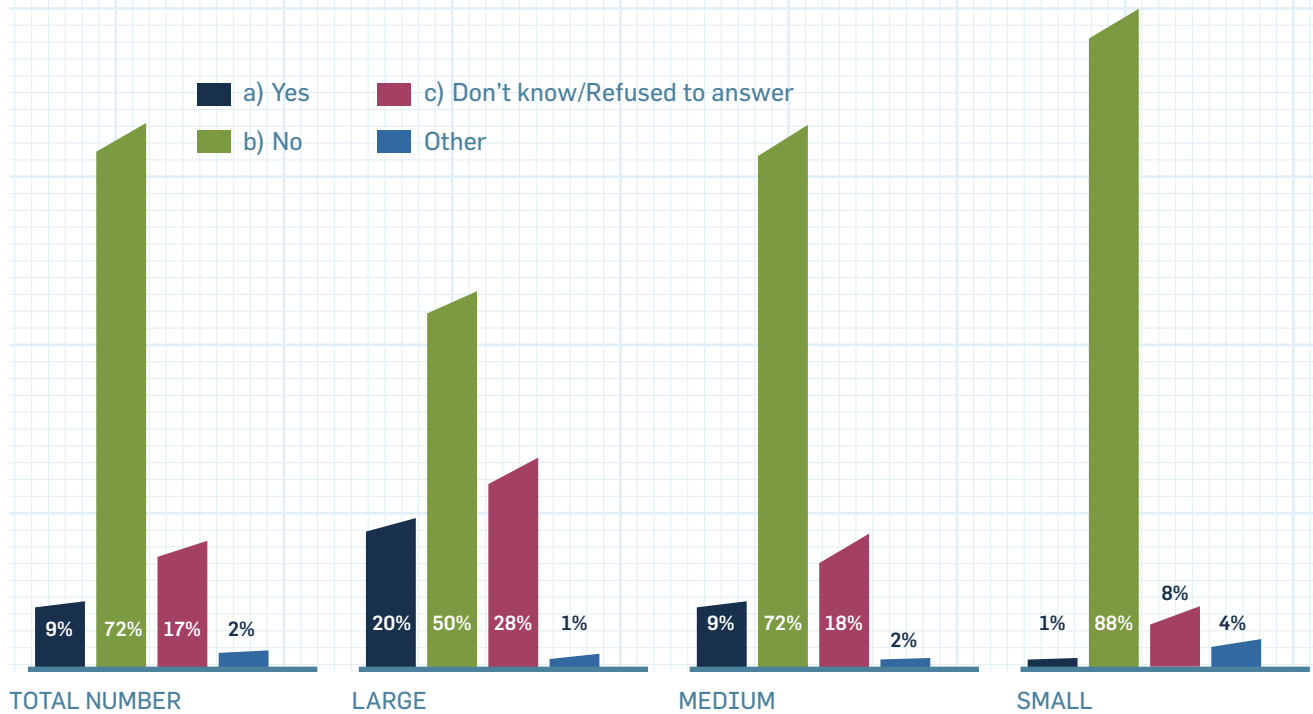


FIGURE 16 - Survey Results 2019

Does your organization prepare separate CR reports?



The study found that in most of the surveyed companies the financial and substantive statements of corporate responsibility activities are not transparent and in most cases are not published and/or sent to stakeholders (30% of large, 49% of medium, and 50% of small companies). Compared to 2019 data, this figure has been reduced from 65% to 50% in small companies, from 53% to 49% in medium-sized companies, and from 43% to 30% in large companies. Large companies are the most active in terms of process transparency and reporting. 33% of them publish reports on the company website, 19% on social media, and 16% on the website for projects (For comparison, the same figures in 2019 were 15%, 8%, 4%, respectively) (see Figure 17).

As for the audience to which the surveyed organizations provide information on corporate responsibility activities and their outcomes, the results of the overall redistribution revealed that the main targets are employees (36%), shareholders (13%), Internet audience (10%), and investors (9%) (see Figure 18).



FIGURE 17 - Survey Results 2020

**How transparent is the financial and content side of your CR reports?
(Multiple answers possible)**

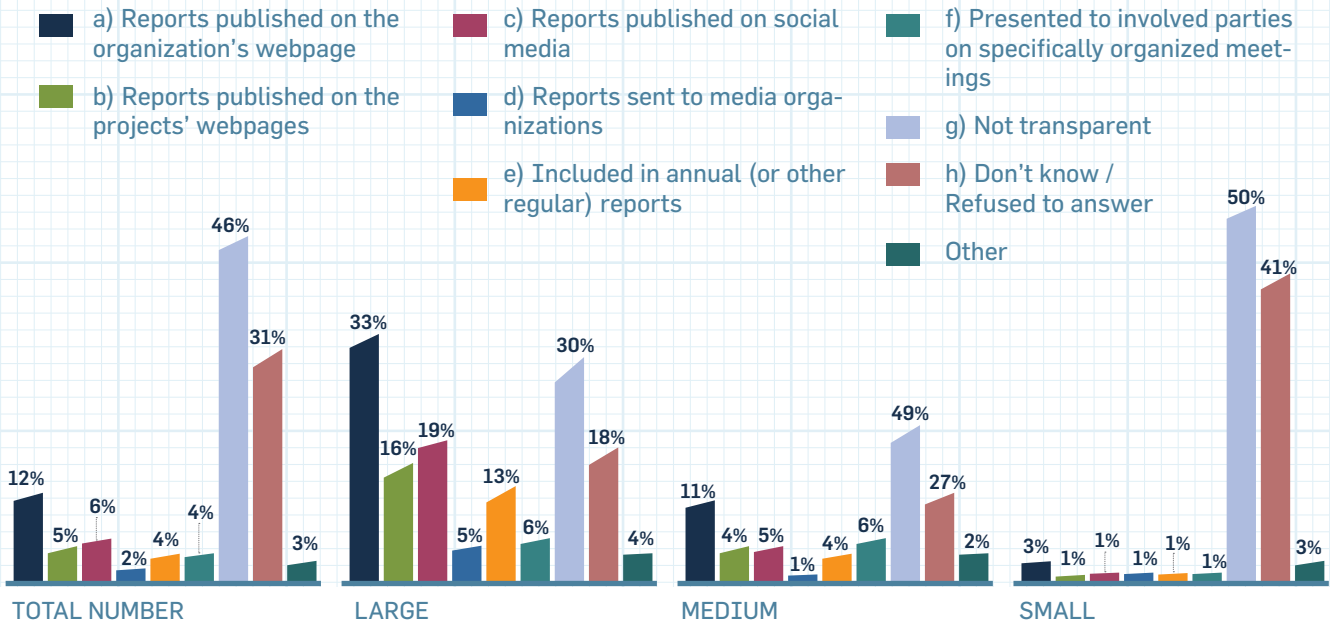


FIGURE 17 - Survey Results 2019

**How transparent is the financial and content side of your CR reports?
(Multiple answers possible)**

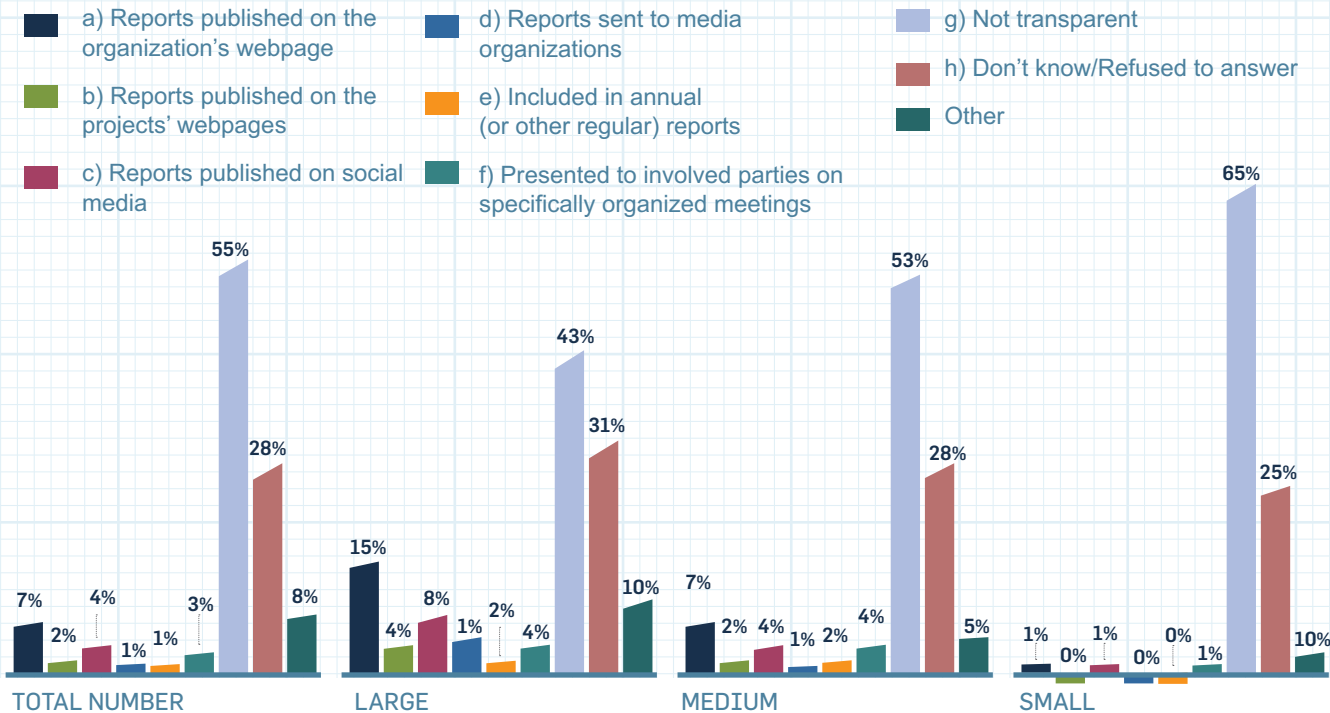


FIGURE 18 - Survey Results 2020

To what audience do you present information regarding your organization's CR activities and results? (Multiple answers possible)

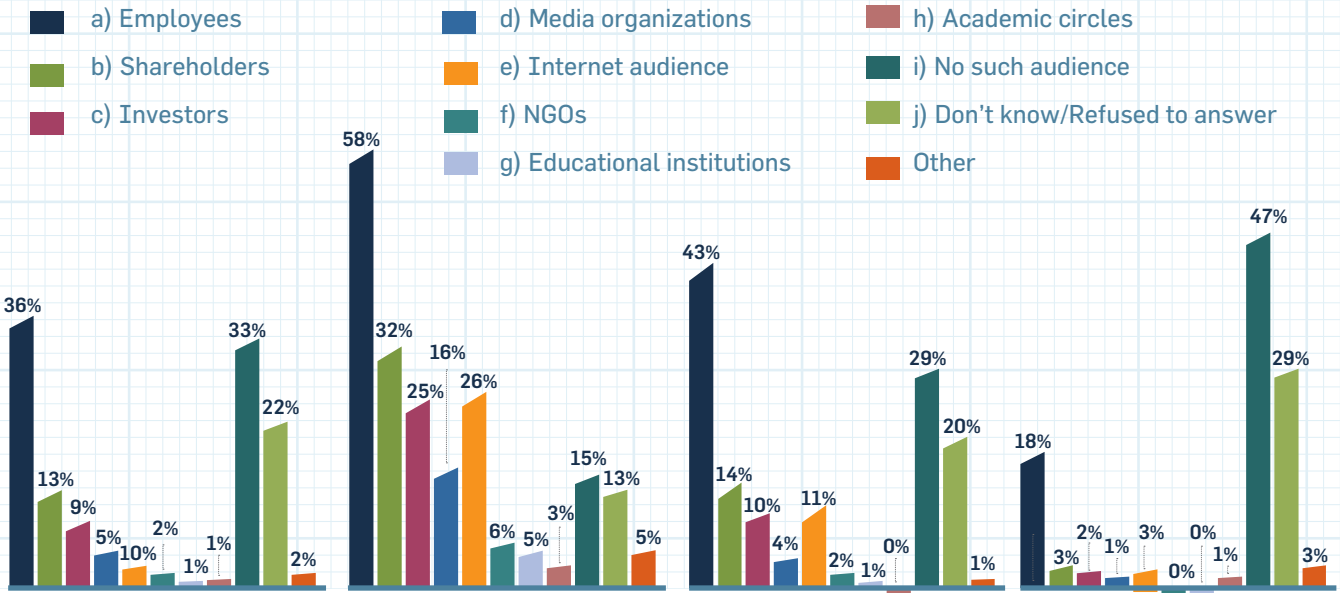
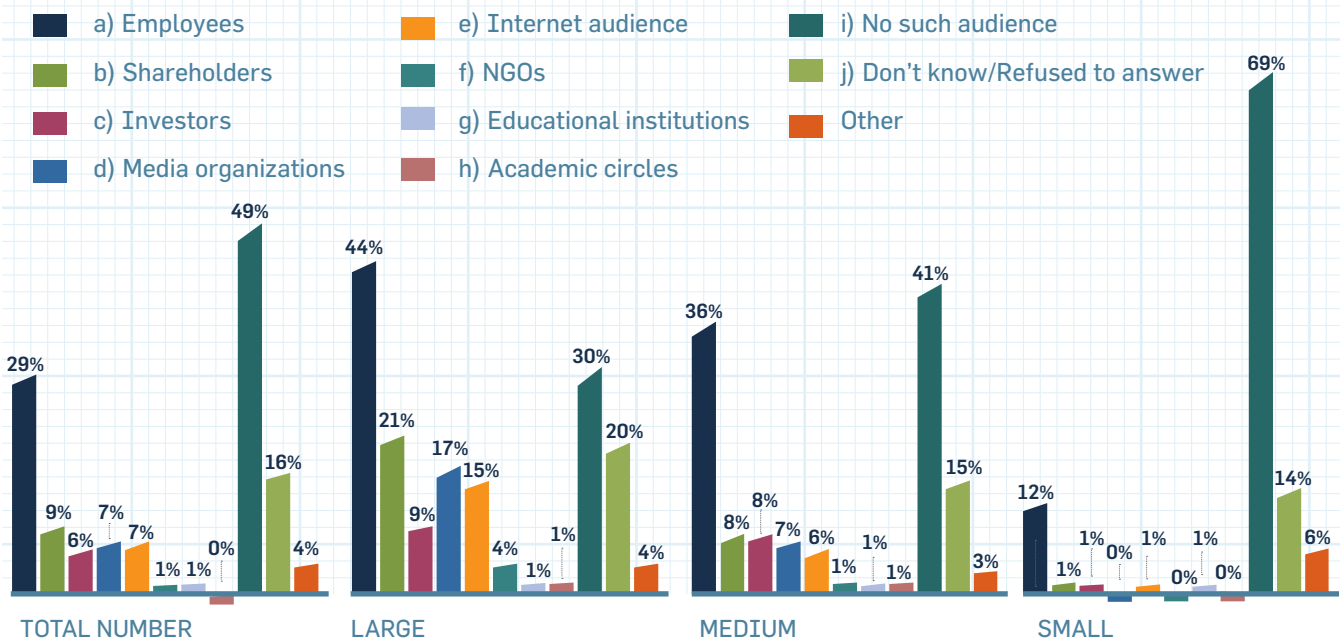


FIGURE 18 - Survey Results 2019

To what audience do you present information regarding your organization's CR activities and results? (Multiple answers possible)



Regarding the coverage of corporate responsibility, large companies are particularly active. 47% of them cover corporate responsibility activities; only 18% of the medium-sized companies and 5% of the small companies do the same (See Figure 19). Compared to 2019, these figures have significantly improved for the large organizations and increased by 18%. Only 1% growth is documented in medium and small companies (corporate responsibility coverage data for 2019: Large companies - 29%, medium - 17%, small - 4%).

FIGURE 19 - Survey Results 2020

**Are your CR activities and their results publicized?
(Including posts on social media and internet webpages)**

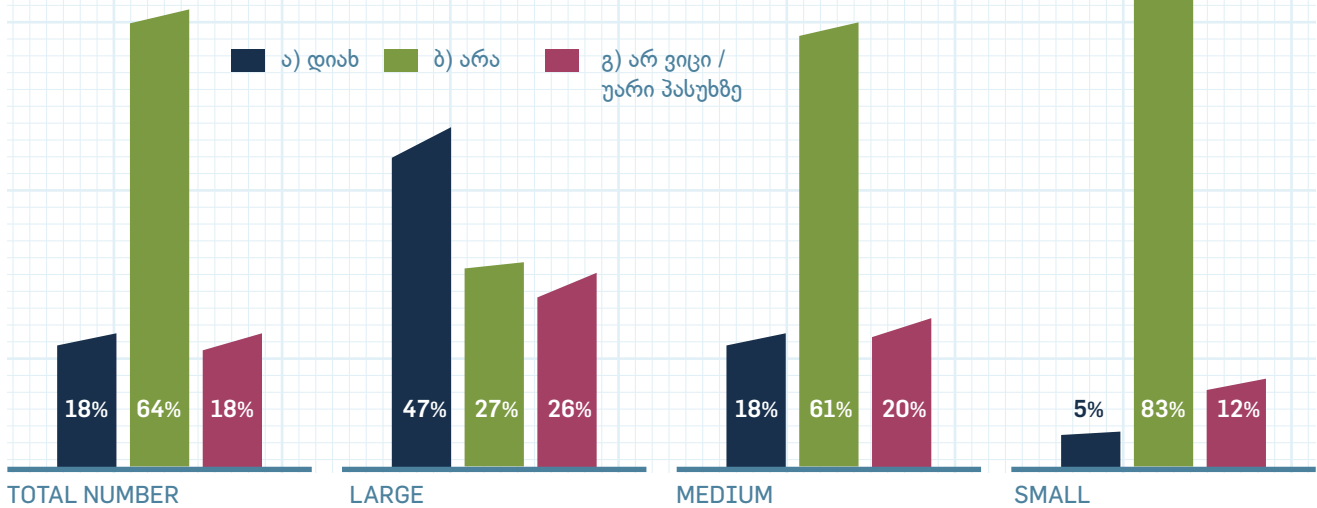
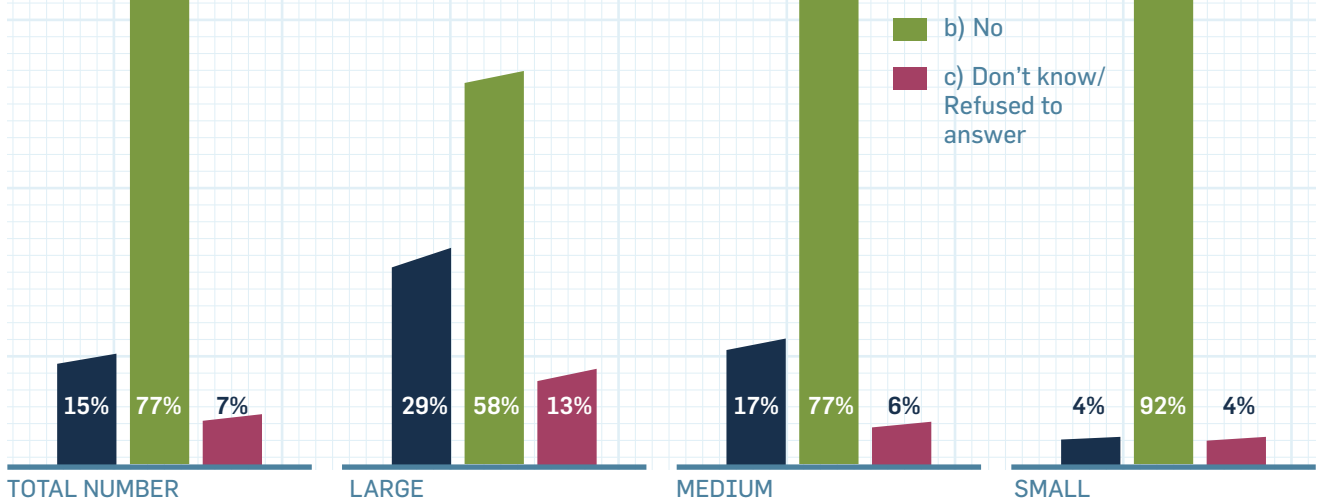


FIGURE 19 - Survey Results 2019

**Are your CR activities and their results publicized?
(Including posts on social media and internet webpages)**



2019 study found that from the companies covering corporate responsibility activities (380 respondents in total) a large proportion of them does not spend any money on coverage. Only 4% of large companies indicated that they spend either up to 5 thousand GEL or from 25 thousand to 50 thousand GEL for this purpose (see Figure 20).

FIGURE 20 - Survey Results 2020

What is the approximate amount of financial resources required annually to publicize your CR activities?

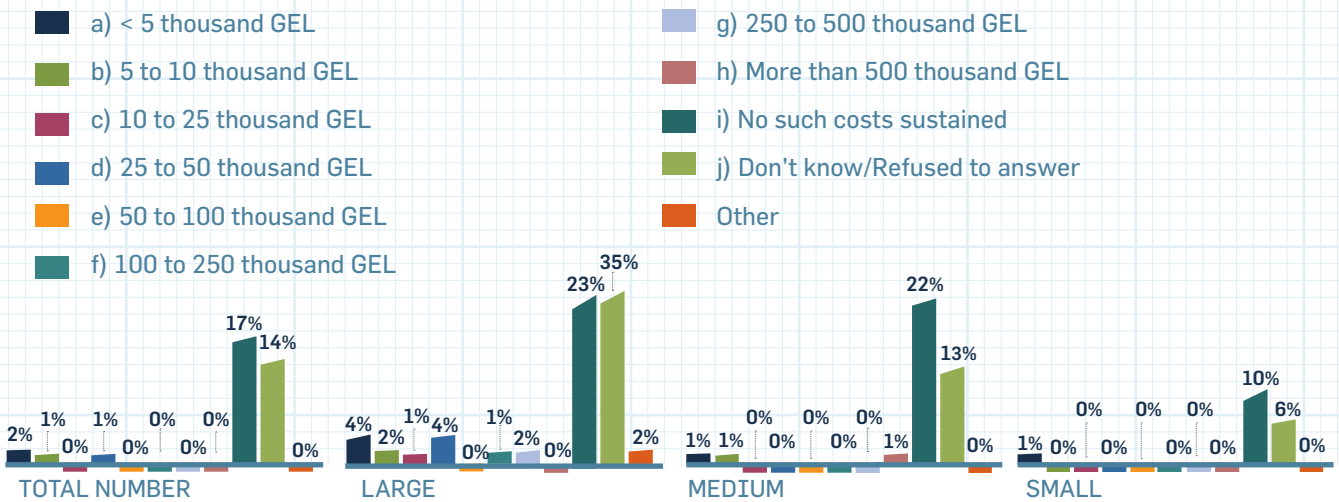
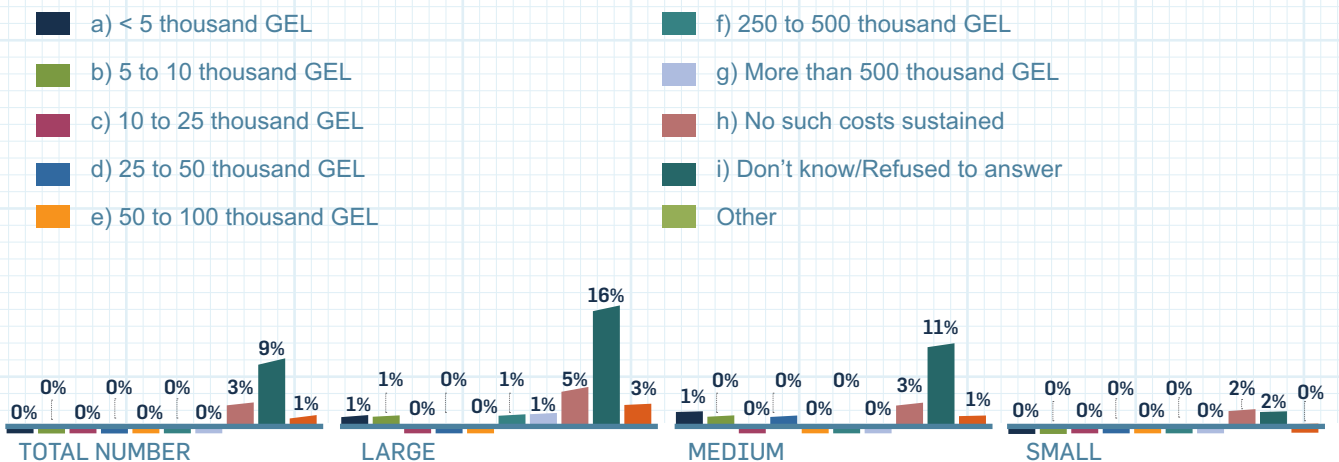


FIGURE 20 - Survey Results 2019

What is the approximate amount of financial resources required annually to publicize your CR activities?



The most popular communication channels for large as well as medium and small companies are social networks and internet resources. Furthermore, compared to 2019, the importance of television as a communication platform has increased (from 16% to 26% increase for large companies, from 5% to 8% for medium-sized companies, and only an increase of 1% for small companies) (see Figure 21).

FIGURE 21 - Survey Results 2020

Which communication channels do you use to ensure that your organization's CR activities are publicized? (Multiple answers possible)

** This question was asked only to those companies that cover corporate responsibility activities (380 respondents); It was possible to choose several answers.*

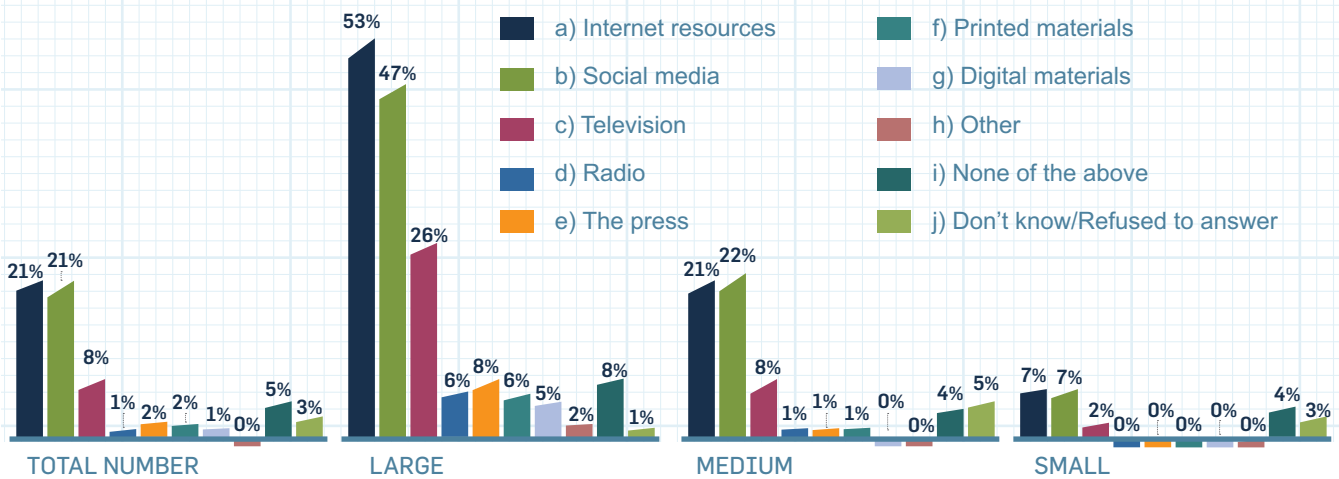
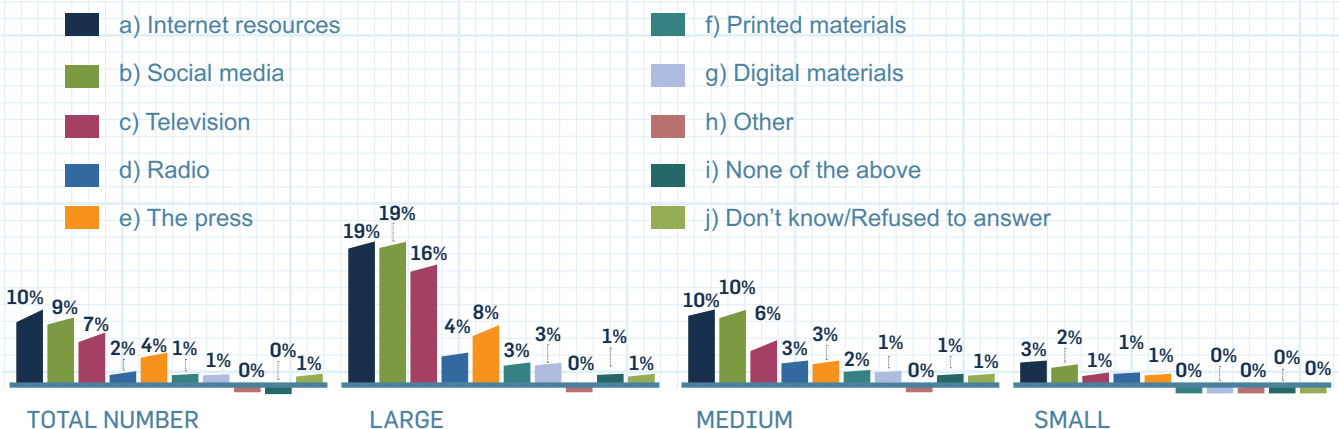


FIGURE 21 - Survey Results 2019

Which communication channels do you use to ensure that your organization's CR activities are publicized? (Multiple answers possible)

** This question was asked only to those companies that cover corporate responsibility activities (380 respondents); It was possible to choose several answers.*



In the 2020 study on the intensity of media coverage of corporate responsibility, as well as in 2019, it was revealed that companies mostly do not cover corporate responsibility. Only a certain proportion covers similar activities once a quarter at most (see Figure 22).

FIGURE 22 - Survey Results 2020

On average, how frequently do you publicize your CR activities?

** This question was asked only to those companies that cover corporate responsibility activities (380 respondents)*

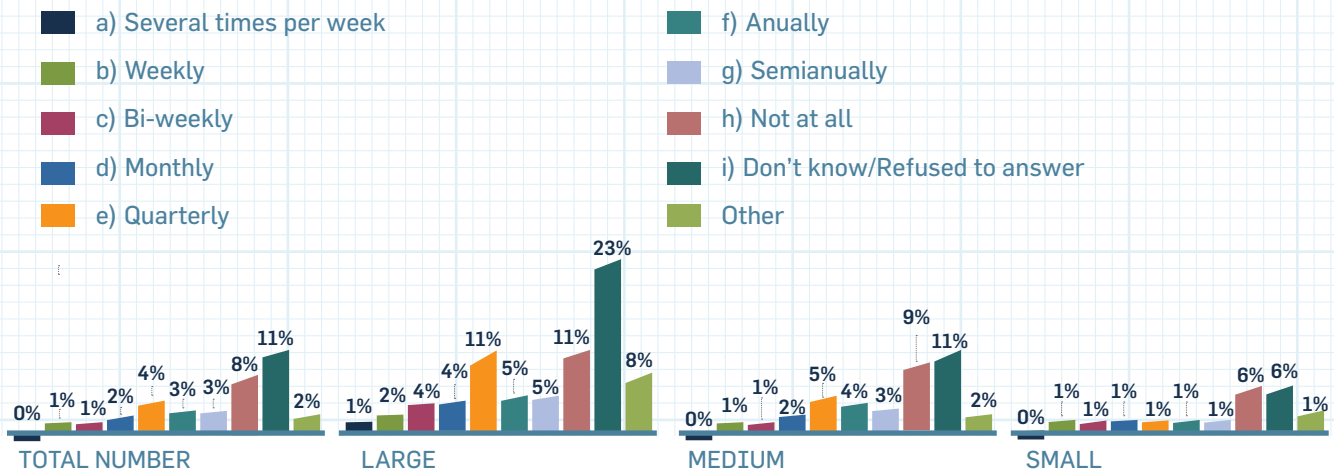
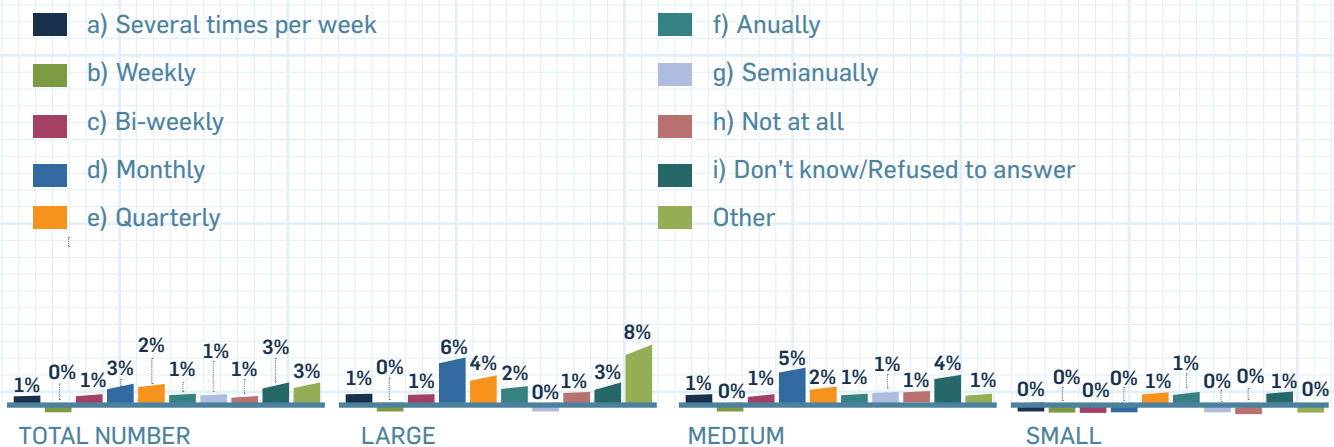


FIGURE 22 - Survey Results 2019

On average, how frequently do you publicize your CR activities?

** This question was asked only to those companies that cover corporate responsibility activities (380 respondents)*



Apparently, it is relatively easy for large and medium-sized companies to get media representatives to agree on covering their corporate responsibility. Some of the surveyed organizations (11% of large companies, 3% of medium-sized companies, and 2% of small companies) confirm that media representatives easily agree to cover their activities, given that they are informed in advance (see Figure 23).

FIGURE 23 - Survey Results 2020

In general, how easily do media organizations agree to publicize CR activities?

** This question was asked only to those companies that cover corporate responsibility activities (380 respondents)*

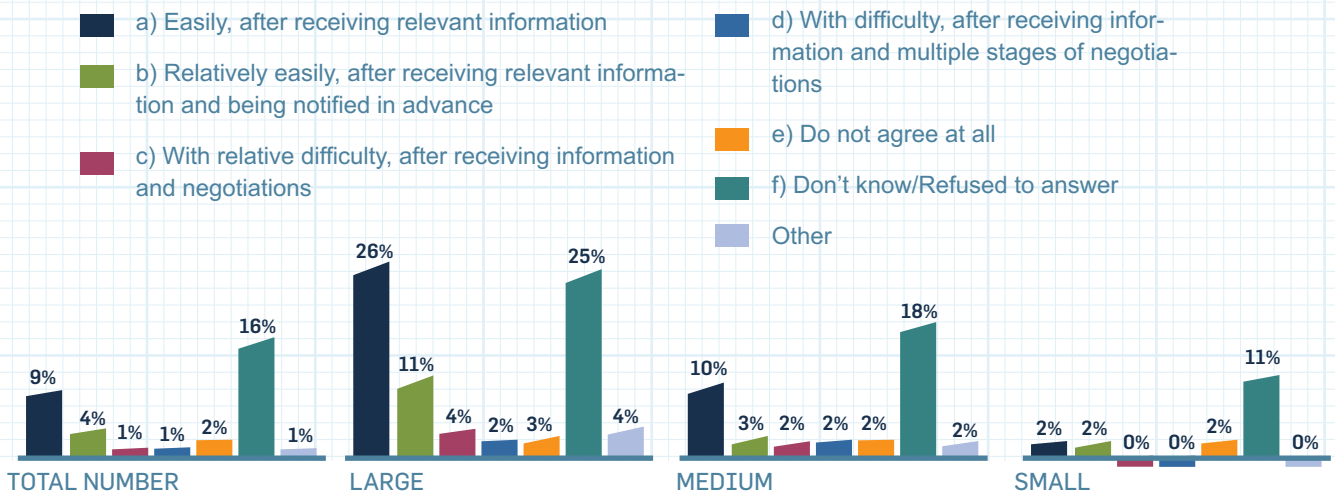
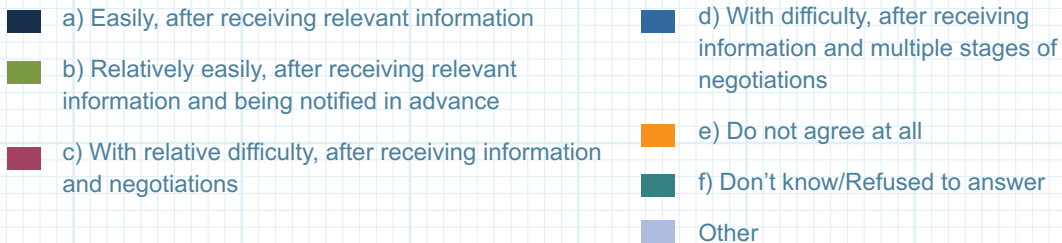


FIGURE 23 - Survey Results 2019

In general, how easily do media organizations agree to publicize CR activities?



It was revealed that media representatives are more often interested in large companies and turn to them for coverage of corporate responsibility. Media and journalists are less interested in medium and small companies. Compared to the 2019 survey, there has been an increase in media interest (from 7% to 13% for large, from 2% to 4% for medium-sized, and 1% for small companies) (see Figure 24).

FIGURE 24 - Survey Results 2020

How proactive and interested are media representatives in publicizing CR activities and how often do they contact you with this purpose?

** This question was asked only to those companies that cover corporate responsibility activities (380 respondents)*

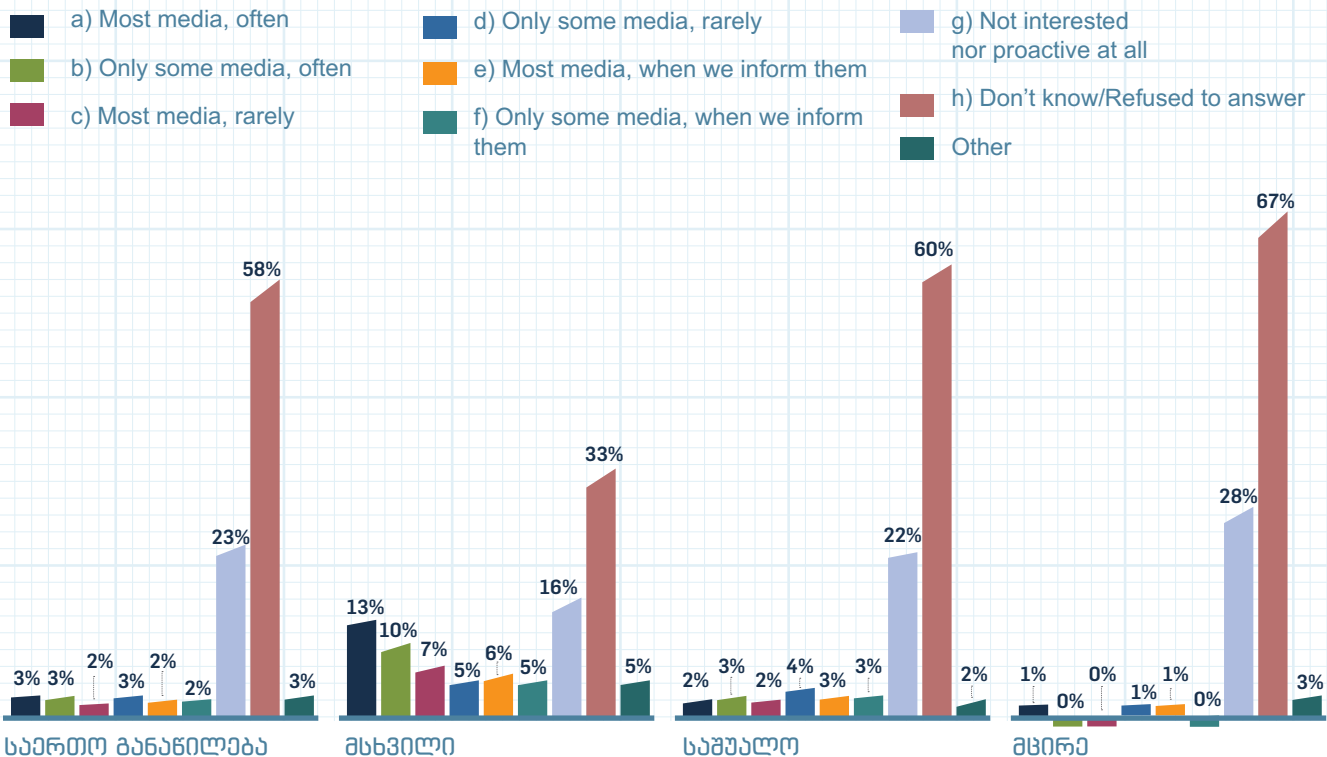
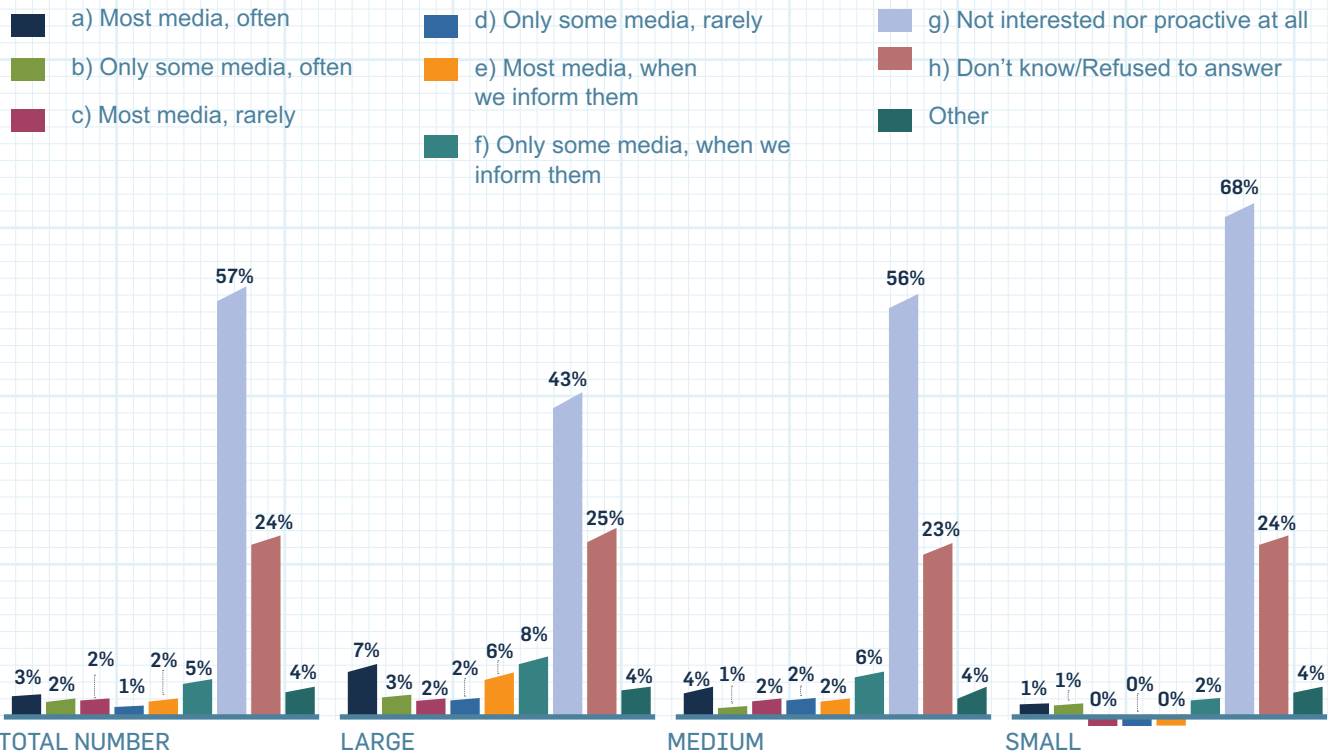


FIGURE 24 - Survey Results 2019

How proactive and interested are media representatives in publicizing CR activities and how often do they contact you with this purpose?

** This question was asked only to those companies that cover corporate responsibility activities (380 respondents)*



SECTION 4

HUMAN RIGHTS AND LABOR RIGHTS

The purpose of this section of the questionnaire is to research the following issues: are human rights violations prevention mechanisms implemented at the policy level in Georgian companies; what is the relationship with partners/contractors concerning respect for and recognition of human rights; how problematic situations regarding human rights violations are handled; what mechanisms are in place for victim feedback; how employees are educated on basic human rights, labor rights, consumer rights, and more; how human labor rights are enshrined in the company's internal documentation; how labor rights are protected and monitored; what kind of anti-discrimination mechanisms operate in Georgian companies and what kind of anti-discrimination context is there; what is the percentage of female employees and female managers in companies and whether they have labor standards in place.

The main document that sets out human and labor rights standards for companies of all sizes is the charter (see Figure 25). The largest share of large companies - 36% claim that they also oblige their partners to recognize and respect human rights. The largest proportion of medium-sized companies - 31% - state that they recommend and help contractors/partners recognize and respect universally recognized human rights standards. In the case of small companies, most of them - 37% - believe that the issue of recognition of human rights has no impact on partnerships at all (see Figure 26). The results were similar in the case of large and small companies in the 2019 study. However, in the same study, most medium-sized companies stated that they required contractors to recognize human rights (in 2019, the majority of medium-sized companies state that they recommend partners to recognize human rights).

As for problematic situations concerning human rights violations, most of the surveyed companies claim that in case of violation of rights they will compensate the damage or activate the preventive mechanisms (See Figure 27). Regarding the victim feedback mechanism, companies of all sizes most often utilize the internal grievance mechanism (68% of large companies, 60% of medium companies, 32% of small companies). Then comes the hotline mechanism in second place (34% of large companies, 24% of medium-sized companies, 5% of small companies). Finally, they also use Internal monitoring referral mechanisms (35% of large companies, 23% of medium-sized companies, 7% of small companies) (see Figure 28).

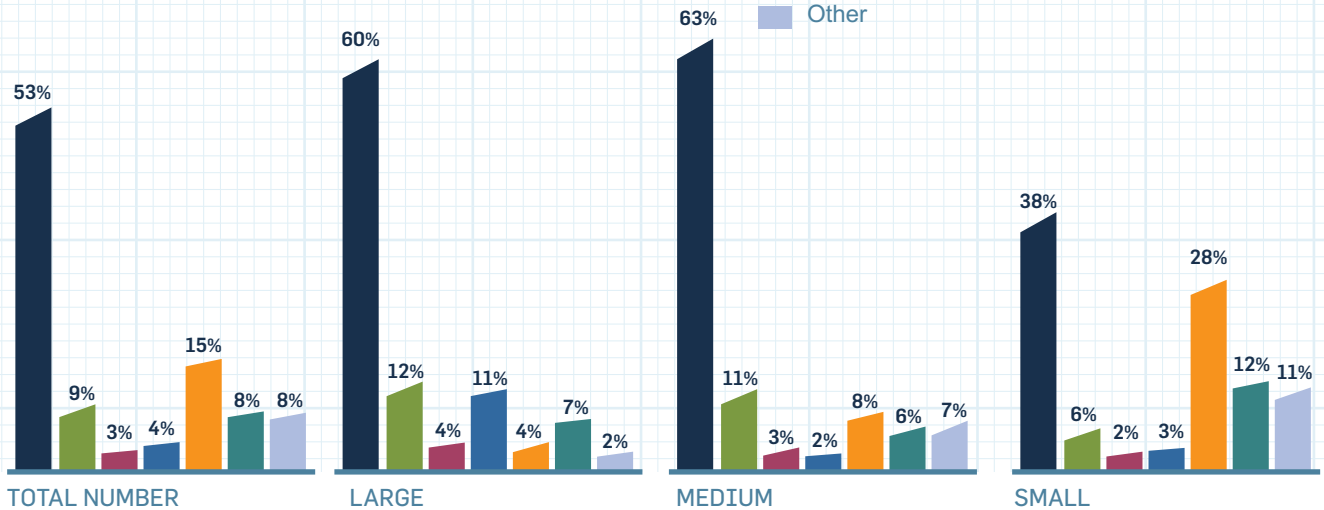
More than 50% of large and medium-sized companies educate their employees on basic human rights, labor rights, consumer rights by the periodic provision of useful information. 43% of small companies do not educate their employees in this regard and only 28% of them provide useful information to employees periodically (see Figure 29).

It is noteworthy that these findings are relevant to the 2019 survey and over time no drastic changes have been identified in these areas.

FIGURE 25 - Survey Results 2020

Does your policy prevent human rights violations in your organization?

- a) Yes. Human rights standards are included in our company policy, we recognize and respect the general human rights principles enshrined in Georgian law and international agreements
- b) Yes. Our code of ethics includes that we recognize and respect the general human rights principles enshrined in Georgian law and international agreements
- c) Yes. Strategic documents include that we recognize and respect the general human rights principles enshrined in Georgian law and international agreements
- d) Yes. Our organization has a separate document which includes protections for human rights
- e) Our policy documents do not include the subject of human rights
- f) Don't know/Refused to answer
- Other



Survey Results 2019

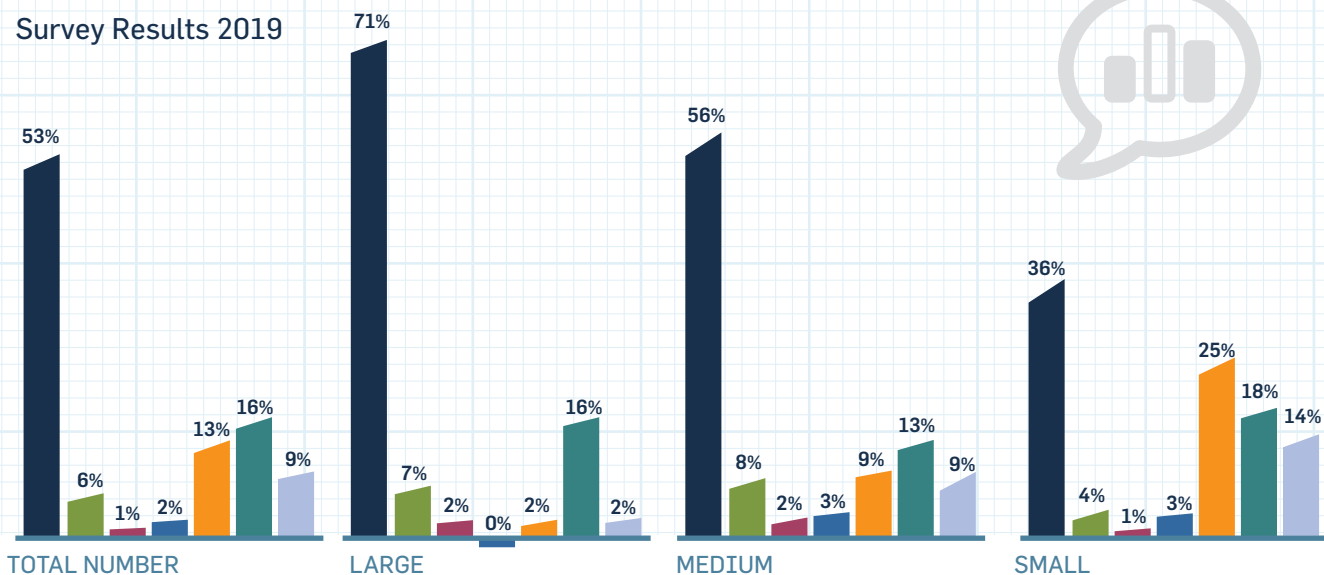
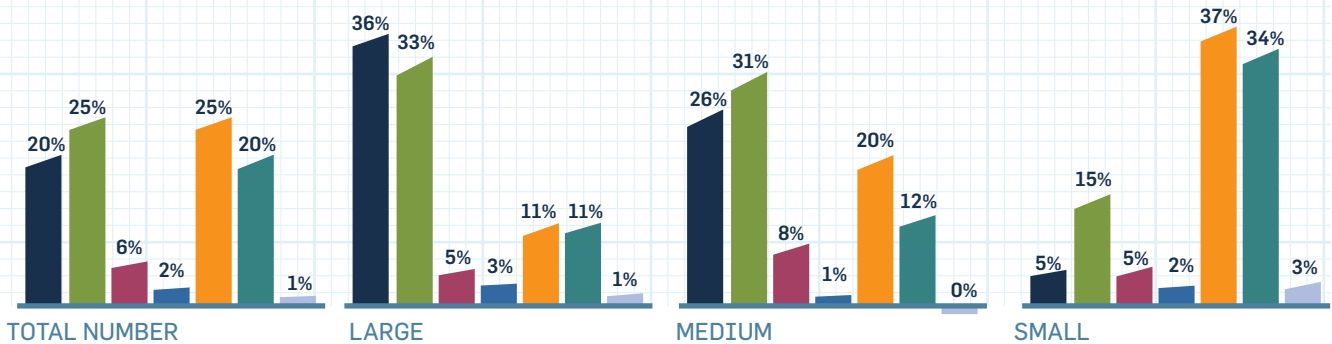


FIGURE 26 - Survey Results 2020

How do you interact with your contractors/partners regarding the topic of recognizing and respecting human rights?

- a) We require that our contractors/partners recognize and respect generally accepted human rights standards
- b) We recommend and assist our contractors/partners to recognize and respect generally accepted human rights standards
- c) We select our contractors/partners by how they recognize and respect, or are prepared to recognize and respect, generally accepted human rights standards and this is included in our internal process description
- d) We select our contractors/partners by how they recognize and respect, or are prepared to recognize and respect, generally accepted human rights standards, although this is not included in our internal process description
- e) This dimension does not impact our relationships with our contractors/partners
- f) Don't know/Refused to answer
- Other



Survey Results 2019

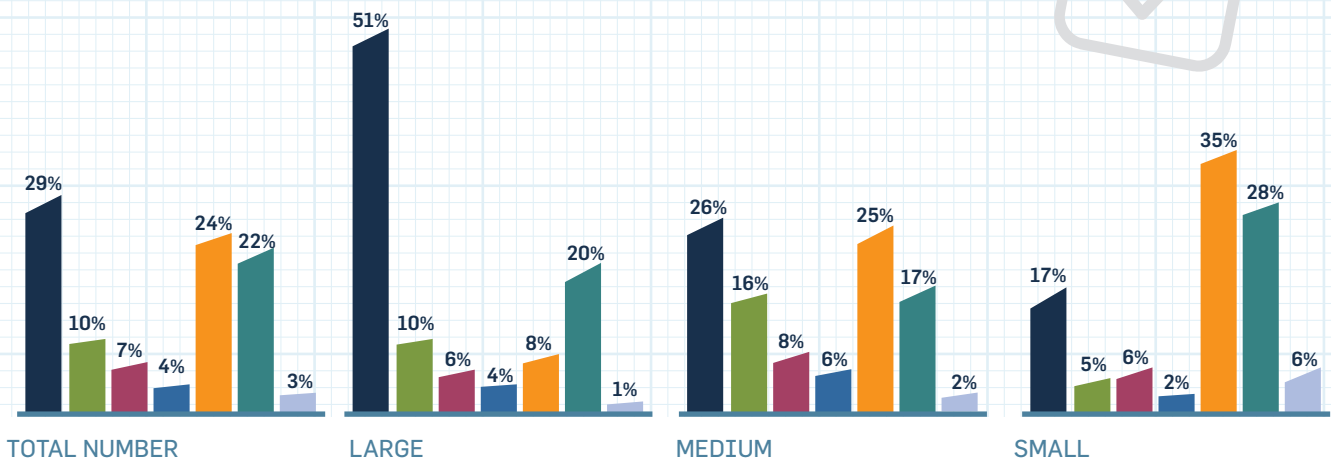
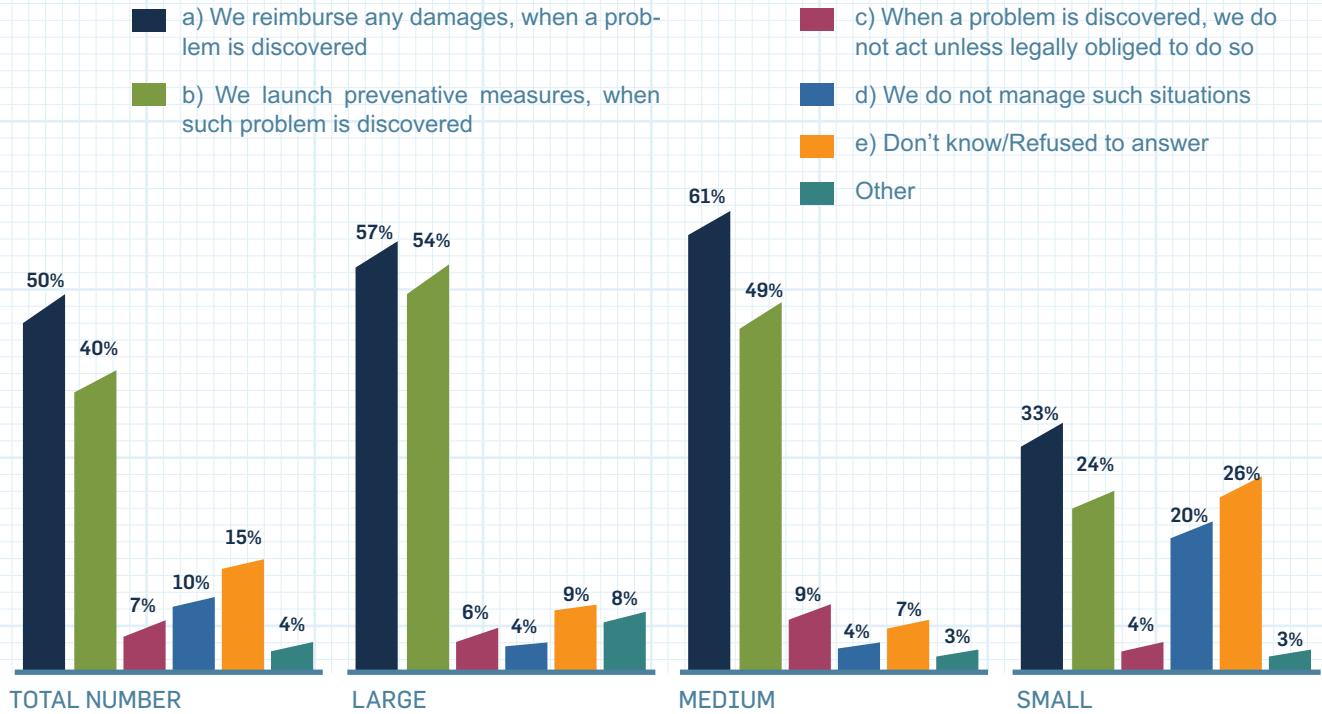


FIGURE 27 - Survey Results 2020

How do you manage problematic situations arising from human rights violations? (Multiple answers possible)



Survey Results 2019

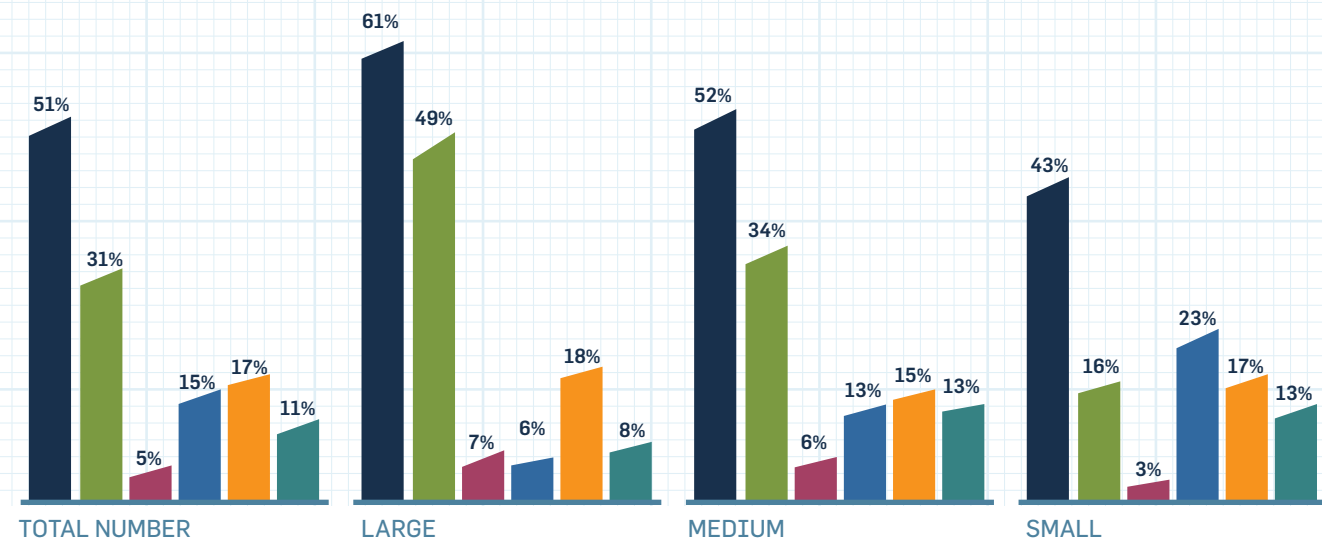
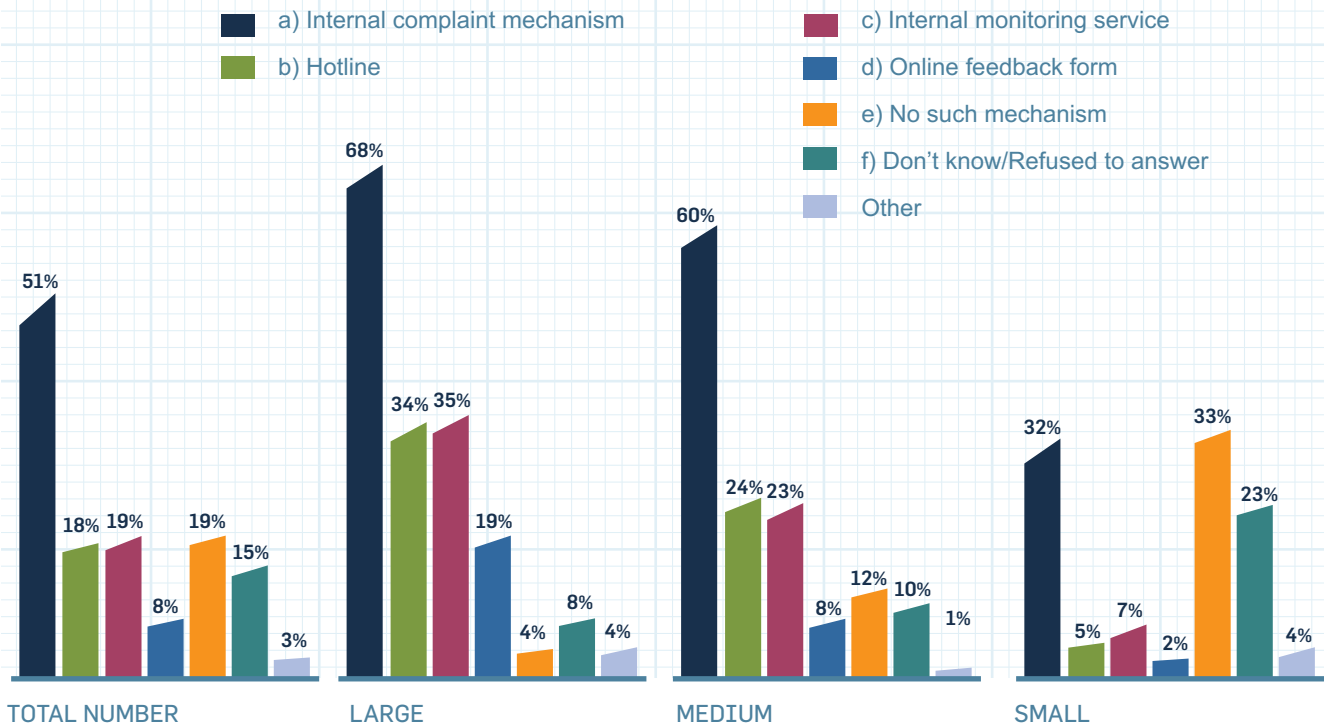


FIGURE 28 - Survey Results 2020

**What feedback mechanisms does your organization offer those negatively affected?
(Multiple answers possible)**



Survey Results 2019

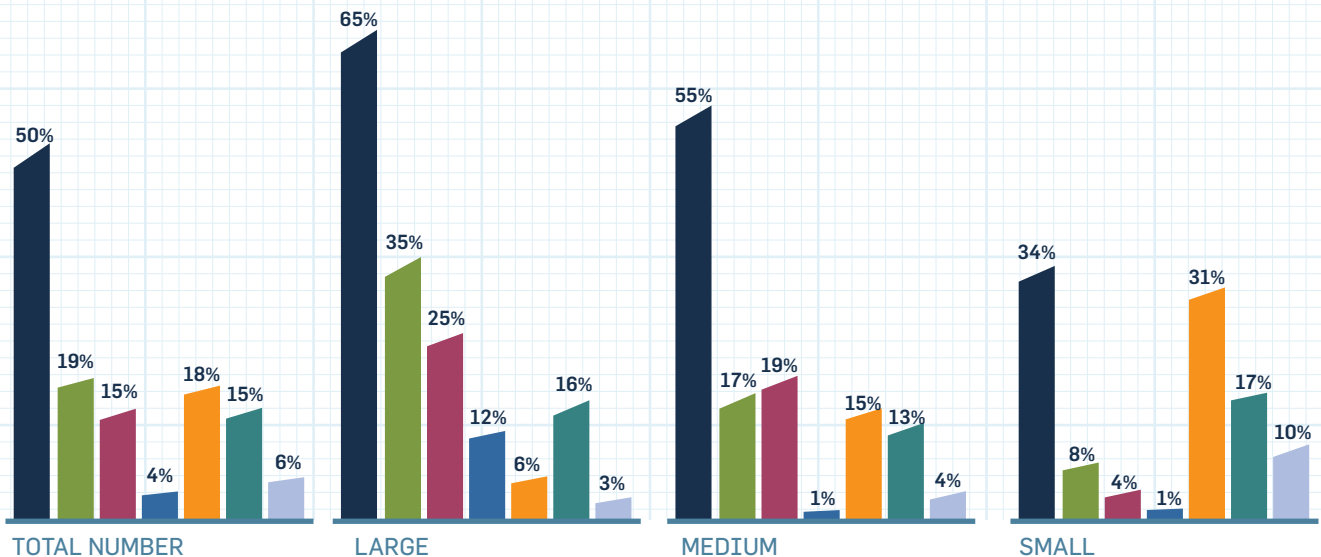


FIGURE 29 - Survey Results 2020

How are your employees educated about human, labor, consumer rights and other such topics? (Multiple answers are possible)

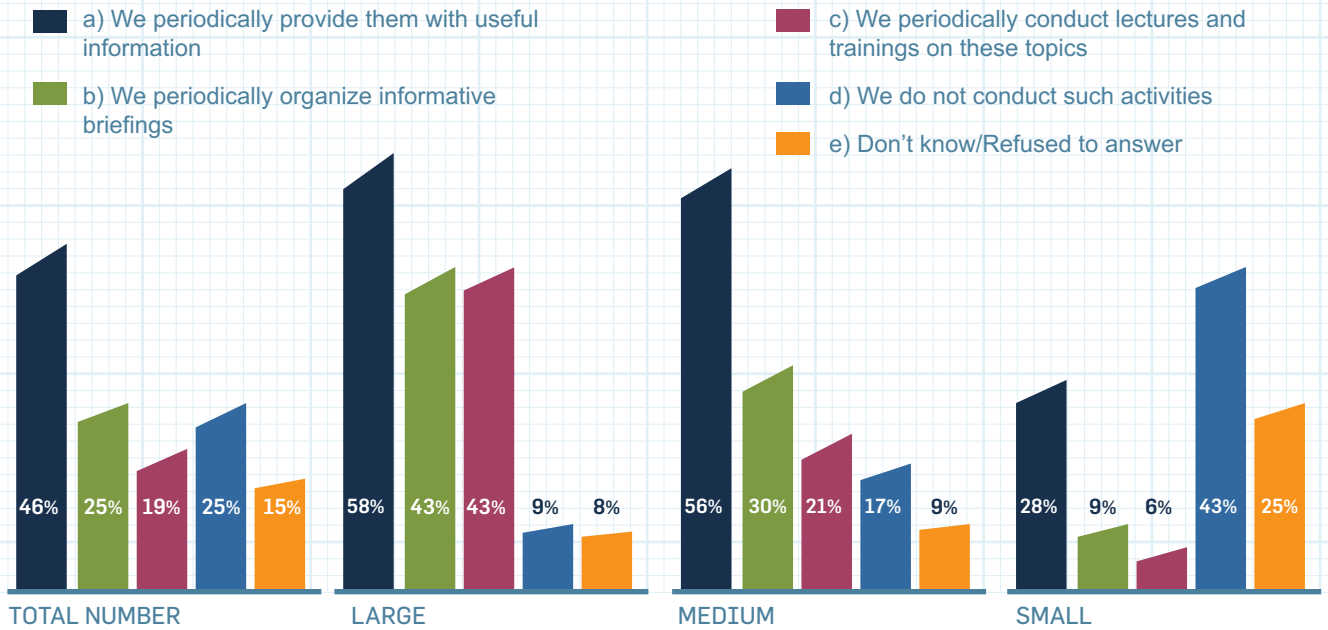
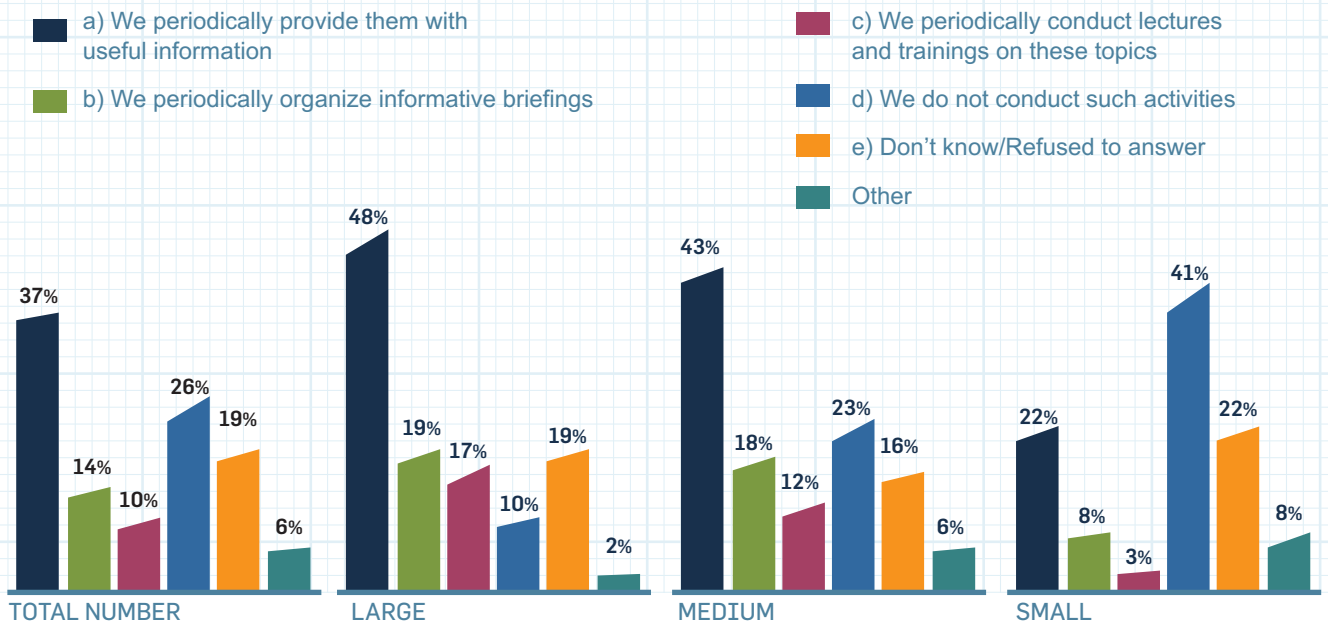


FIGURE 29 - Survey Results 2019

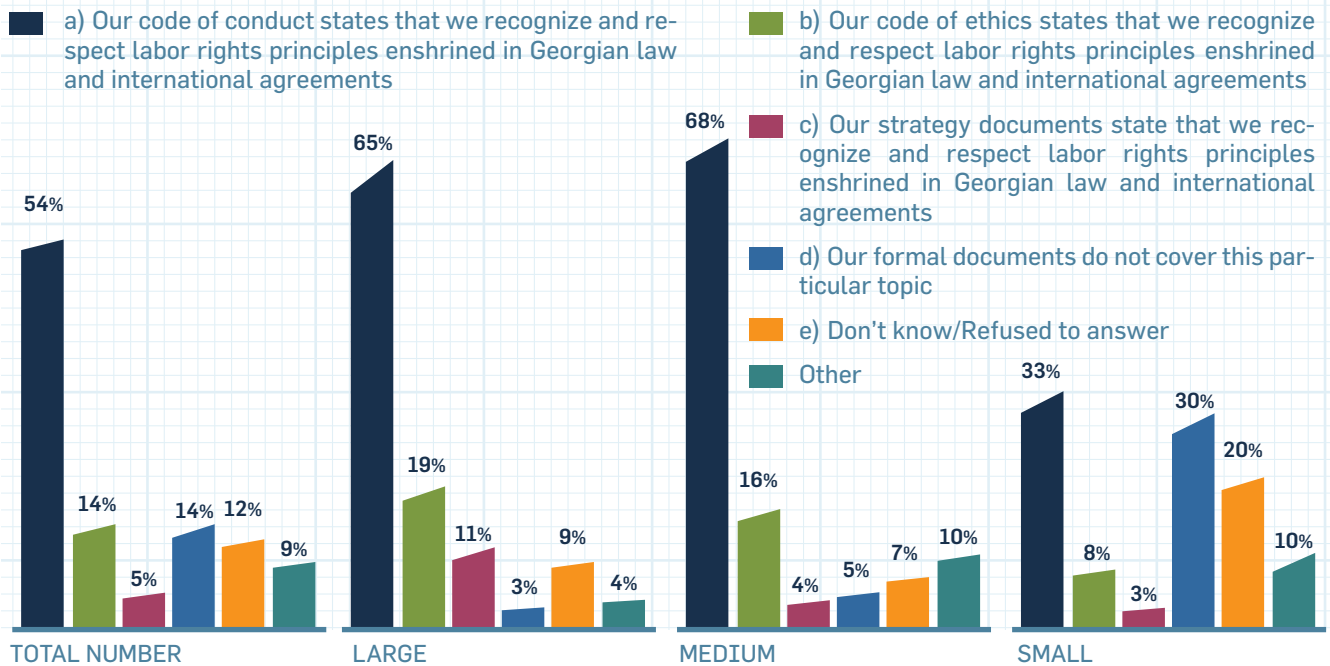
How are your employees educated about human, labor, consumer rights and other such topics? (Multiple answers are possible)



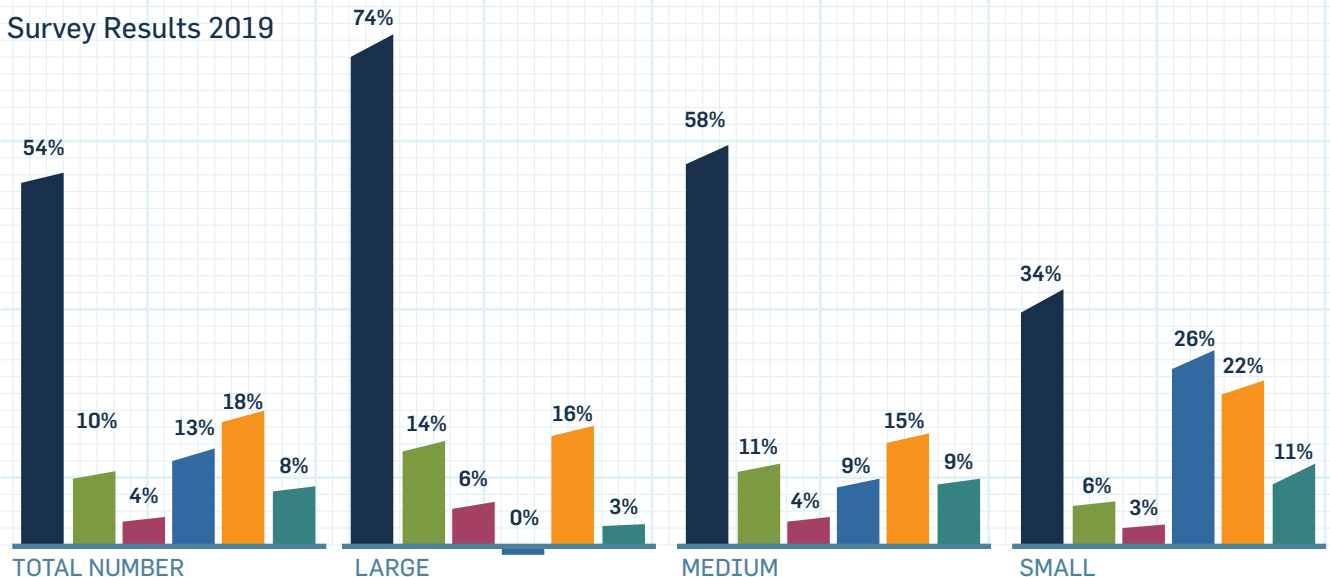
Like human rights, labor rights are enshrined in the organization's charter in most of the companies surveyed. However, it should be emphasized that more than 65% of large and medium-sized organizations incorporate labor rights in the charter, while in small companies this figure is only 33%. 30% of small organizations do not have labor rights included in the documentation at all (see Figure 30). compared to 2019, no sharp changes have been observed in this regard.

FIGURE 30 - Survey Results 2020

How do your formal documents cover labor rights?



Survey Results 2019



43% of the large companies surveyed state that the mechanisms for monitoring and protection of labor rights are carried out by the internal monitoring service. In 37% of cases, the human resources management service conducts periodic monitoring. 26% indicate that there is an internal grievance mechanism within companies. As for medium-sized companies, in 41% of them, the mechanisms for monitoring and protection of labor rights are provided by the internal monitoring service, while in 19%, this task is assigned to the human resources management service, and in 18%, there are no mechanisms. In 53% of small companies, there is no mechanism for monitoring and protecting labor rights. In 9% of cases, the internal monitoring service is involved, while the internal grievance mechanism operates in only 8% of the small companies surveyed (see Figure 31). Compared to the 2019 study, according to which 44% of small companies did not have any mechanism to protect/monitor labor rights, in 2020 this number has increased to 53%. When it comes to large companies, the involvement of the human resources management service in terms of labor rights has increased dramatically compared to the previous study (from 22% to 37%). As for the medium-size companies, the involvement of the Internal Monitoring Service has increased (from 24% to 45%).

FIGURE 31 - Survey Results 2020

How does your organization monitor and protect labor rights?

- a) Our internal audit service provides periodic overview
- b) The HR department provides periodic overview
- c) Through an internal complaint mechanism
- d) A special committee conducts regular analysis
- e) We employ an outside contractor organization for this purpose
- f) We do not have such mechanisms
- g) Don't know/Refused to answer
- Other

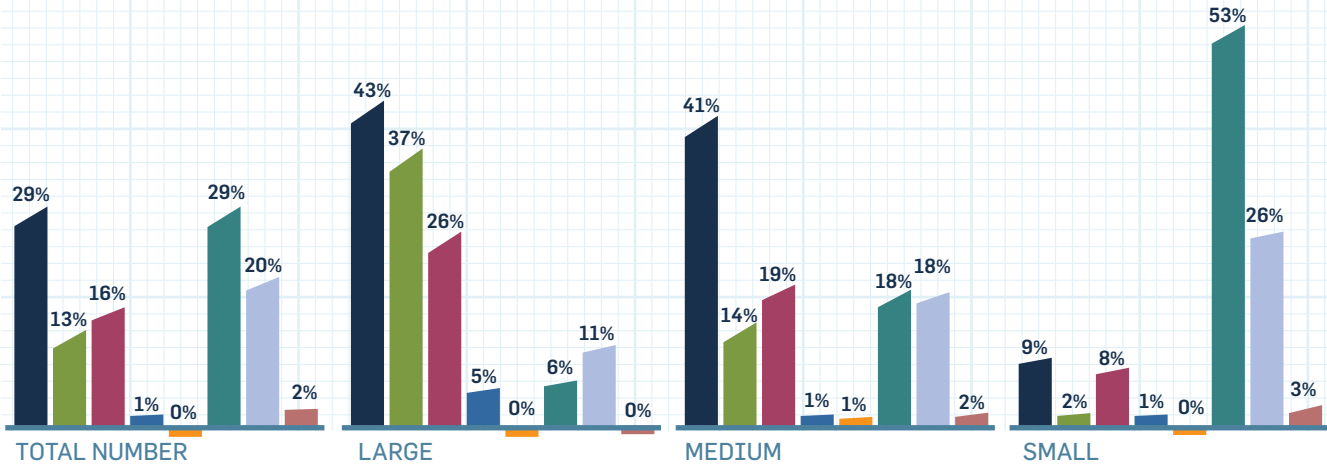
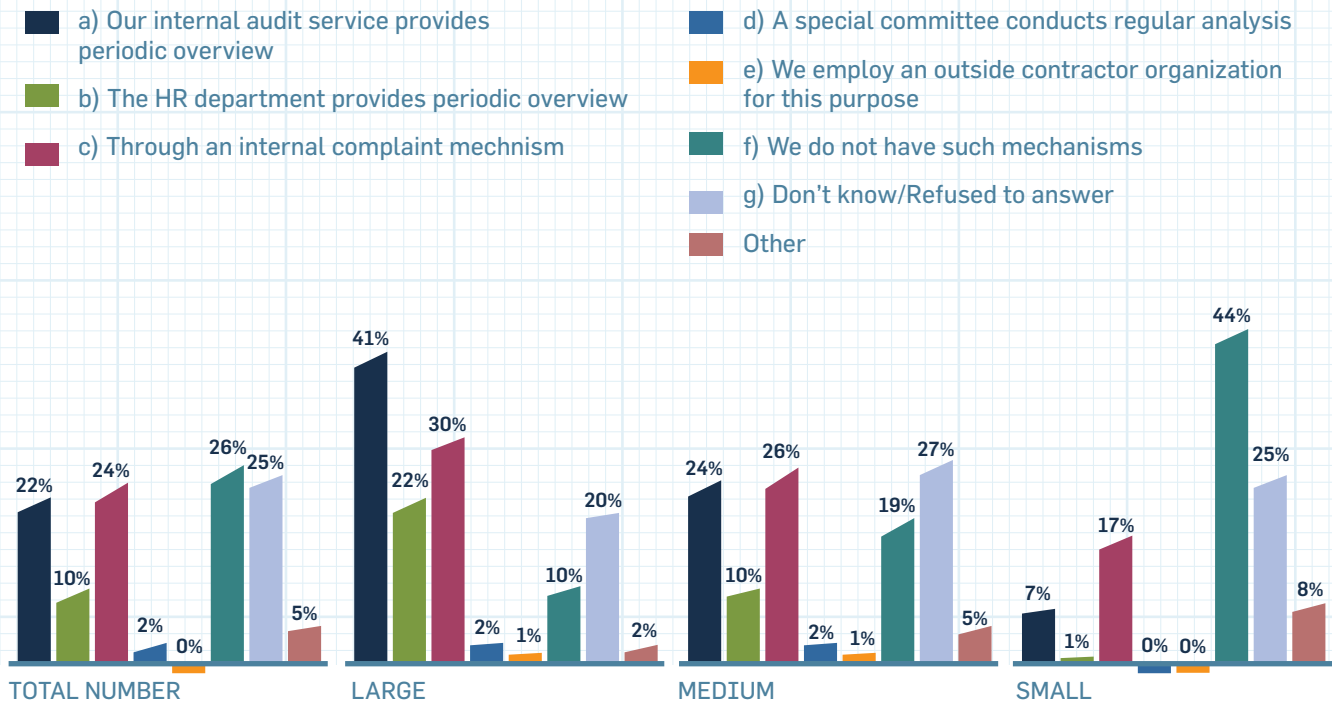


FIGURE 31 - Survey Results 2019

How does your organization monitor and protect labor rights?



The study found that more than half of the large and medium-sized companies surveyed have anti-discrimination standards in the practice of hiring and firing employees. However, in 40% of small companies there are no mechanisms at work in this regard (see Figure 32). Compared to the previous year of 2019, in medium-sized companies, the impact of anti-discrimination mechanisms on the matter of hiring/firing employees has increased dramatically. The number of small organizations that do not have anti-discrimination mechanisms in place has reduced from 45% to 40%. In large companies, the incidence of anti-discrimination mechanisms concerning the employment and promotion of minorities has increased significantly (from 25% to 38%).



FIGURE 32 - Survey Results 2020

What anti-discrimination mechanisms does your company have and how would you evaluate the anti-discrimination environment overall? (Multiple answers possible)

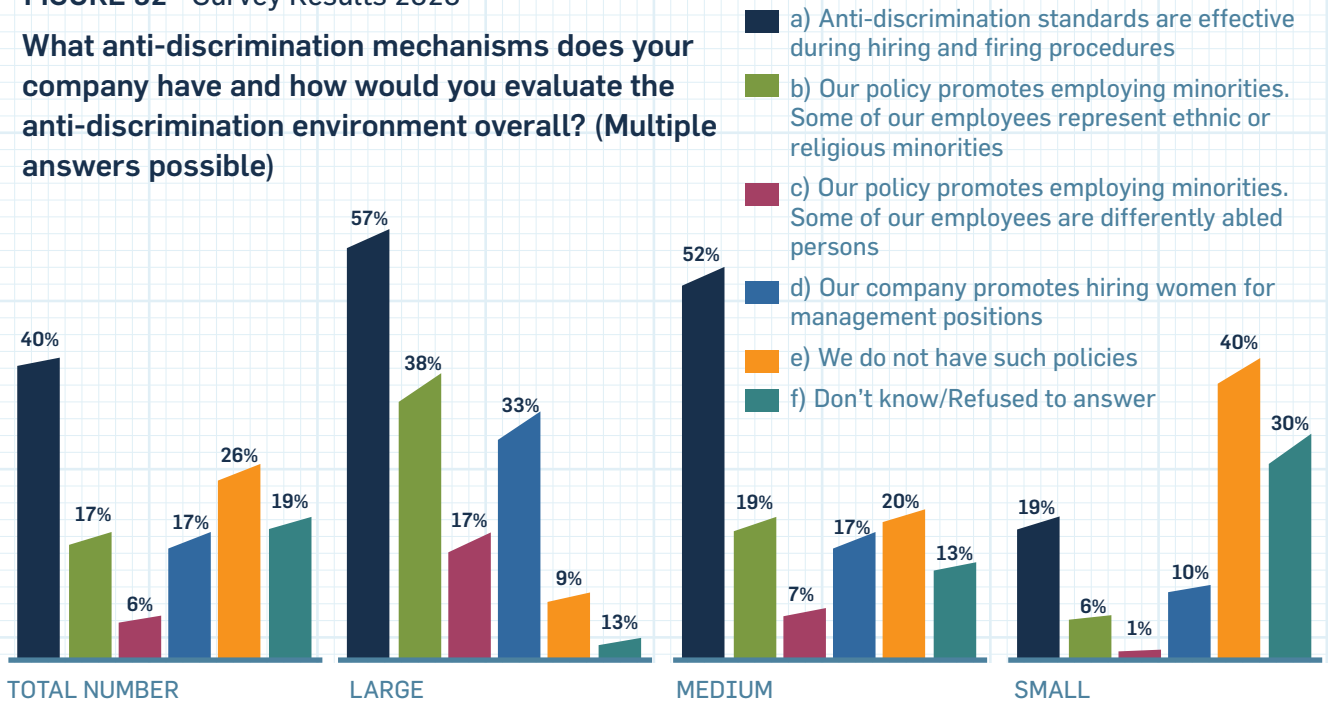
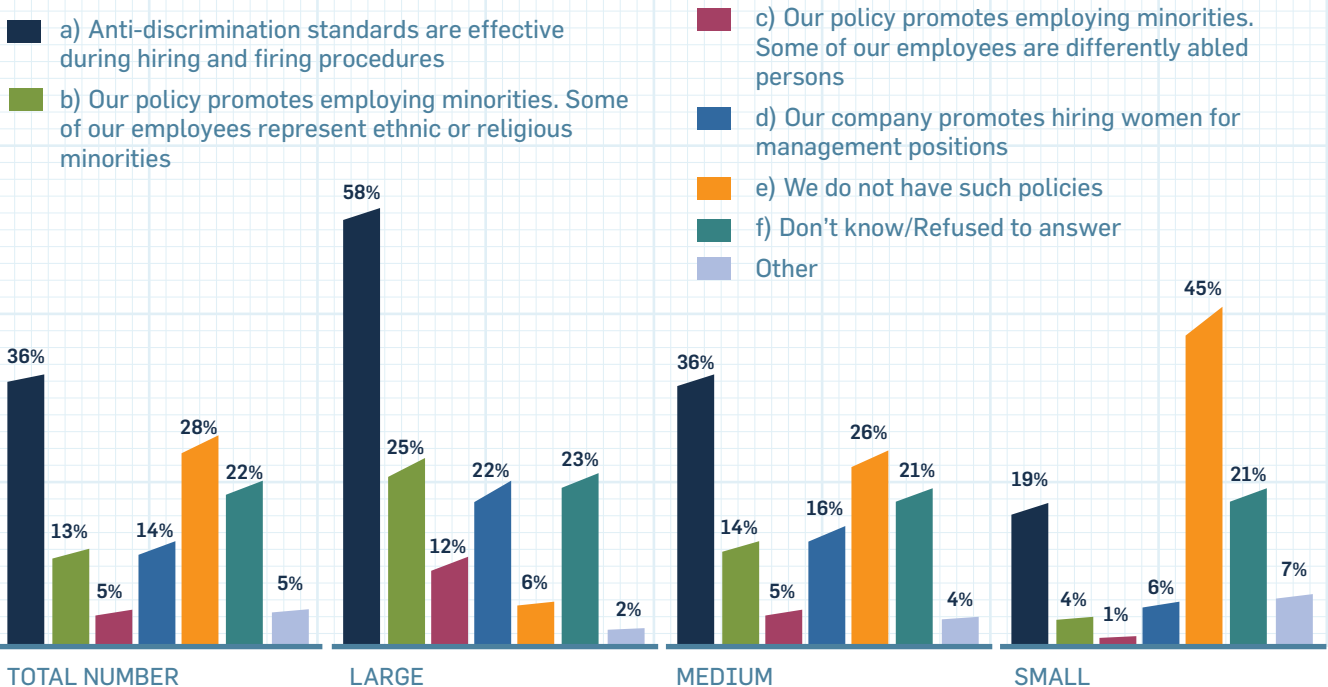


FIGURE 32 - Survey Results 2019

What anti-discrimination mechanisms does your company have and how would you evaluate the anti-discrimination environment overall? (Multiple answers possible)



Regarding the proportional distribution of female employees, the following findings were identified: In 39% of large organizations, the number of female employees exceeds 50%. The same figure is observed in 25% of medium-sized companies, and 23% of small companies. In this regard, there is no difference in comparison with the results of the previous year>s (2019) survey. 1% of large companies, 5% of medium-sized companies, and 22% of small companies do not have female employees (see Figure 33).

For comparison, these figures in the 2019 survey were as follows: «We do not have a female employee» was found in the response of no large company, in 2% of medium-sized companies, and 19% of small companies.

As for female managers, 30% of large companies and 23% of medium-sized companies stated that more than 50% of their managers are women. 38% of small companies admit that they have no female managers at all. Most often in small companies (18% of them), the number of female managers is less than 5% (see Figure 34). The results are once again consistent with the previous year>s survey and, in these areas, no drastic changes have been detected. In small companies, the percentage distribution of female managers has changed: In the 2019 survey, 18% of small companies reported that the number of female managers in their organization exceeded 75%, while in the 2020 survey this figure has been reduced to 8%. In conclusion, the proportion of female employees and managers is higher in large and medium-sized organizations than in small companies.

FIGURE 33 - Survey Results 2020

What is the share of female employees in your organization?

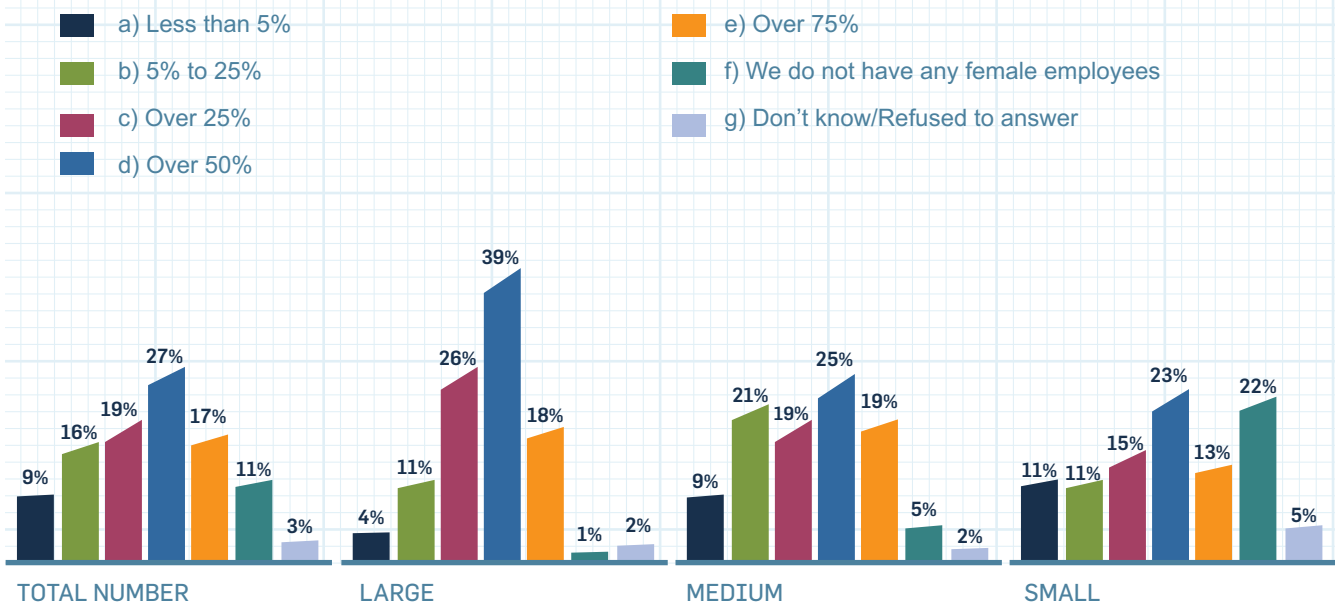


FIGURE 33 - Survey Results 2019

What is the share of female employees in your organization?

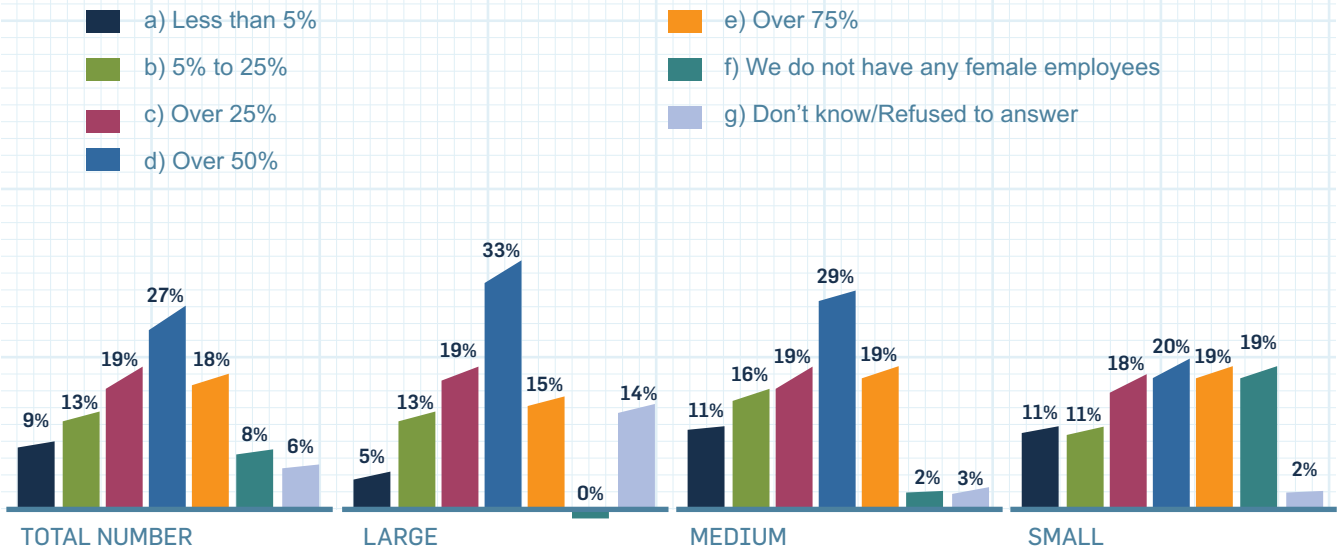


FIGURE 34 - Survey Results 2020

What is the percentage share of woman managers in your company?

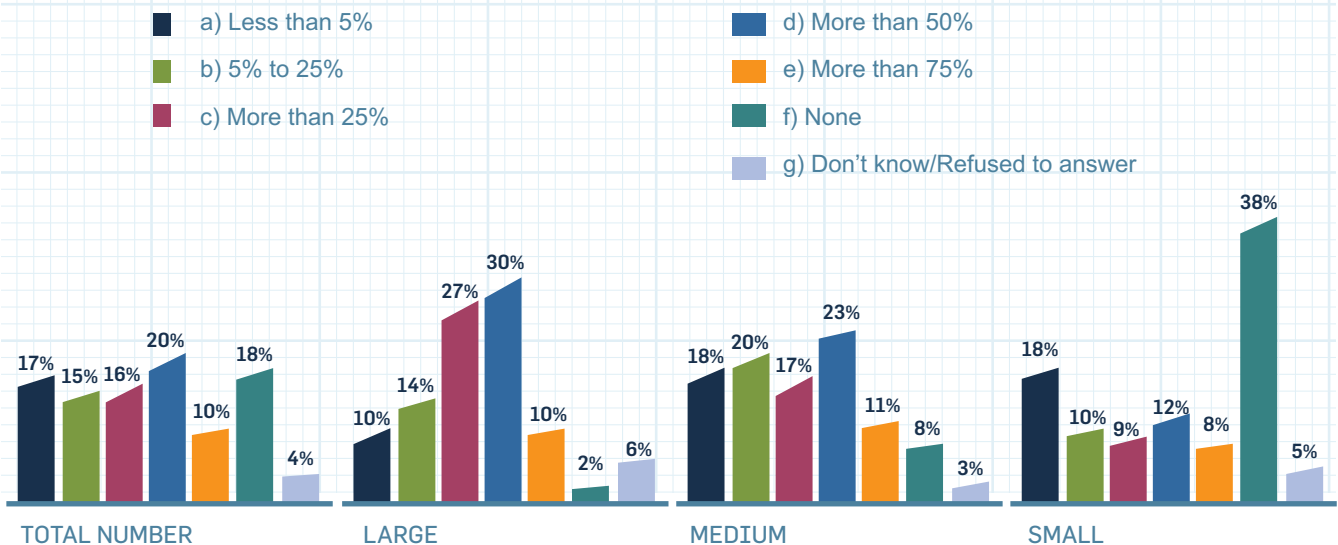


FIGURE 34 - Survey Results 2019

What is the percentage share of woman managers in your company?

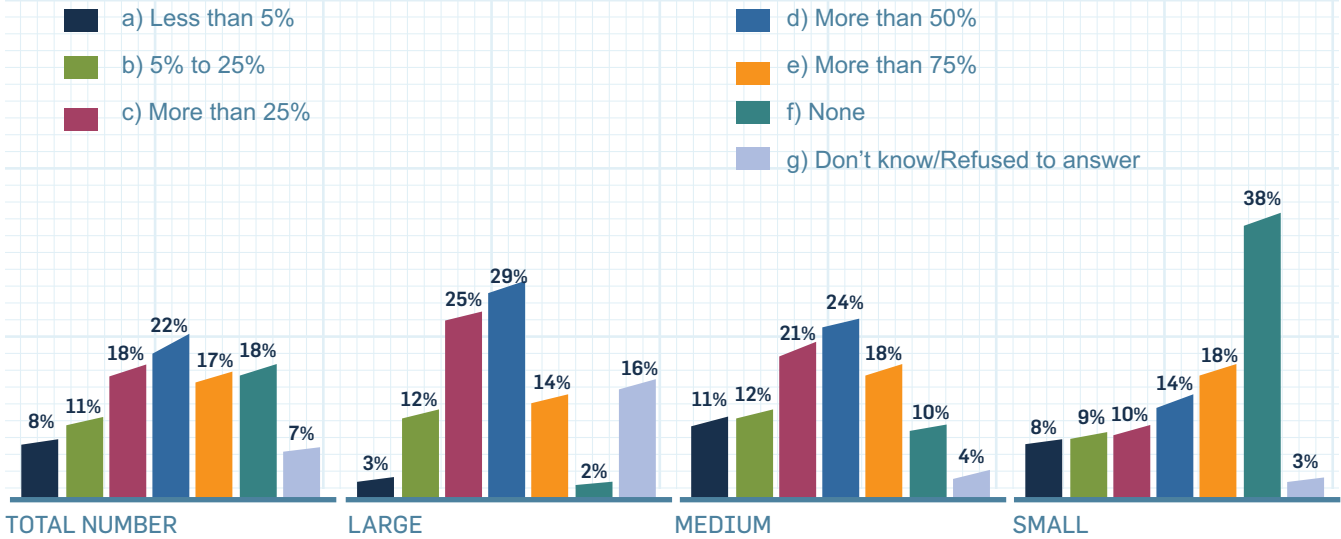


FIGURE 35 - Survey Results 2020

Does your company employ persons under the age of 16?

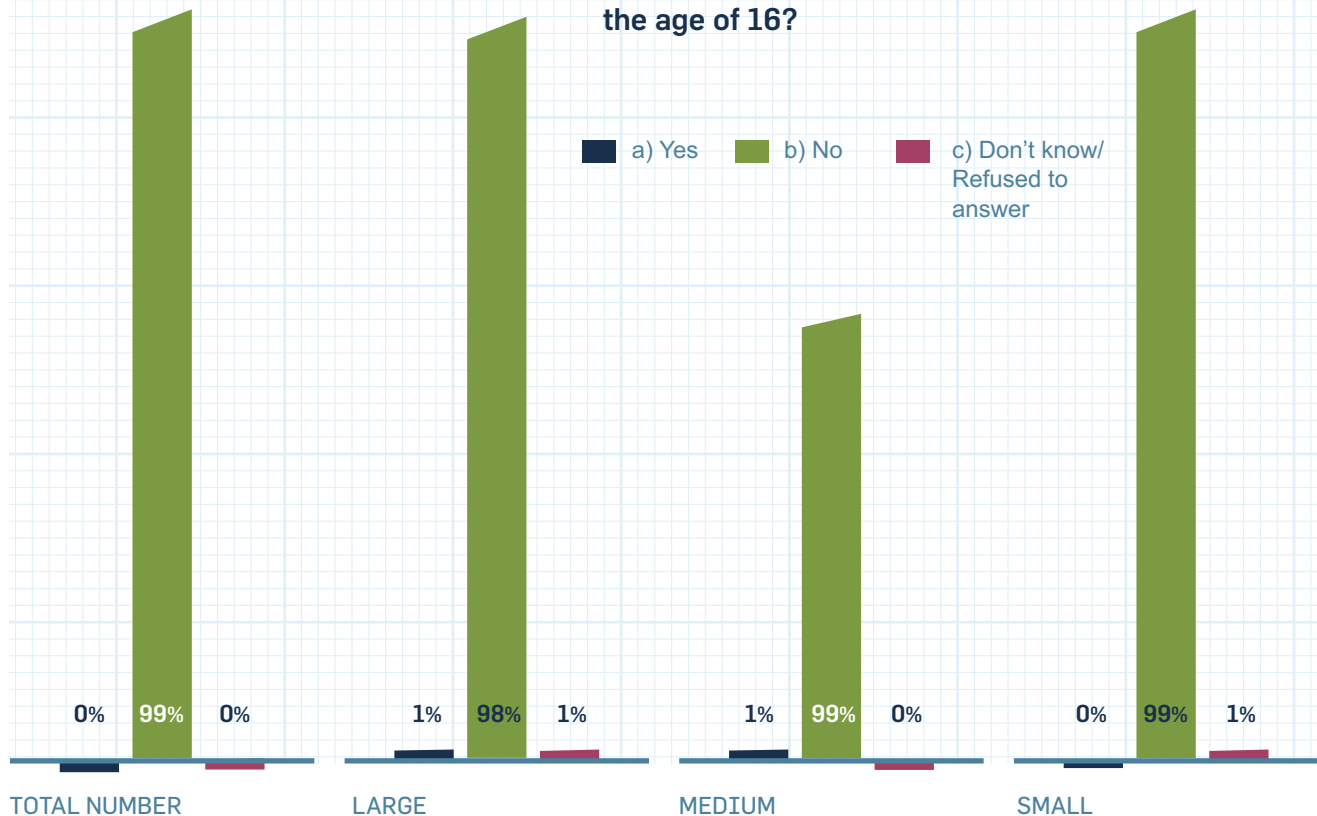
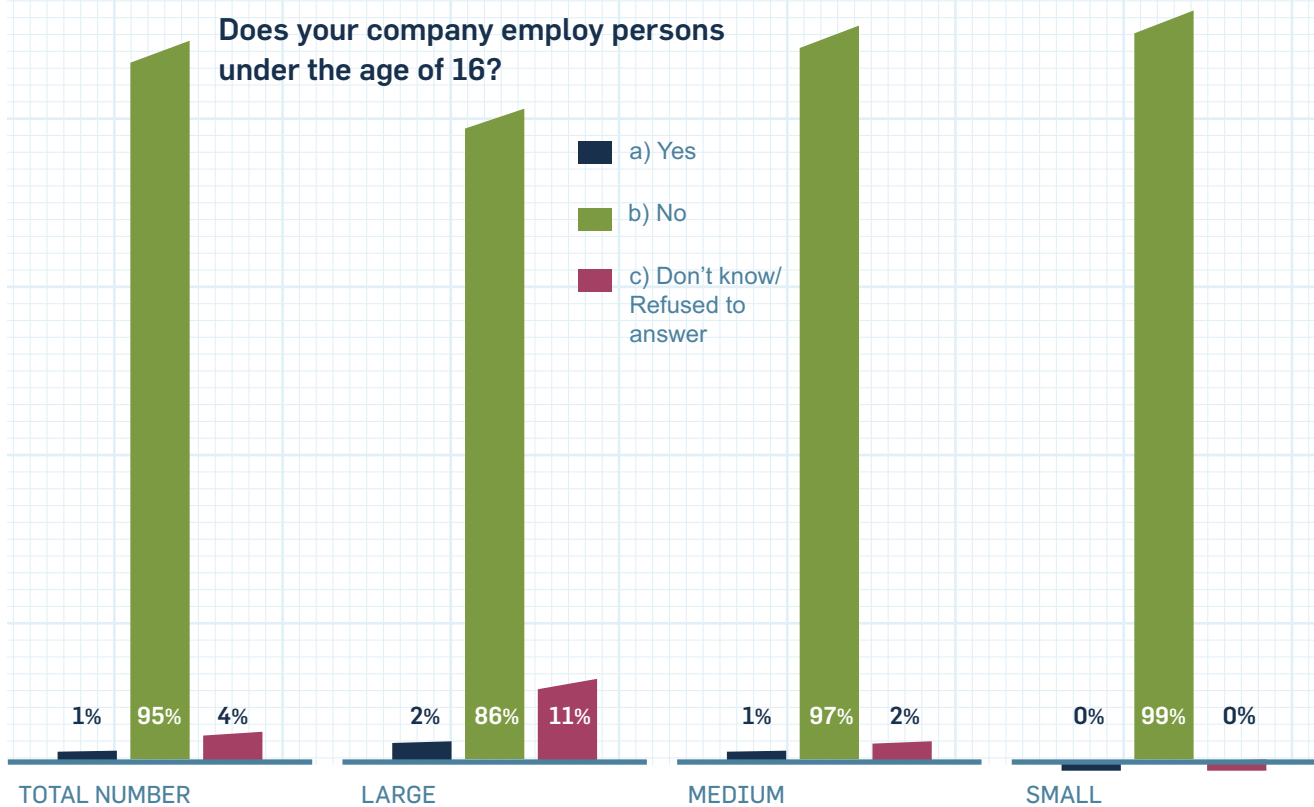


FIGURE 35 - Survey Results 2019



Labor standards for health and safety, prohibition of discrimination in the workplace, and equal pay for equal work were found to be in place in most of the large and medium-sized companies surveyed. The exception is 28% of small companies where none of the above-mentioned standards are implemented (see Figure 36). In the 2019 study, 19% of the companies surveyed admitted that they did not have this or that labor standard implemented. In 2020, this figure was reduced to 15% (overall distribution) (see Figure 36).



FIGURE 36 - Survey Results 2020

Has your company established the following labor standards? (Multiple answers possible)

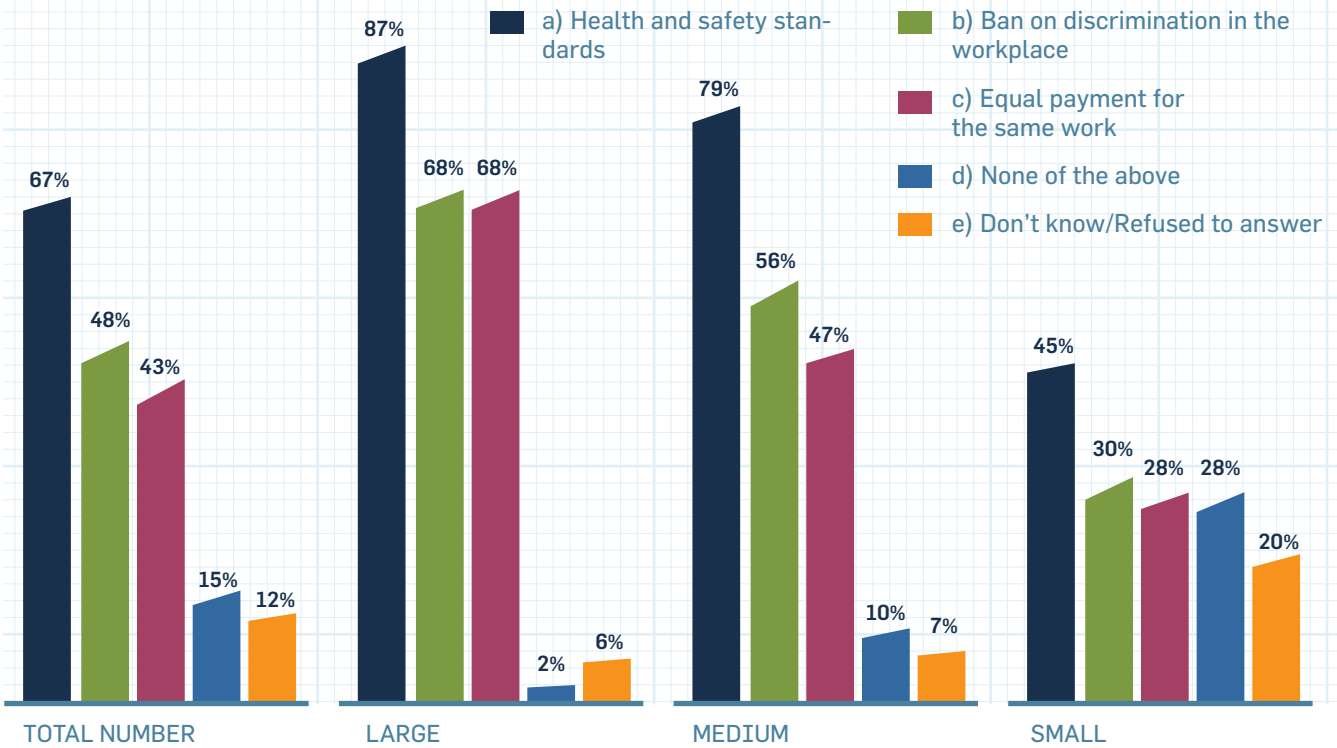
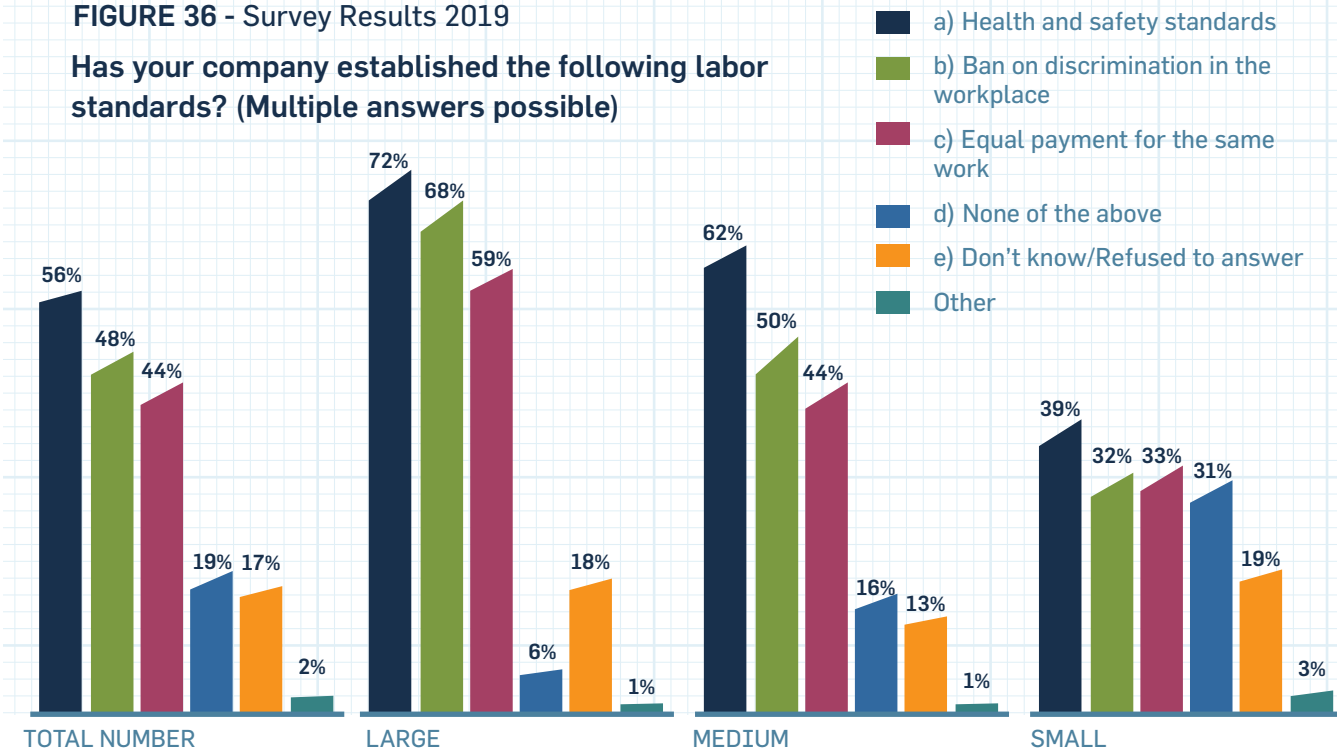


FIGURE 36 - Survey Results 2019

Has your company established the following labor standards? (Multiple answers possible)



SECTION 5

ENVIRONMENTAL PROTECTION, WASTE MANAGEMENT, AND THE FIGHT AGAINST CORRUPTION

This section of the survey aims to determine, in what kind of documents do organizations operating in Georgia include the principles of environmental protection and waste management; to what extent environmental issues are taken into account, and whether they have mechanisms developed in this area; how anti-corruption standards are included in the internal documentation of companies and what are the mechanisms for preventions, and for monitoring these standards.

Unlike human rights and labor rights issues, environmental issues are less included in the official documentation. According to the overall distribution, 36% of the surveyed companies do not have an official document concerning environmental matters. In a survey of large and medium-sized companies, it was most often stated that environmental issues are listed in environmental standards (12% and 7%, respectively) and the environmental strategy (11% and 7%, respectively).

19% of large, 22% of medium-sized, and 13% of small companies surveyed explained that they have environmental issues written out in various documents (see Figure 37). According to the results of the 2019 research, the inclusion of these standards in the environmental policy was more common in large and medium-sized companies.

With regard to the principles of waste management, only 12% of the large companies surveyed have waste management instructions. We found a waste management action plan in 9% of medium-sized companies. Only 3% of small companies have waste management instructions. In 20% of large companies, 34% of medium-sized companies, and 51% of small companies, there is no such document at all (see Figure 38). Compared to 2019, the most frequently named document in this regard among companies of all sizes was the waste management strategy (in 21% of large companies, 14% of medium-sized companies, and 6% of small companies).

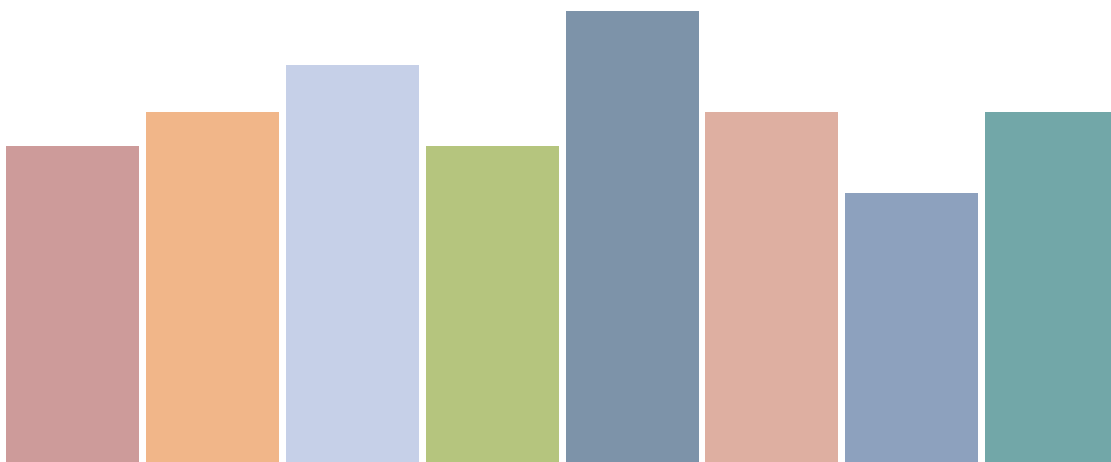


FIGURE 37 - Survey Results 2020

What kind of documents do you have in your organization regarding environmental protection?

- a) Environmental protection strategy
- b) Environmental protection policy
- c) Environmental protection concept
- d) Environmental protection standards
- e) Environmental protection instructions
- f) Environmental protection action plan
- g) No such document
- h) Included in other documents
- i) Don't know/Refused to answer

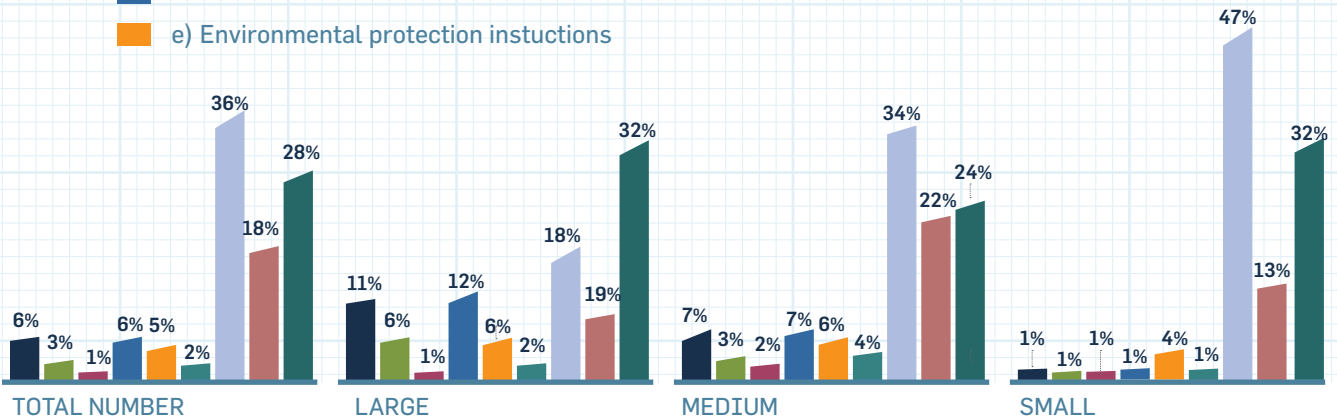


FIGURE 37 - Survey Results 2019

What kind of documents do you have in your organization regarding environmental protection?

- a) Environmental protection strategy
- b) Environmental protection policy
- c) Environmental protection concept
- d) Environmental protection standards
- e) Environmental protection instructions
- f) Environmental protection action plan
- g) No such document
- h) Included in other documents
- i) Don't know/Refused to answer
- Other

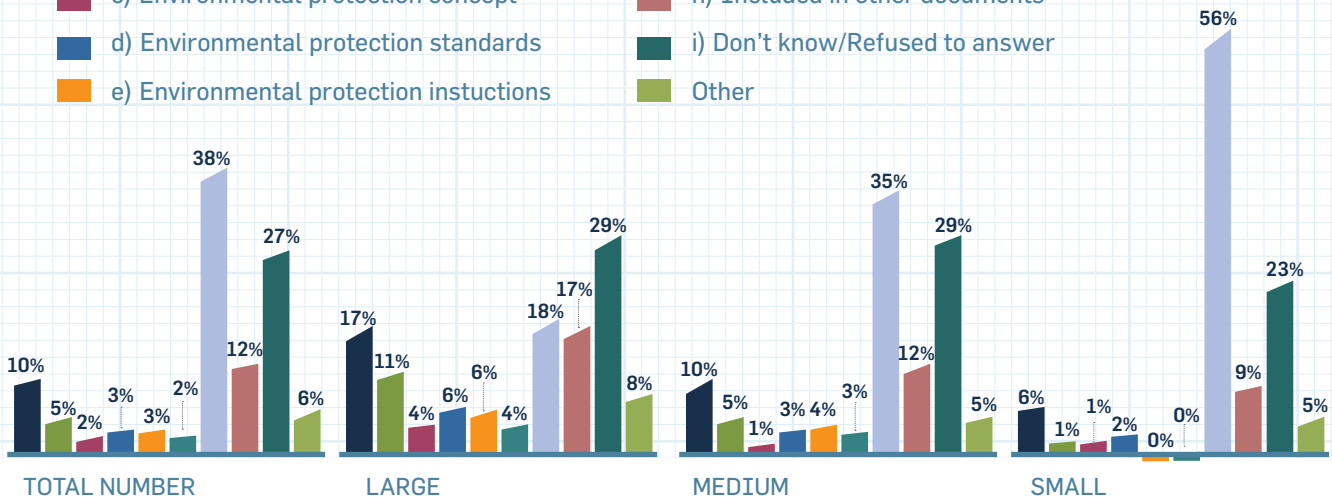


FIGURE 38 - Survey Results 2020

What type of documents do you have that describe waste management principles in your organization?

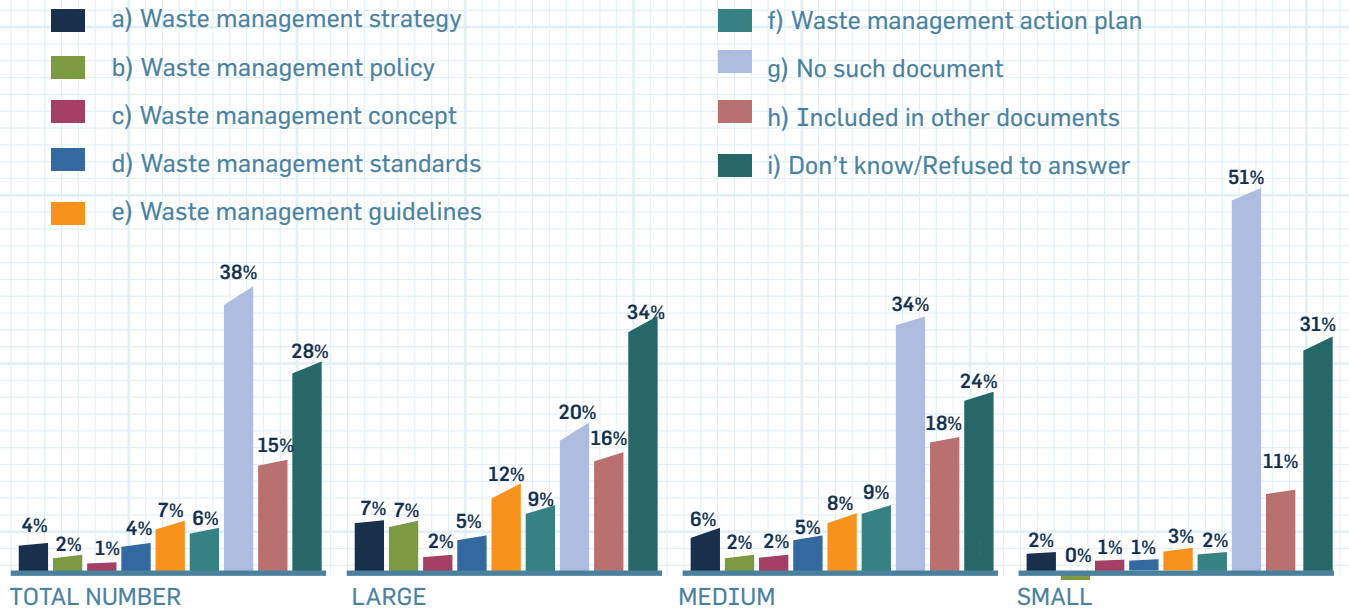
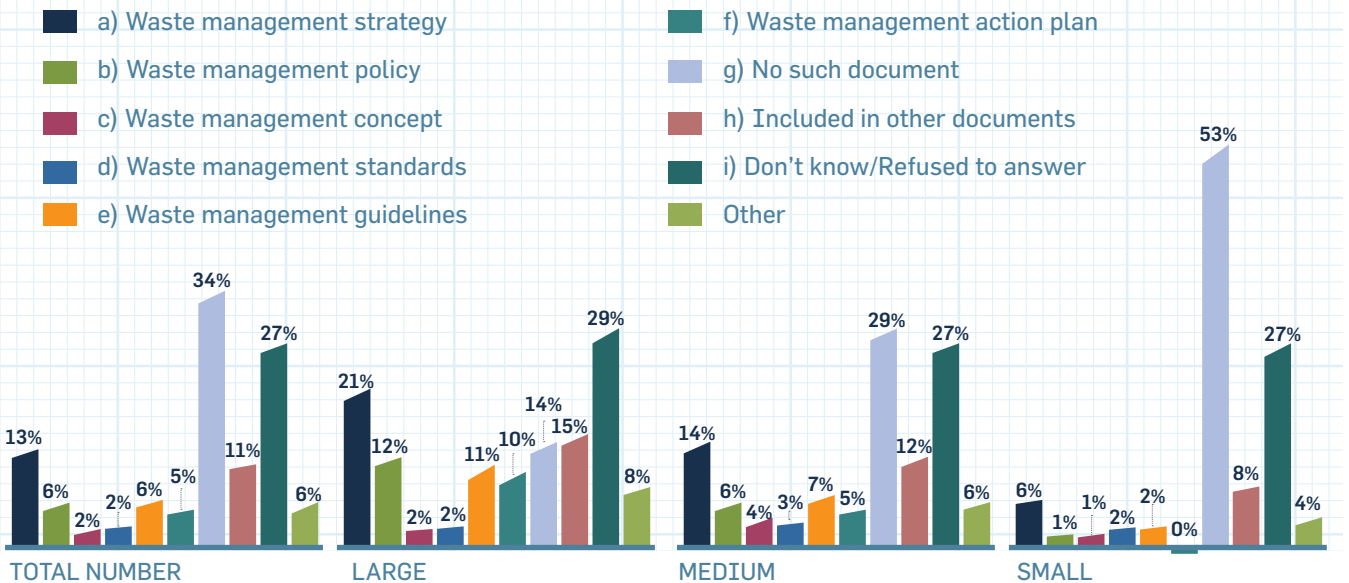


FIGURE 38 - Survey Results 2019

What type of documents do you have that describe waste management principles in your organization?



It was revealed that in terms of environmental protection and prevention of harmful effects on it, most of the companies surveyed in both the 2019 and 2020 surveys resort to cleaning (according to 2020 data - 27%), cultivation of green plants (16%), participation in green activism and assessment of the impact of the company operations on the environment (11% -11%). However, a large proportion of the companies surveyed - 16% of large companies, 35% of medium-sized companies, and 54% of small companies - do not use any mechanisms (see Figure 39).

Therefore, it can be said that in companies operating in Georgia, in terms of environmental protection and prevention of adverse impacts on it, appropriate mechanisms are scarcely implemented.

FIGURE 39 - Survey Results 2020

What kind of activities do you carry out in terms of environmental protection?

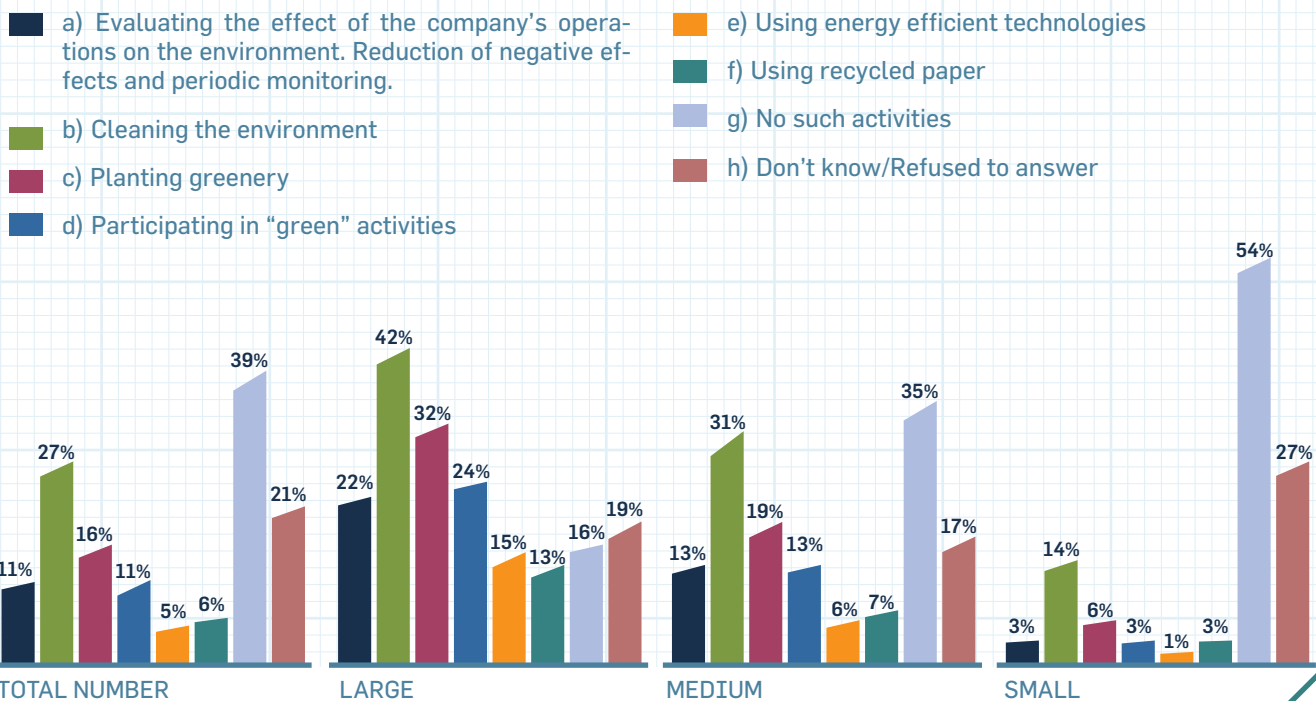
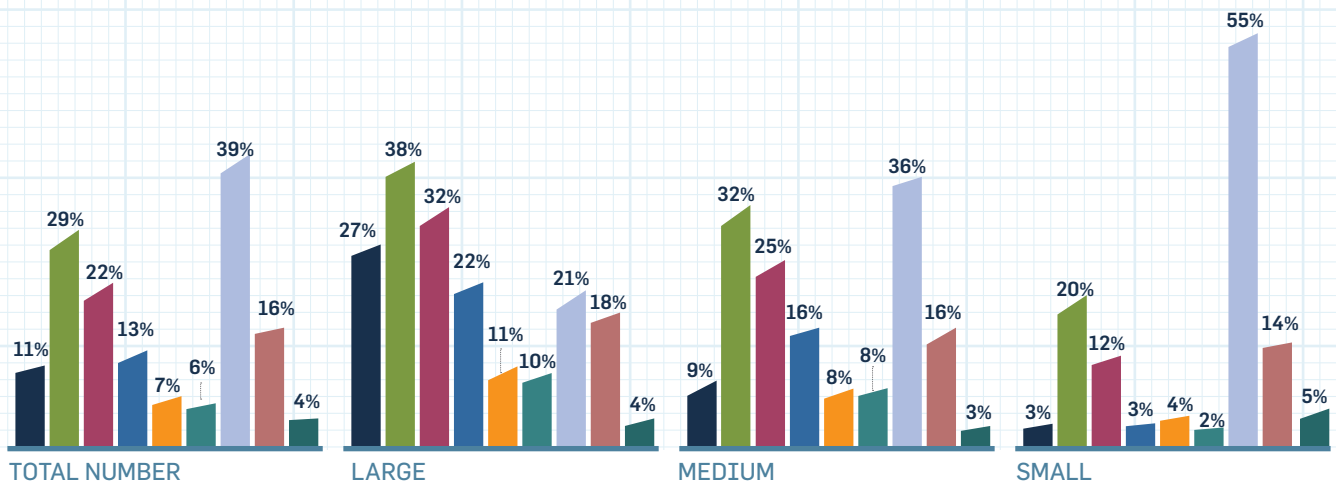


FIGURE 39 - Survey Results 2019

What kind of activities do you carry out in terms of environmental protection?

- a) Evaluating the effect of the company's operations on the environment. Reduction of negative effects and periodic monitoring.
- b) Cleaning the environment
- c) Planting greenery
- d) Participating in "green" activities
- e) Using energy efficient technologies
- f) Using recycled paper
- g) No such activities
- h) Don't know/Refused to answer
- Other



As for the principles of anti-corruption, the main document where this issue is addressed is the charter. According to the results of the study, with the increase of the size of companies, the inclusion of anti-corruption standards in the internal documentation of the company increases (see Figure 40). There are no different findings on this issue compared to the previous study.

As mechanisms for the implementation and monitoring of anti-corruption and corruption prevention standards, most of the surveyed organizations (regardless of company size) name periodic monitoring by the internal monitoring service, internal grievance mechanisms, and monitoring conducted by the human resources management service. In the case of small companies, 6% of the surveyed organizations indicate that they do not have an appropriate mechanism in place in this area (see Figure 41). Compared to the 2019 survey, the main trends in this regard have not changed.

FIGURE 40 - Survey Results 2020

How does your company's internal documentation incorporate anti-corruption standards?

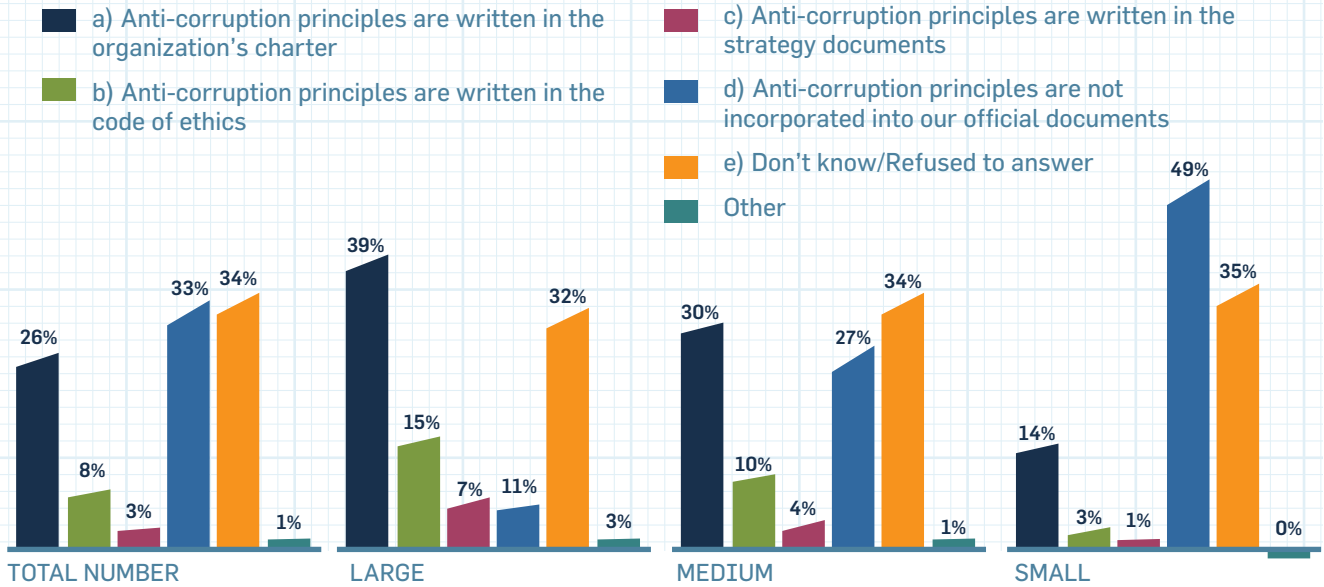


FIGURE 40 - Survey Results 2019

How does your company's internal documentation incorporate anti-corruption standards?

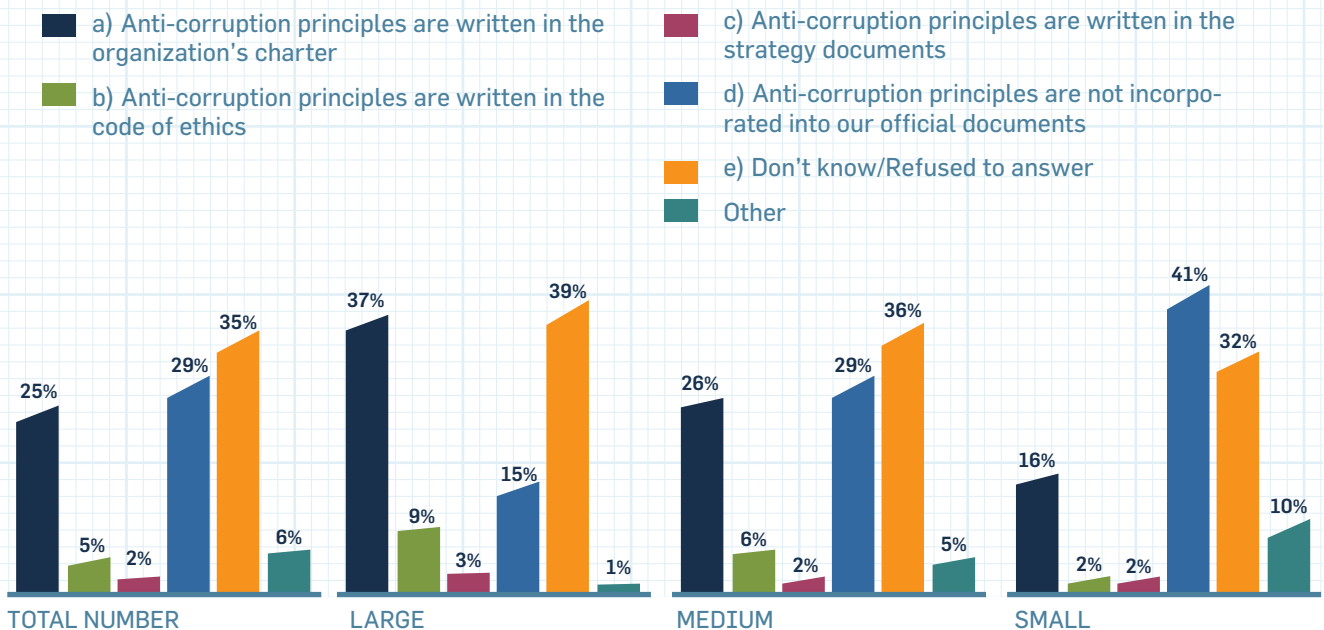


FIGURE 41- Survey Results 2020

What kind of anti-corruption monitoring and prevention mechanisms does your organization have?

- a) Regular oversight by the internal monitoring service
- b) Regular oversight by the HR department
- c) Internal complaint mechanism
- d) Periodic situation analysis by a special committee
- e) Hired outside organization
- f) No such mechanism
- g) Don't know/Refused to answer

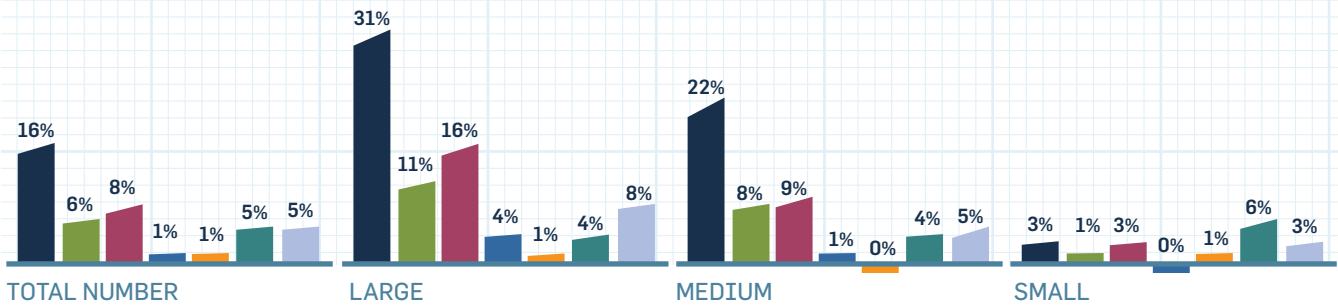
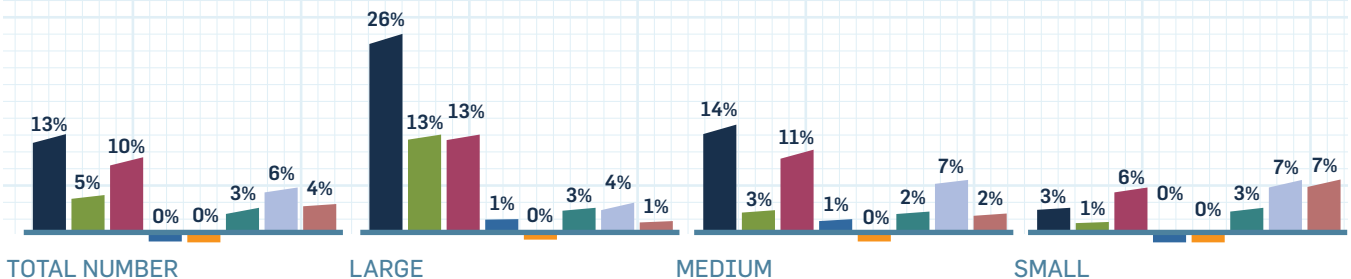


FIGURE 41 - Survey Results 2019

What kind of anti-corruption monitoring and prevention mechanisms does your organization have?

- a) Regular oversight by the internal monitoring service
- b) Regular oversight by the HR department
- c) Internal complaint mechanism
- d) Periodic situation analysis by a special committee
- e) Hired outside organization
- f) No such mechanism
- g) Don't know/Refused to answer
- Other



SECTION 6

CHARITY, SUPPORT FOR THE DEVELOPMENT OF VARIOUS FIELDS

The purpose of this section of the interview is to investigate how the charity process is organized in companies, and to which areas corporate responsibility is related in organizations operating in Georgia.

Most of the small business companies surveyed do not have charity criteria and processes officially written out (62%). As for large and medium-sized companies, in most cases, the charity process is organized/coordinated/carried out by the representatives of the organization itself (43% of large companies and 44% of medium-sized companies) (see Figure 42). If we compare these results to the data of the 2019 research, there are positive dynamics in terms of establishing the rules for organizing the charity process; since the most commonly observed response in the previous study (in the case of companies of all sizes) was “no rules are set” (see Figure 42).

FIGURE 42 - Survey Results 2020

How are charitable activities organized in your company?

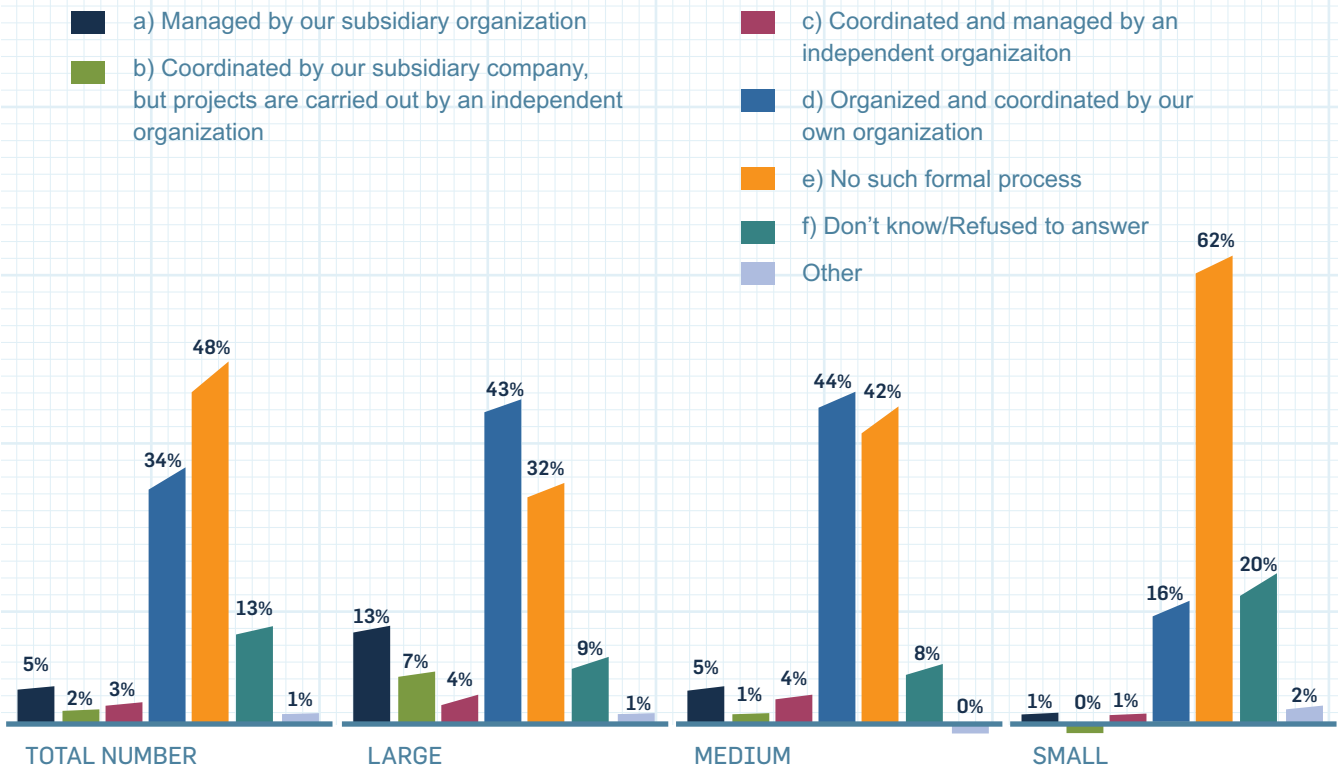
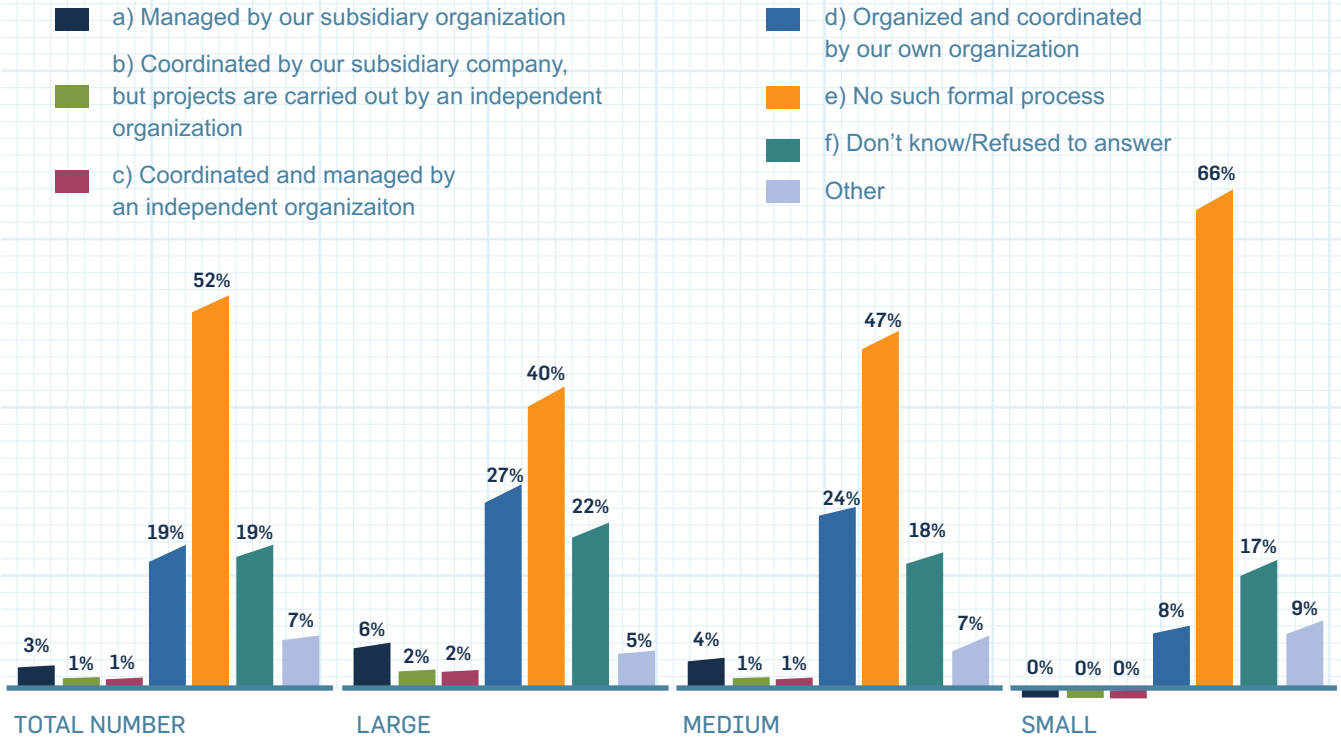


FIGURE 42 - Survey Results 2019

How are charitable activities organized in your company?



The most popular topics related to the corporate responsibility activities of organizations operating in Georgia as of 2019 were: overcoming poverty, eradicating hunger, and promoting a healthy lifestyle. As a result of the pandemic, according to the 2020 study, the corporate responsibility activities of companies operating in Georgia are mainly related to the following matters: elimination of all forms of poverty (33%), eradication of hunger, food security, and improved nutrition, promotion of sustainable agriculture (30%), none of the listed areas (28%), ensuring healthy living and well-being for people of all ages (17%); gender equality and partnership to achieve sustainable development goals proved to be equally important (10-10%). The corporate responsibility priority areas of business have not changed dramatically, there have been increasing dynamics and more involvement on the part of businesses only in certain areas (see Table 1).

TABLE 1 - Survey Results 2020

Which of the directions listed below are addressed by your CR projects? (Multiple answers possible)	TOTAL NUMBER	LARGE	MEDIUM	SMALL
a) Eradicating poverty in all forms	33%	48%	41%	17%
b) Ending world hunger, improving food safety and nourishment standards, promoting sustainable agriculture	30%	39%	40%	14%
c) Promoting wellness and a healthy lifestyle for people of all ages	17%	36%	19%	6%
d) Promoting inclusive and equal education and creating continuous learning opportunities for everyone	7%	16%	8%	2%
e) Reaching gender equality and improving women's and girls' opportunities	10%	21%	11%	4%
f) Sustainable water management and ensuring general adherence to sanitary norms	3%	9%	4%	1%
g) Accessible, reliable, sustainable and modern energy	5%	11%	5%	2%
h) Promoting stable, inclusive, and sustainable economic growth, and full, productive employment	4%	11%	4%	0%
i) Developing sustainable infrastructure, promoting inclusive and developed industrialization and innovation	4%	9%	5%	1%

	TOTAL NUMBER	LARGE	MEDIUM	SMALL
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j) Reducing inequality inside and between nations	6%	9%	6%	4%
k) Inclusive, safe, and sustainable development of cities and rural areas	2%	4%	3%	1%
l) Sustainable consumption and production	7%	11%	8%	3%
m) Carrying out urgent activities to respond to the effects of climate change	1%	4%	1%	0%
n) Conservation of ocean and sea resources and their sustainable management	0%	1%	1%	0%
o) Protection, revival, and sustainable usage of the planet's ecosystem, reasonable forestry, preventing desertification and soil degradation, soil restoration and enrichment, maintaining biodiversity	5%	11%	6%	1%
p) Promotion of a peaceful and inclusive society for sustainable development, accessibility of justice, creation of effective, responsible and inclusive institutions at all levels	2%	2%	2%	1%
q) Partnerships to achieve sustainable development goals	10%	14%	12%	6%
r) No such directions	28%	13%	19%	46%
s) Don't know/Refused to answer	18%	13%	15%	24%

SECTION 6

PARTNERSHIPS WITH THE NON-GOVERNMENTAL SECTOR

The purpose of this section of the interview is to examine the willingness of the private sector to cooperate with NGOs and the motivating and impeding factors of this type of relationship.

56% of large companies, 42% of medium-sized companies, and only 30% of small companies express their desire to be involved in partnership projects with non-governmental organizations (see Figure 43). Compared to 2019, this figure has improved dramatically for both large and medium-sized companies (According to the 2019 survey, 26% of large companies, 27% of medium-sized companies, and 21% of small companies expressed a desire to partner with NGOs).

In 2019, the desire to engage in partnership projects with NGOs was mainly expressed if such projects would provide a new opportunity for business development. This trend continued throughout 2020, and the surveyed companies now cite the same reason as the motive for engaging in partnership projects with NGOs (see Figure 44).

Most of the businesses surveyed, especially small companies, state that they are not willing to engage in partnership projects with NGOs due to insufficient resources in the organizations (see Figure 45). Compared to the 2019 survey, this figure has not changed.

FIGURE 43 - Survey Results 2020

If you have not yet participated, would you consider getting involved in a partnership project with an NGO?

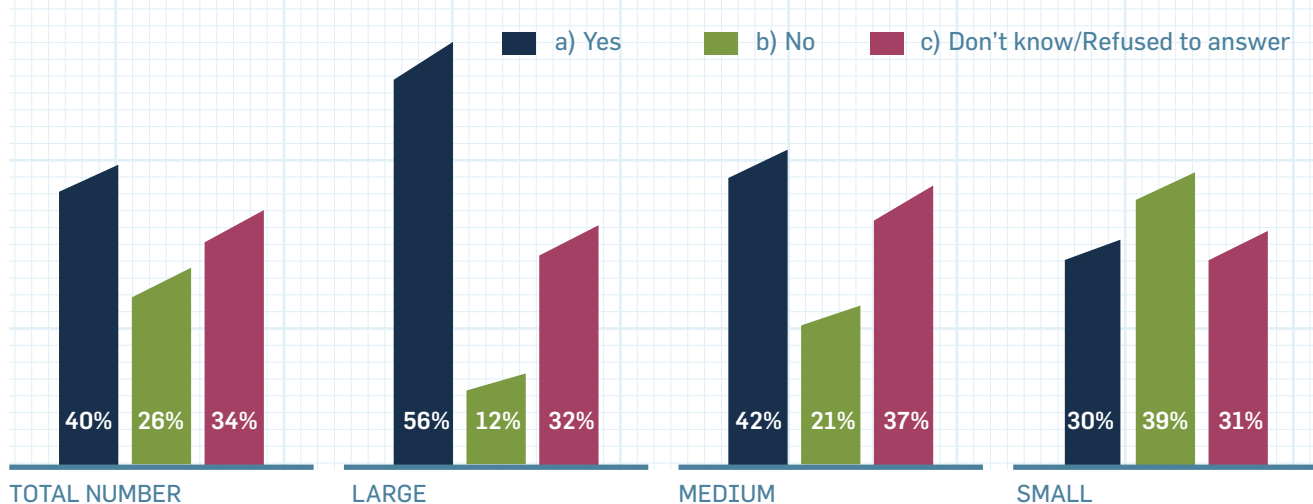


FIGURE 43 - Survey Results 2019

If you have not yet participated, would you consider getting involved in a partnership project with an NGO?

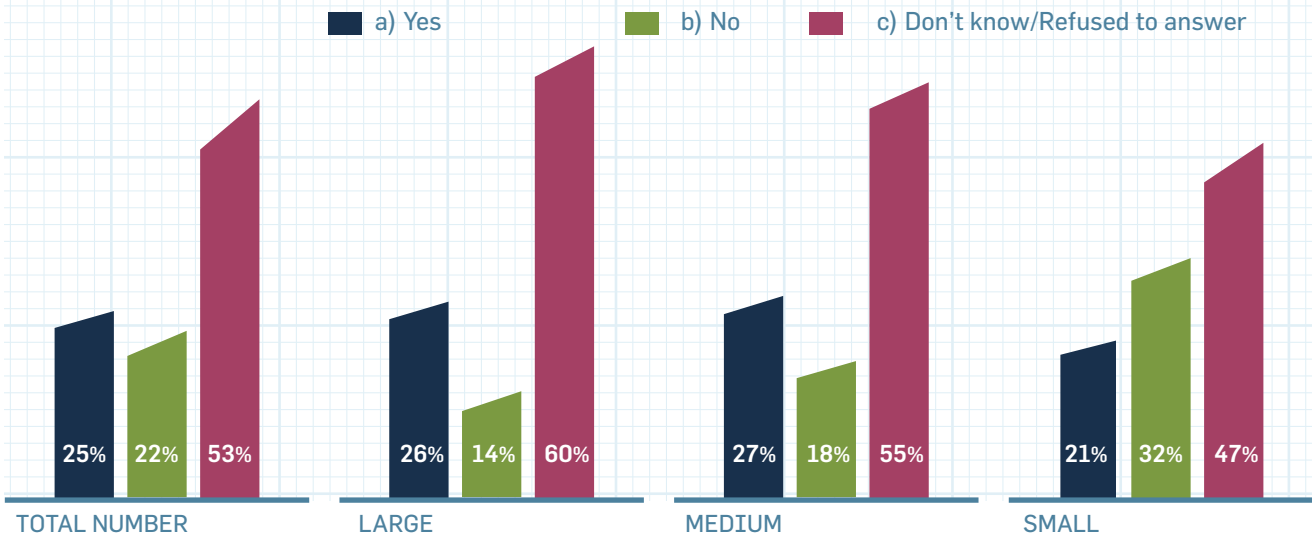


FIGURE 44 - Survey Results 2020

Why are you reluctant to get involved in a partnership project with an NGO? (Multiple answers possible)

- a) If the project creates new business development opportunities
- b) If project planning and implementation processes are transparent
- c) If an international organization is involved in the project
- d) If Georgia has a relevant and proper legal base
- Other

** The question was asked only to those companies that gave a negative answer regarding participation in partnership projects with non-governmental organizations (276 respondents)*

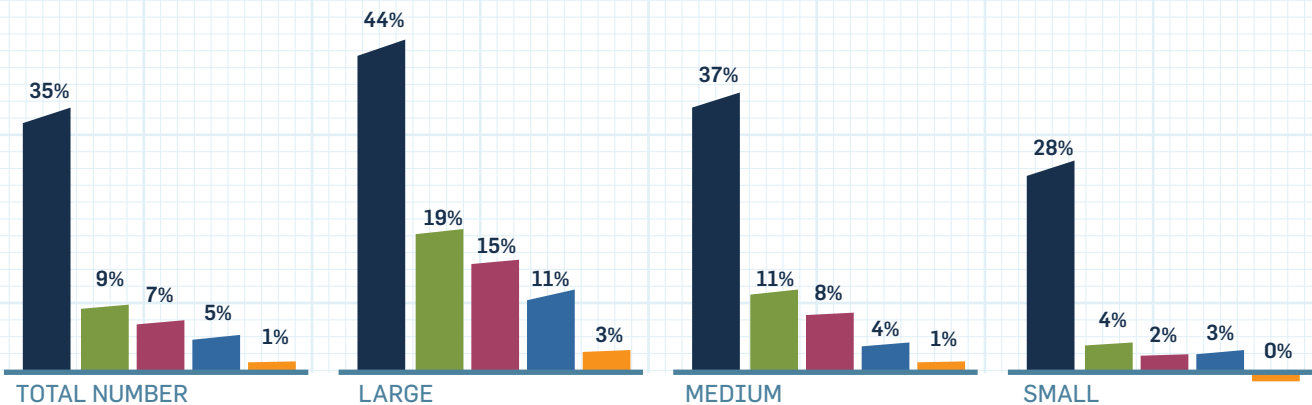


FIGURE 44 - Survey Results 2019

**Why are you reluctant to get involved in a partnership project with an NGO?
(Multiple answers possible)**

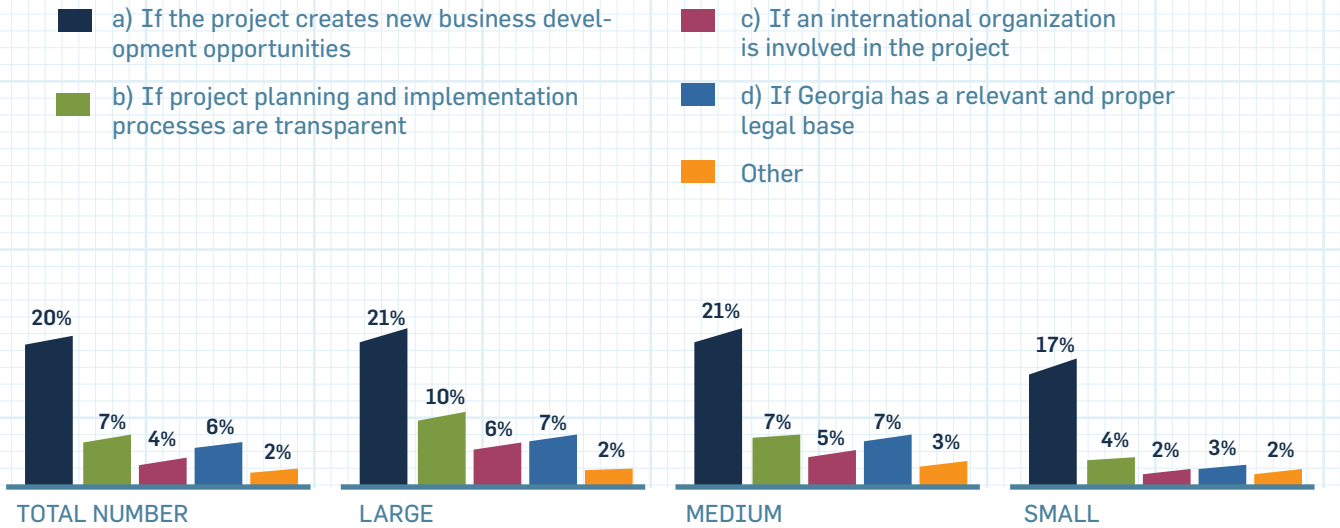


FIGURE 45 - Survey Results 2020

**Why are you reluctant to get involved in a partnership project with an NGO?
(Multiple answers possible)**

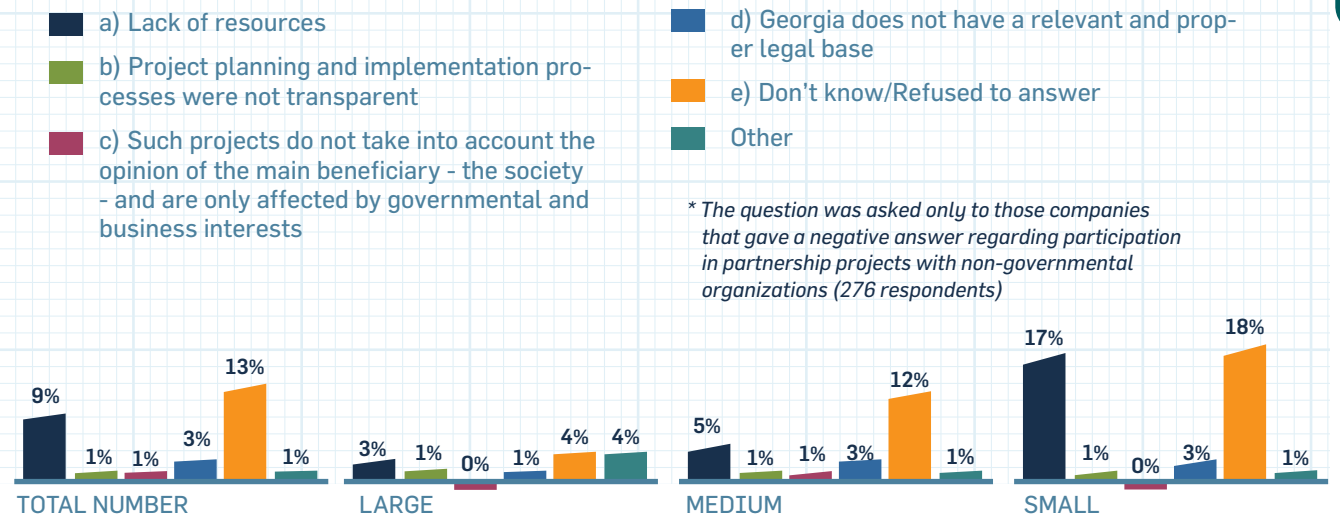
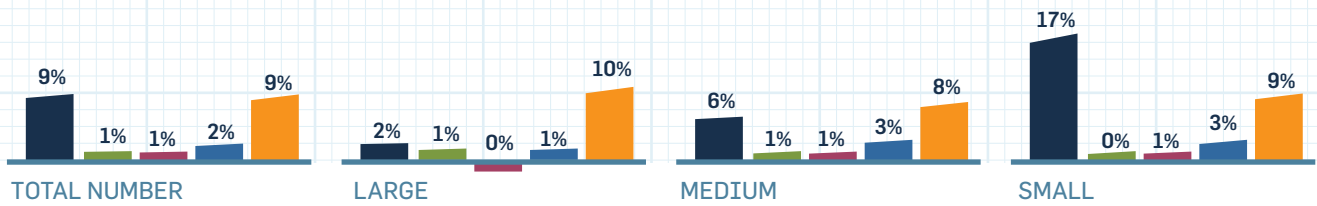


FIGURE 45 - Survey Results 2019

**Why are you reluctant to get involved in a partnership project with an NGO?
(Multiple answers possible)**

- a) Lack of resources
- b) Project planning and implementation processes were not transparent
- c) Such projects do not take into account the opinion of the main beneficiary - the society - and are only affected by governmental and business interests
- d) Georgia does not have a relevant and proper legal base
- Other - Write In



SECTION 8

ASSESSING THE IMPACT OF THE PANDEMIC ON THE WORK PROCESS OF COMPANIES OPERATING IN GEORGIA

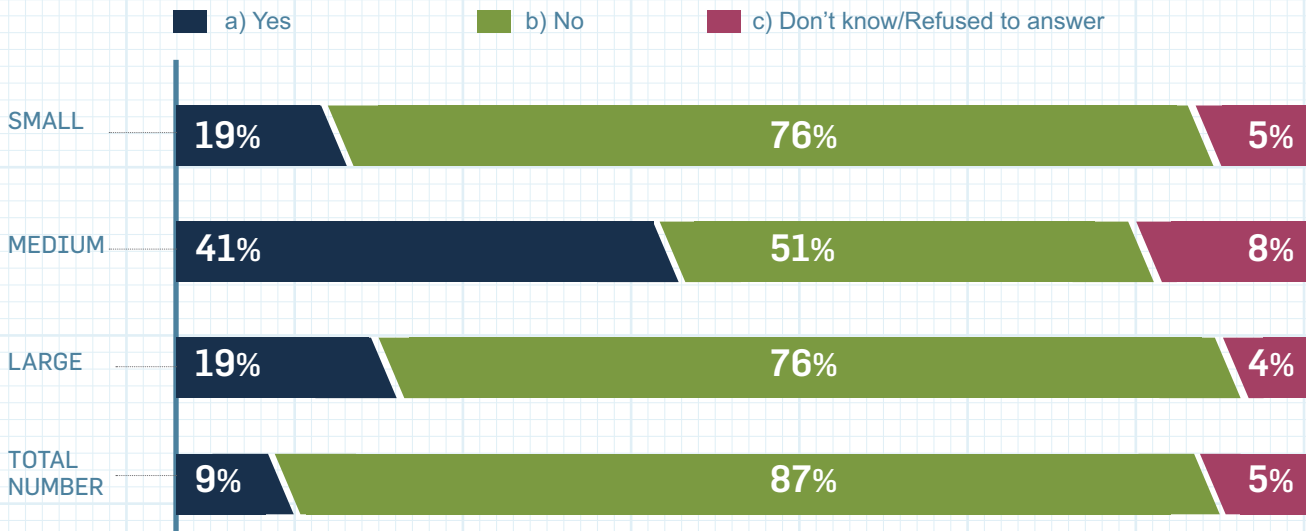
In this section of the survey, respondents were asked several questions to further analyze the impact of the pandemic crisis on the specifics of the operations of Georgian companies and their corporate responsibility.

According to the overall distribution, 76% of the organizations surveyed indicated that they did not develop a new corporate responsibility strategy in the face of the pandemic. According to the same distribution, only 19% answered yes to this question.

If we analyze these figures separately for large, medium, and small companies, we will notice that the new corporate responsibility strategy developed during the pandemic is almost non-existent in small organizations (8%), it is found in medium-sized companies relatively more often (19%), and in large companies, we find almost twice as many cases (41%) as in the previous two cases (see Figure 46).

FIGURE 46 - Survey Results 2020

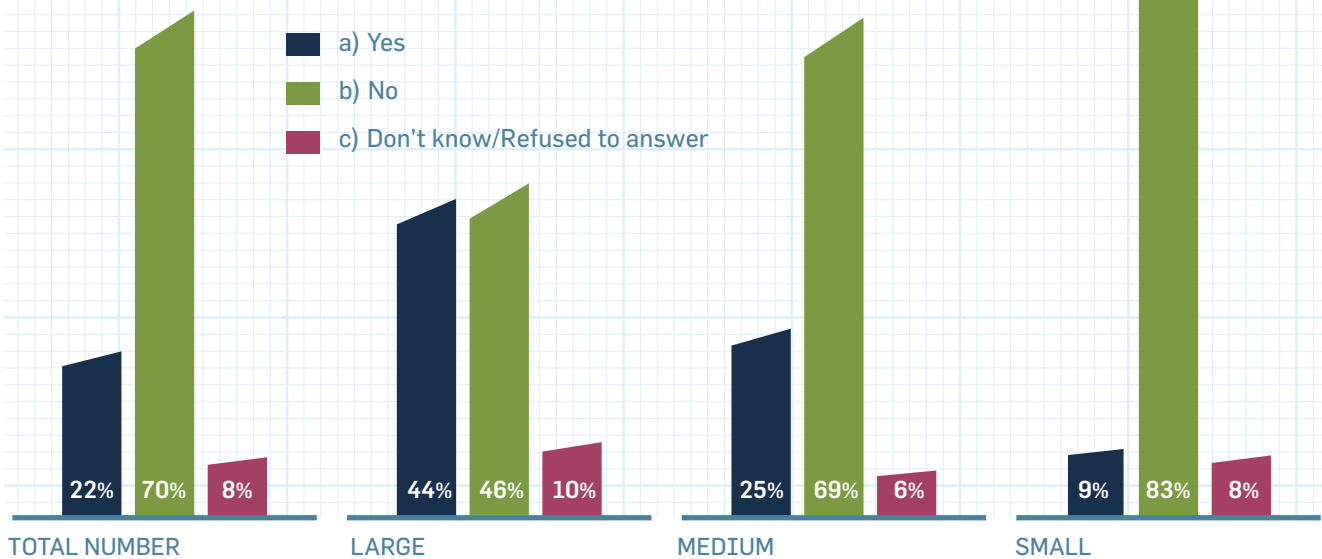
Has a new corporate responsibility strategy been developed in response to the pandemic?



Respondents were also asked about the changing direction of corporate responsibility because of the influence of the pandemic. The trend has continued on this question as well, with large companies being more sensitive to corporate responsibility issues than large and medium-sized companies. 44% of large companies stated that their priorities in terms of corporate responsibility have changed, while in the case of medium and small companies these figures are 25% and 9% (see Figure 47).

FIGURE 47 - Survey Results 2020

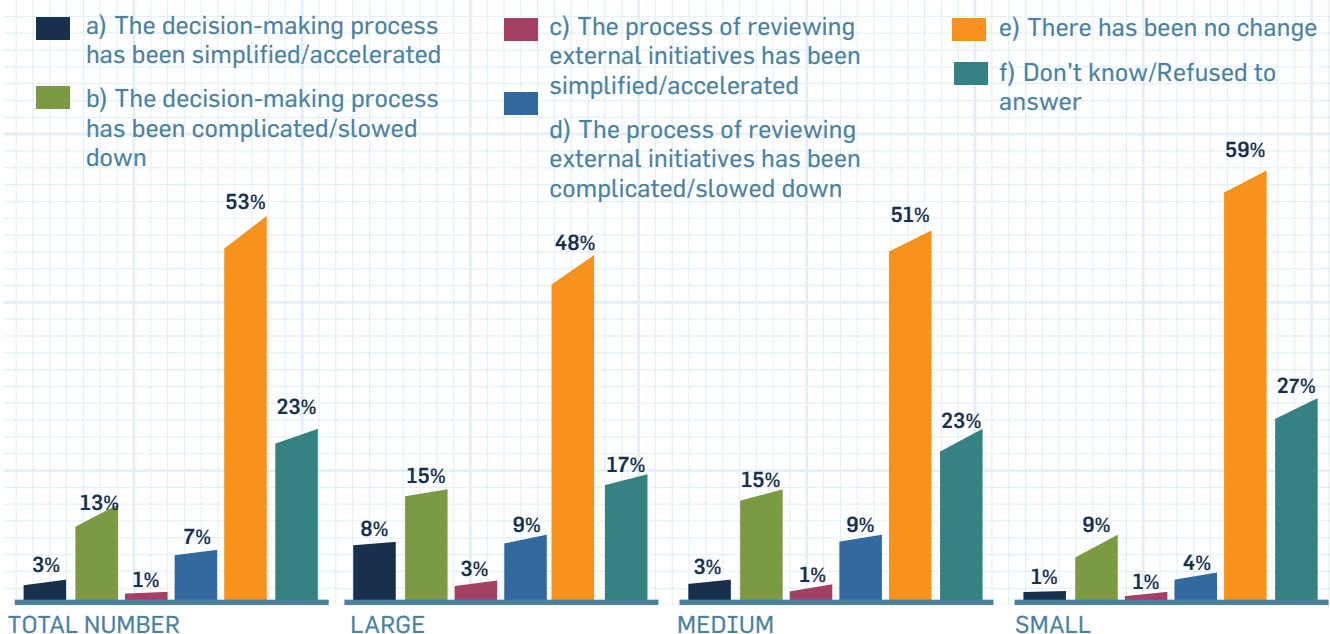
Has the pandemic changed the corporate responsibility priorities for the companies?



Nearly half of the companies surveyed (companies of all sizes) state that the pandemic did not affect the decision-making process concerning corporate responsibility. A small proportion of companies surveyed (large companies - 15%, medium - 15%, small - 9%) argued that the decision-making process during the pandemic was slowed down and complicated (see Figure 48).

FIGURE 48 - Survey Results 2020

Has the pandemic changed the corporate responsibility decision-making process?

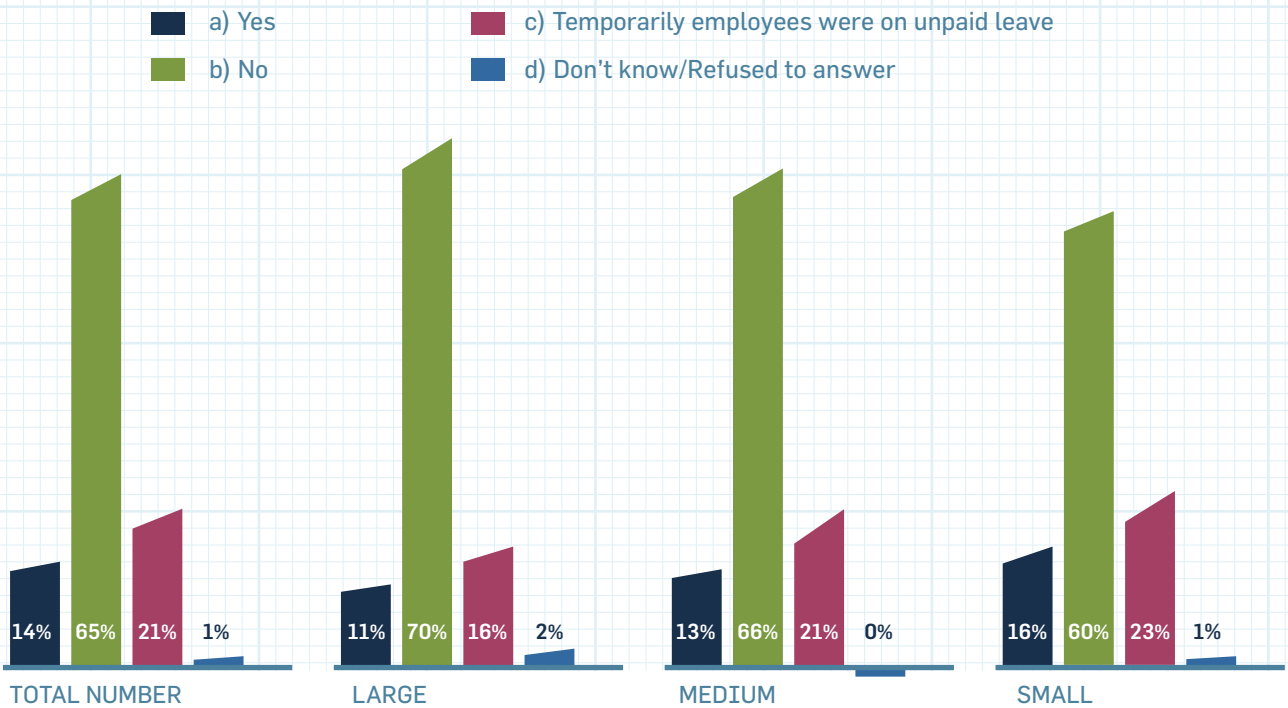


The following section of the research focuses on employee safety, pay, and innovative approaches during the pandemic crisis.

According to the overall distribution, 65% of the companies surveyed claimed that in their case no employees were fired due to the pandemic. Consistent with the same distribution, 14% of companies had to lay off employees. 21% of the companies were forced to send their employees on temporary unpaid leave. It should be noted that compared to large and medium-sized organizations, employees of the small companies suffered more in this regard due to the pandemic (see Figure 49).

FIGURE 47 - Survey Results 2020

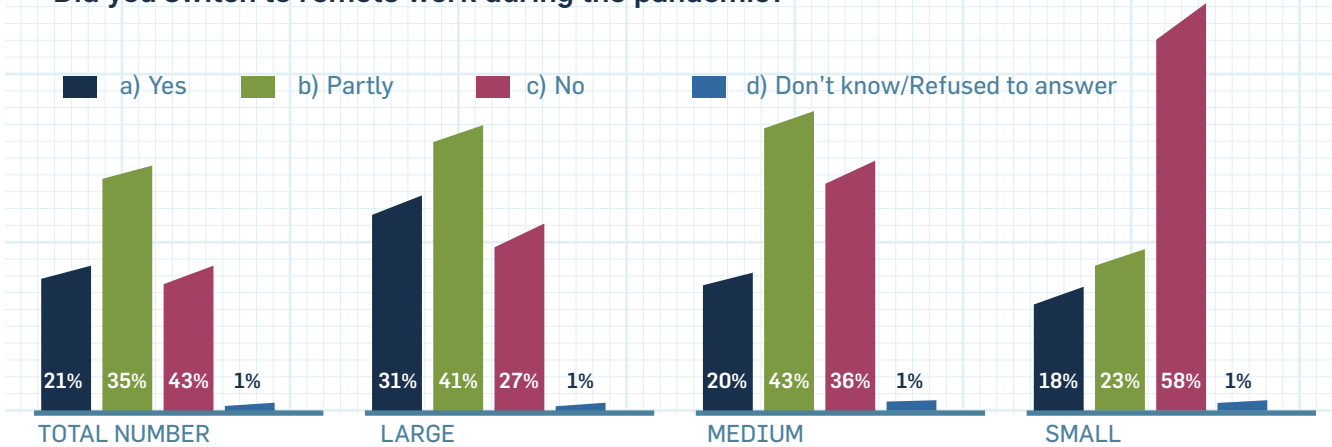
Have employees been fired due to the pandemic?



The study found that during the pandemic, large and medium-sized companies operating in Georgia had quite frequent cases when organizations switched to remote or partially remote operation. In total, this occurred in 72% of large companies, 63% of medium-sized companies, and 41% of small companies. It was also revealed that 58% of the small companies surveyed did not switch to remote working during the pandemic (see Figure 50).

FIGURE 50 - Survey Results 2020

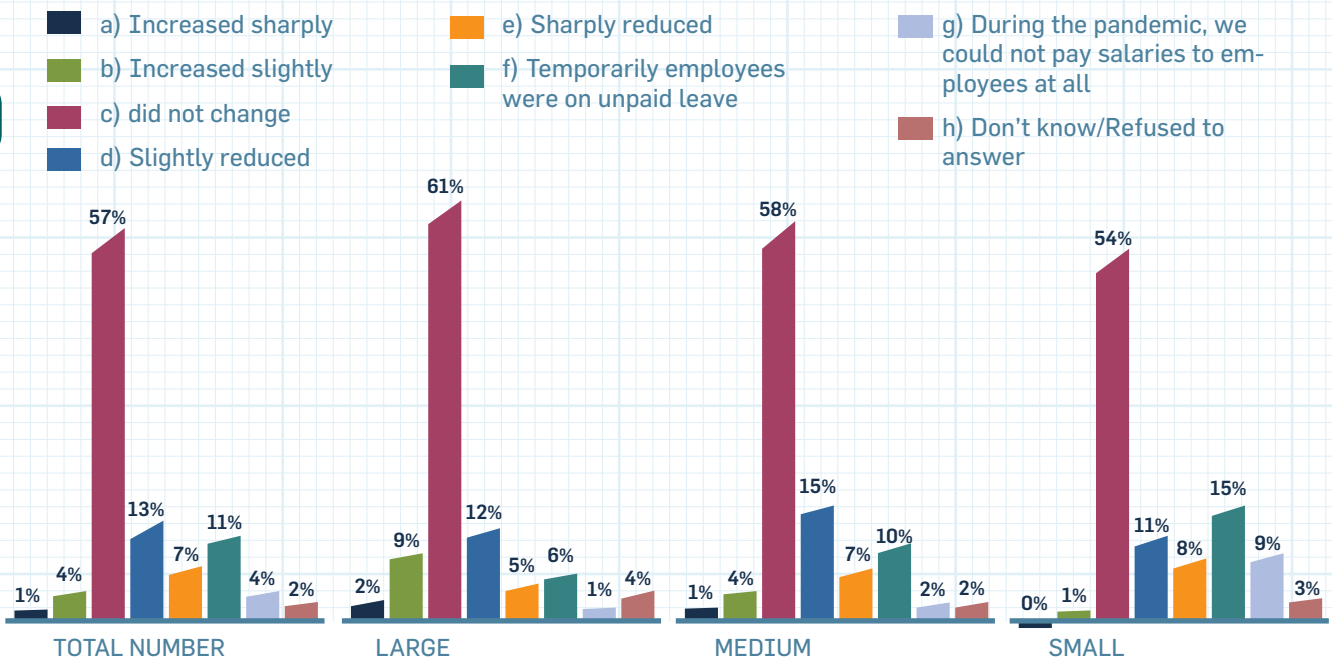
Did you switch to remote work during the pandemic?



More than half of the companies surveyed (57% of the total distribution) claimed that in their case, employee salaries did not change during the pandemic. The next most commonly stated answers, in the case of large and medium-sized companies, were «slightly reduced wages» (12% and 15%) and «drastically reduced wages» (5% and 7%), respectively. As for the small companies, 15% of respondents said they had to send employees on unpaid leave; 9% of them mentioned that they could not pay their employees' salaries during the pandemic. Based on these responses, we can conclude that the crisis caused by the pandemic negatively affected small companies more (see Figure 51).

FIGURE 51 - Survey Results 2020

How employee salaries have changed under the influence of the pandemic:

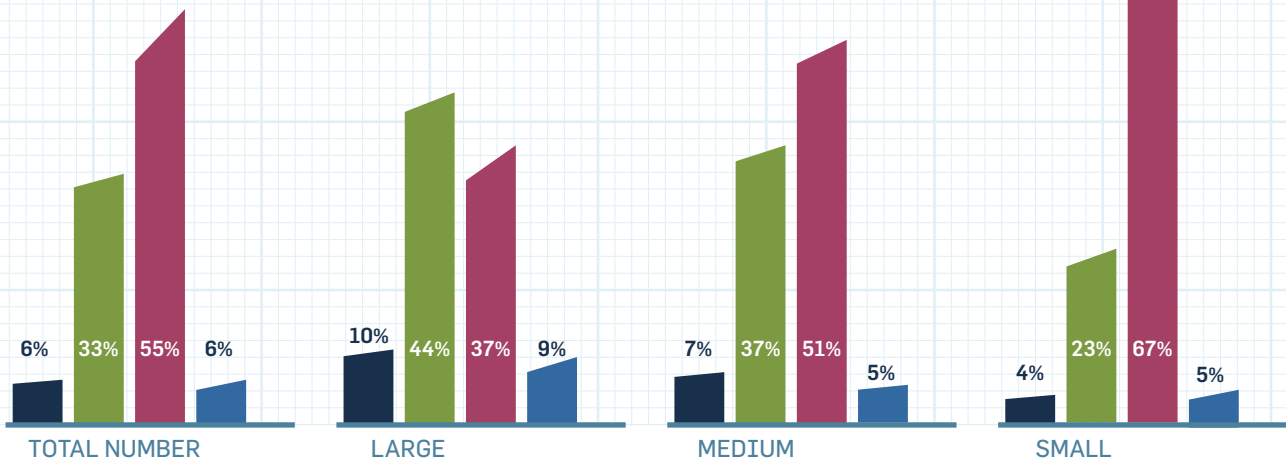


Based on the data in Figure 52, we can infer that during the crisis, the larger companies were most characterized by innovative approaches (only 37% of them state that they have not implemented innovative approaches, while the same figure is 51% for medium-sized companies and 67% for small companies). Switch to online remote work is most often mentioned as the chief innovative method by companies (33% of the total distribution). Whereas only 6% of the surveyed companies name the introduction of the online sales method as an innovative method. Based on the answers received, we can assume that a large number of companies operating in Georgia refrained from introducing online sales methods or have not been able to switch to online commerce at all.

FIGURE 52 - Survey Results 2020

Have you used innovative methods to protect the safety of employees and customers during a crisis (pandemic), while continuing to do business?

- a) We switched to the online sales method
- b) We switched to online remote working mode
- c) No innovative methods were introduced
- d) Don't know/Refused to answer





CONCLUSION

ORGANIZATIONAL STRUCTURE AND CORPORATE RESPONSIBILITY

The written corporate responsibility document is mostly found in large companies operating in Georgia and is a rarity for medium and small companies. However, it should be noted that compared to the 2019 survey, the degree of formalization of corporate responsibility issues in companies operating in Georgia is increasing.

In most companies operating in Georgia, there is no unit or manager solely responsible for corporate responsibility. In many cases, this function is assigned to the marketing department/manager.

In most companies (especially in medium and small companies) corporate responsibility is not integrated into the structure and activities of the organization. The situation is relatively better in large companies, where, in some cases, the corporate responsibility strategy/standards are part of the overall development strategy of the organization. Compared to the 2019 study, the number of companies where corporate responsibility is not integrated into the structure and activities of the organization has decreased.

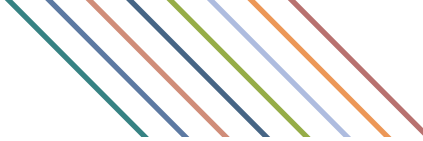
Despite the pandemic, in 2020 most companies were able to carry out corporate responsibility projects and activities (especially large and medium-sized companies).

In large companies, the decision to respond to corporate responsibility projects proposed by external sources is mainly made by the supervisory/board of directors. The same is true for medium-sized companies, however, there are frequent cases when this matter is not considered at all. Most small companies do not consider externally proposed corporate responsibility projects at all.

Because of the pandemic, there is an increase in the number of externally proposed corporate responsibility projects as well as the frequency/intensity of response to it by the aforementioned companies. Most of the projects suggested from outside the company are charitable.

The budget allocated to corporate responsibility is mainly found in large and medium-sized businesses. For most companies, the budget is not determined in advance for this, although they still spend a certain amount of money during the year. The pandemic has not had a significant impact in this regard. It should also be noted that in most companies, the procedure for determining corporate responsibility budget is not formally defined.

Most large companies assess the necessity for corporate responsibility before taking specific action using the information from within the organization, as well as based on an oral review



of the situation or analysis of external sources. Meanwhile, quite a large proportion of small and medium-sized companies do not evaluate the necessity for corporate responsibility at all. However, compared to 2019, in medium and small companies, a positive trend is observed in this regard.

In the case of small and medium-sized companies, periodic monitoring of corporate responsibility measures is generally not carried out. As for the large companies, this is mostly carried out by the structural unit/manager responsible for corporate responsibility and the internal monitoring service. Compared to the 2019 data, the number of companies where corporate responsibility measures are not monitored is quite reduced.

Most companies use at least some kind of mechanism to monitor corporate responsibility. The most commonly used mechanism is internal research and internet analysis. During the pandemic, fewer companies turn to any kind of monitoring mechanism.

THE PROCESS OF PLANNING, EXECUTING, AND MONITORING ACTIVITIES REGARDING CORPORATE RESPONSIBILITY

In Georgia, the effectiveness of corporate responsibility is often not assessed at all. Only a certain proportion of organizations are actively using the impact assessment mechanism and internal audit method.

A separate corporate responsibility report has not been available in most business companies operating in Georgia, neither before the pandemic nor after.

It is also noteworthy that the issue of financial and substantive reporting of corporate responsibility activities, for the most part, was neither transparent before the pandemic nor is it now.

Most of the companies operating in Georgia mainly inform the employees about the corporate responsibility activities and their results.

Corporate responsibility activities and outcomes are mostly covered by large companies, while medium and small companies refrain from this kind of coverage. This figure has changed compared to 2019. For large companies, the frequency of corporate responsibility coverage has dramatically increased. Meanwhile, for medium and small companies, only small improvements have been observed.

Only a small proportion of large companies spend money to cover corporate responsibility activities, while in the case of medium and small companies, no money is spent on this area. The pandemic has not caused drastic changes in this regard.

In Georgia, companies mainly use internet resources and social networks to cover their activities. The pandemic has had a significant impact on this, increasing the utilization of these communication channels.

Most often, media coverage of corporate responsibility activities take place once a quarter, which is different from the results of the 2019 study (the activities were covered once a month at most).

It was revealed that it is relatively easy for large and medium-sized companies to get media

representatives to agree on covering their corporate responsibility activities, a finding corroborated by the 2019 study as well.

Furthermore, media representatives are often more interested in large companies and turn to them for corporate responsibility coverage, while in the case of medium and small companies, the media, and journalists are less interested and proactive.

REPORTING AND COVERAGE OF CORPORATE RESPONSIBILITY ACTIVITIES

Most companies operating in Georgia do not evaluate the effectiveness of corporate responsibility at all. In this regard, slight improvements are observed in large companies, where the internal audit and impact assessment mechanisms have been introduced and used relatively actively.

A separate corporate responsibility report is not prepared by most companies. However, this is slightly improved in large companies. Most of the surveyed organizations, regardless of size, state that the issue of financial and substantial reporting related to corporate responsibility is not transparent. In most cases, employees, shareholders, investors, and Internet audiences are the ones informed about corporate responsibility activities and their results.

As for the coverage of corporate responsibility activities, only a part of large and medium-sized companies state that their corporate responsibility is covered. The vast majority of small companies do not cover these activities. The most popular communication channels are the internet and social networks. Some large companies also use television as a communication channel. As it is revealed, most companies operating in Georgia do not spend money on corporate responsibility coverage. The study found that even fewer companies spent money on coverage during the pandemic.

HUMAN RIGHTS AND LABOR RIGHTS

The main document that sets out human and labor rights standards for companies of all sizes is the charter. The results of the 2019 and 2020 studies coincide on this matter (the exception being at the level of the Code of Ethics for the prevention of human rights violations in companies, this figure has increased in 2020). The matter of relations with contractors regarding the recognition and respect of human rights is different in the case of large, medium, and small companies. While most large and medium-sized companies either oblige/recommend contractors/partners to recognize and respect universally recognized human rights, small companies state that they are not affected by this.

In situations involving human rights violations, most companies compensate for damages or put preventive mechanisms in place. The number of companies that do not manage human rights issues at all has decreased. Victim feedback mechanisms, in most companies, include an



internal grievance mechanism, internal monitoring, and a hotline.

Anti-discrimination mechanisms are mostly implemented in large and medium-sized companies, where anti-discrimination standards are applied to the practice of hiring and firing an employee. In several cases, there is a policy of minority employment and promotion of women in managerial positions. These standards are rare in small companies. They generally do not implement anti-discrimination mechanisms at all. This situation is improved in medium-sized companies.

The proportion of female employees and managers is higher in large and medium-sized companies than in small companies.

In most large and medium-sized companies, labor standards are introduced in one way or another, while in small companies, the overall rate of introduction of labor rights standards is relatively low.

ENVIRONMENTAL PROTECTION, WASTE MANAGEMENT, AND THE FIGHT AGAINST CORRUPTION

The study revealed that environmental and waste management issues in businesses operating in Georgia are seldom written in formal documents. We mainly encounter environmental protection strategy, environmental standards, waste management instruction, or waste management action plan document.

Anti-corruption mechanisms are rare in companies operating in Georgia (especially in the case of medium and small enterprises). No changes were detected in this regard when compared to the 2019 data. In terms of preventing corruption and monitoring anti-corruption standards, periodic monitoring is conducted mainly by the internal monitoring service and the human resources management service. There are also cases when internal grievance mechanisms are utilized.

CHARITY, SUPPORT FOR THE DEVELOPMENT OF VARIOUS FIELDS

The 2020 study shows positive dynamics in terms of establishing rules for organizing the charity process. As a result of the 2019 and 2020 surveys, it was found that the charity process is organized/coordinated by large and medium-sized companies according to the established rules, while most of the small companies do not have set parameters concerning this matter.

Corporate responsibility projects implemented by organizations in 2020, similar to the results of the 2019 survey, respond to the issues of eradicating all forms of poverty, eradicating hunger, and promoting a healthy lifestyle.

PARTNERSHIPS WITH THE NON-GOVERNMENTAL SECTOR

According to the results of the 2020 survey, compared to 2019, more companies are expressing a desire to partner with the non-governmental sector. New opportunities for business development are stated as the main motivating factor for partnership with the non-governmental sector. Meanwhile, the main reason why the private sector does not interact with NGOs is the lack of resources.

ASSESSING THE IMPACT OF THE PANDEMIC ON THE WORK PROCESS OF COMPANIES OPERATING IN GEORGIA

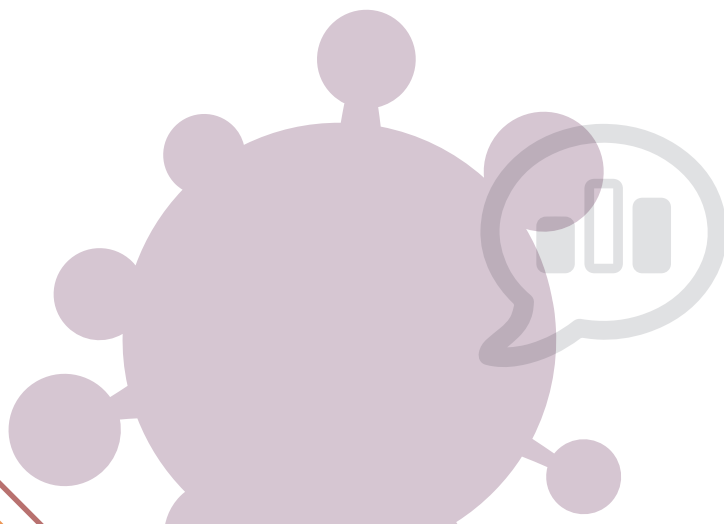
Large-scale companies have been able to better adapt to the current crisis and adjust corporate responsibility areas for the new reality posed by the pandemic. Large companies turned out to be more flexible in this new reality.

In most companies operating in Georgia, the decision-making process concerning corporate responsibility has not been affected by the crisis caused by the pandemic.

The crisis most negatively affected the employees of small companies. A significant proportion of these organizations, during the period of severe restrictions, could not pay their employees' salaries or sent them on unpaid leave. In some cases, when they managed to retain staff, they still had to reduce their salaries.

Innovative approaches during the crisis were most common among large companies, which often meant switching to remote operations.

Additionally, based on the results of quantitative research, we can assume that a large number of companies operating in Georgia have either refrained from introducing online sales methods or have not been able to switch to online commerce at all.





The Influence of COVID-19 on Corporate
Responsibility in the Business Sector in Georgia