



Financial Inclusion  
Organization

## COMMUNICATION ON PROGRESS (COP)

### Financial Inclusion Organization CRYSTAL

*Period covered by your Communication on Progress (COP) January – December, 2021*

#### STATEMENT OF CONTINUED SUPPORT BY THE CHIEF EXECUTIVE OFFICER (OWNER OR PRESIDENT IN THE CASE OF SMALL BUSINESSES)

May 21, 2022

To our stakeholders:

We recognize that a key requirement for participation in the UN Global Compact is the annual preparation and posting of a Communication on Engagement (COE) that comprises of a chief executive statement of continued support for the UN Global Compact, a description of practical actions in support of the UN Global Compact, and a measurement of outcomes or expected outcomes. We are late in creating, sharing and posting our COE report due to [EXPLAIN REONS FOR DELAY] We hereby ask for an extension period in order to be able to post a COE that describes our organization's efforts and progress in support of the UN Global Compact. Our COE will be posted on the UN Global Compact website by [ENTER DATE HERE, MAX.. 90 DAYS FROM CURRENT DEADLINE] at the latest.

Sincerely yours,,

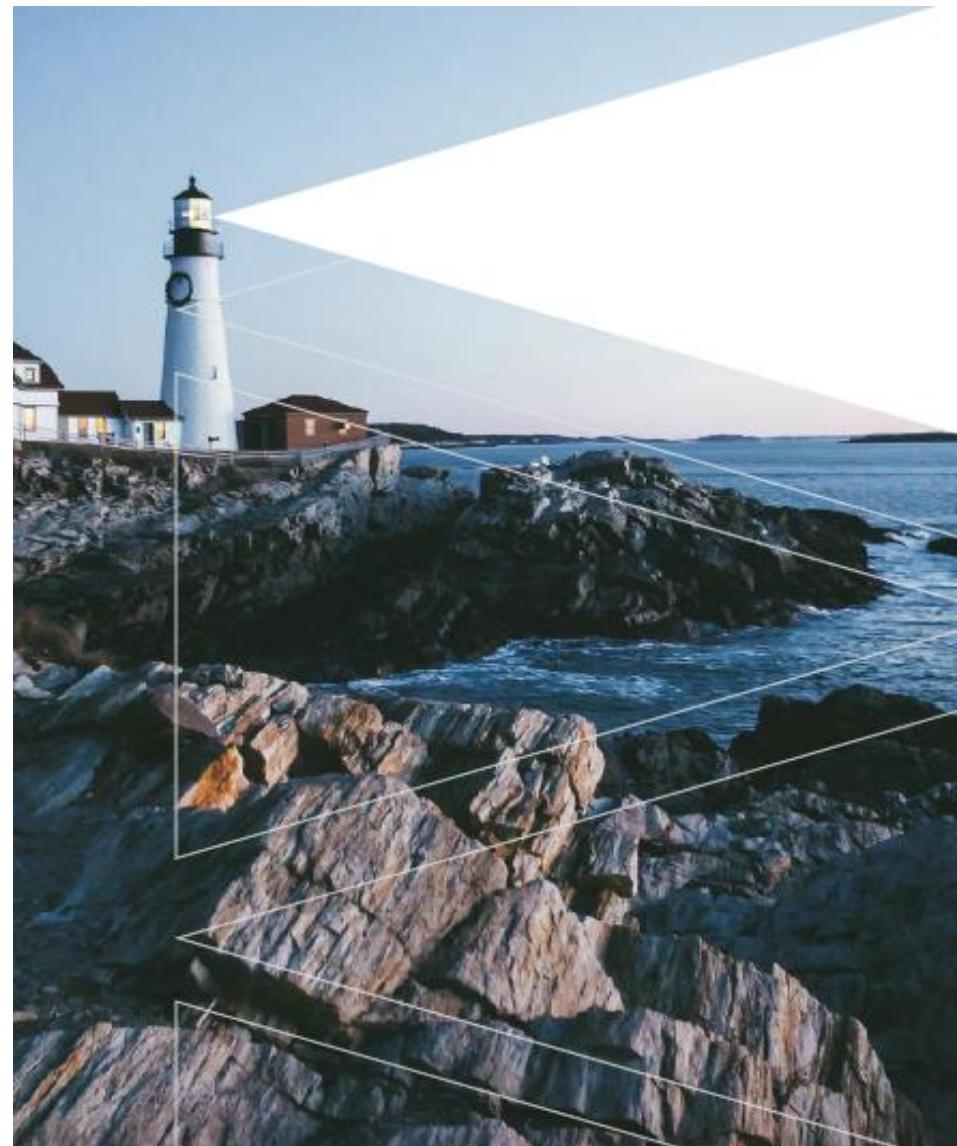
Ilia Revia

CEO of Financial Inclusion Organization "Crystal"

Environmental and Social (E&S) Department

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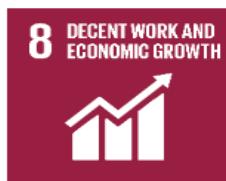
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## ABOUT US

JSC MFO Crystal ('Crystal') is the leading financial inclusion organisation and the largest by assets non-banking financial institution in Georgia, founded 22 years ago, operating across Georgia through a network of 50 Branches, serving more than 112,900 unique customers with around 1,000 staff members. Crystal acts as a platform for economic development providing micro, small entrepreneurs and farmers with innovative financial products and services tailored to their needs.

Crystal is the first Fitch-rated non-banking financial institution in the region with a rating 'B' stable outlook. In December 2018, Crystal received nation's responsible business award "Meliora"

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Crystal's commitment to sustainably defeating poverty in Georgia is the unifying focus of our sustainable development vision.

- We are committed using our financial instruments: include Crystal's engagement in E&S projects, business consulting and green financing, to incorporating E&S considerations into our business model, corporate strategy, operational policy and financing practice.
- Our corporate strategy through the pursuit of a **Triple Bottom Line: People, Planet and Profit**. We strive to equally address the needs of our stakeholders, the planet we live on, and the financial soundness of our customers, with no individual factor compromising the other two.
- Our strategic goals are organized around the triple bottom line, with individual targets assigned to each component. Progress towards these goals are measured against these targets using the impact assessment system in our ESG Framework
- Reaching the desired outcomes, Crystal is contributing towards the following six Sustainable Development Goals.

## ESG Governance

### Sustainability Standards

<b>The Sustainable Development Goals</b>	We consider the SDGs to be of critical relevance to our mission and values and have directly integrated 6 goals into our corporate strategy.
<b>United Nations Women's Empowerment Principles (WEPs)</b>	Crystal was one of the first five companies to support the Women's Empowerment Principles (WEPs).
<b>United Nations Global Compact</b>	We have been a participant of the compact since 2011, and report annually against our contributions to the WEPs and the SDGs.
<b>The International Finance Corporation's Performance Standards:</b>	We consider the IFC Performance Standards to be the gold standard for the management of E&S Risk and strive to model our conduct on the values that they outline.
<b>United Kingdom Corporate Governance Code:</b>	Crystal reports annually against its adherence to the UK Corporate Governance Code, implementing the "Comply or Disclose" Principle to ensure open assessment of its Corporate Governance.
<b>SMART Campaign's Client Protection Principles:</b>	To guide our market leading consumer protection conduct, we publicly endorse the principles of the SMART Campaign, which rewards companies that puts its industry-accepted consumer protection standards into operation. Our own rigorous procedures are outlined in the Consumer Protection policy, in line with National Bank of Georgia requirements.

## Human Rights and Labour in Crystal

### Equal Opportunities

The Company offers equal employment opportunities to all employees and job candidates, irrespective of their race, skin color, language, gender, age, citizenship, origin, birthplace, place of residence, material status or position, religion or belief system, nationality, ethnicity, social status, profession, marital status, health condition, disability, sexual orientation, gender identity and expression, political or other opinions, or due to any other distinctive personal features. These policies are in force for all conditions of employment, including hiring, promotion, contracting, compensation, training, etc.

The organisation is managed by professional and motivated staff. The Company constantly strives to create new opportunities to engage its employees, and to increase their motivation and professionalism.

### Anti-discrimination Policy and Prevention of Harassment

The Company has a clear antidiscrimination policy, which strictly prohibits any form of discrimination or harassment behaviour or intent towards individuals who have business relationships with the Company at the pre-contractual and all other stages of labour relations (regardless of contract type, be it a labour or service contract). Employees should

immediately report any incidence of discrimination to the Talent Development and Management Department and cooperate with the Company to ensure that relevant investigations are conducted for each of discrimination cases. The goal is to create a healthy work environment and to prevent the harassment of any employee. The term 'harassment' relates to any behaviour that involves unjustified interference with an employee's work, resulting in a hostile or abusive environment, or other negative impacts on any employees' working conditions. The Company is committed to prohibiting and preventing sexual harassment in the workplace.

### Human Rights, Labour Safety and Work Conditions

The Company acknowledges the importance of the full protection of every employee's rights and creates a completely impartial, transparent and unbiased system that, in turn, contributes to achieving the strategic goals of the Company's management – to protect the rights of each staff member and employee, their human rights and freedoms, to protect them from any form of discrimination or harassment and to create a wholly safe and comfortable environment for the implementation of everyday working activities.

For this purpose, the Company has created and uses a confidential notification mechanism - the whistleblowing disclosure system.

Our open and transparent communication culture is a primary factor in helping eliminate discriminatory actions. The Company constantly strives to create an environment where every employee can express their opinions, where everybody knows that they will always be heard and be treated properly.

The Company always offers straightforward opportunities to access the operating risk management department, and thus protect themselves and the Company from the negative consequences of discriminatory action.

Crystal, as a socially responsible organization, has provided training on labour safety and health care issues for all employees.

### **Staff policy of Crystal**

Staff policy and talent management are regulated by the effective legislation of Georgia, acts adopted by the management of Crystal, labor agreements and internal regulations, which fully conform with the company's Charter and the Georgian laws.

### **Restrictions related to commencement of labor relations**

It is not allowed to employ a physical person at Crystal, who:

- Is convicted for deliberate offense, financing of terrorism, legalization of illicit income or other economic crime;
- Encourages or is engaged in discriminatory and propaganda activities inciting hatred between people or groups of people on the basis of political, religious, gender, national, racist, social attributes and other grounds;
- Pursues political activity and is engaged in active campaigning with the company's employees and clients, which may inflict a damage on the company's reputation and image
- In some way participates in the activities of a competitor institution and represents its interests
- A person or his/her family members and/or related persons, who hold stock/shares, are members of the management bodies or have other financial or commercial claims
- Is a family member and/or relative of top management, internal audit and the company's employee;

- represents the family member of the Crystal Management and Risk Service and / or relative to the immediate subordination or co-ordination position
- is a family member and / or relative of a company employee when such person may be directly in the position or position of the position of the employee, as well as in the same service department.

### **Staff Support During the Pandemic Period 2020**

As a company with high social responsibility, Crystal has developed a business continuity and occupational safety plan an integral part of which is its pandemic control scenario.

According to this plan, the Company launched measures to prevent the spread of COVID-19 to ensure a safe work environment, and to protect both personnel and our customers as best as possible. Furthermore, Crystal fully retained its staff members to cope with the crisis.

- During the initial outbreak of the new coronavirus, Crystal devised and implemented preventive measures in full compliance with the recommendations issued by WHO and the Georgian government;
- During the state of emergency, where possible, staff members switched to remote work;
- 95% of the structural units of the Head Office switched to fully remote work;
- To maintain business continuity, while keeping the delivery of services relatively safe, the number of staff in branches was reduced to a minimum and two-week shift duties were introduced;
- Within the requirements of the Personal Data Protection Law, employees within certain risk groups were identified and instructed to isolate;
- Remote internal business training courses and meetings were conducted using the Office 365 platform;
- Urgent business meetings and interviews with job applicant were also held remotely.

## Crystal Academy

The Crystal Academy was established to institutionalise the Company's mentoring process and to motivate staff members. The mission of the Academy is to train and retrain Crystal employees with knowledge and skills that align to Company strategy, as well as with its high values and principles. The Academy brings knowledge sharing and develop mentor oriented employees together in various clubs.

The mentor and the mentoring and training club were also created within Crystal Academy. The mentor club identifies and retrains employees to assist:

- Trainees (probationers) undergoing orientation and professional training;
- New employees in adapting;
- Underachieving employees to improve their performance;
- The best practices and approaches.

Whilst, the trainer club identifies appropriate employees for internal

(re)training in training methods. The internal trainers also develop manuals and material for onsite as well as remote exercises and conduct internal training courses. By establishing the mentor and the trainer club for its branch network, the Company has created an integrated, continuing training cycle between pre-employment and postemployment, that will significantly help reduce the time and funding required for the administration process.



## Women Empowerment

Crystal is one of the first companies to sign and endorse WEPs (Women Empowerment Principles) in Georgia. In 2018, in collaboration with UN Women and CiDA, Crystal developed its **Women's Empowerment Action Plan for 2018-2019**.

In harmony with Crystal's **Women's Empowerment Action Plan**, a [mentoring program](#) was also introduced to female employees of Crystal in 2019. The goal of the project was to empower female employees through a mutual exchange of professional experiences, thus inspiring, promoting and encouraging both their career and personal development. After receiving training in mentorship from UN Women's partner Creative Development Center (CDC) in 2019, total of **107 female** employees were promoted in the company in 2020. According to the last year, In Crystal 65% of employees are female and 53 of them were promoted in 2021.



Crystal has also raised the bar on getting the best value from financial donations to women's communities and achieving greater social impact. Through a partnership with the TASO Foundation, Crystal implemented three community projects: potable water was provided to 25 households in Tsageri municipality; a medical ambulatory was opened in the village of Guliani in Lanchkhuti, Guria; and a public library in the village of Pipileti in Oni, Racha saw the light of day.

In order to support the female staff working remotely in the period of the pandemic, Crystal conducted a needs/challenges assessment survey and as a result, a special guidebook was developed:

- introduce remote work mechanism and assist employees in developing essential skills for remote work
- Relying on the survey findings, the company identified thematic webinars that would help employees master the appropriate skills for coping with remote work and the associated stress. In this light, the following webinars were conducted:
  - Information security while working remotely.
  - The role of emotional intelligence in the science of well-being (how to maintain comfort, happiness and health while working remotely).
  - Occupational safety when working remotely

➤ Leadership and team motivation during the pandemic

In addition to webinars, trainings as well as group and individual coaching sessions were also conducted for Chief Officers and department managers to enhance their leadership skills. Such trainings were provided to 34 senior management members.

**Client Focus:** Aligned with the implementation of Principle 5 and to support women's access to finance, the company announced the issuance of Women's Corporate Bonds worth GEL 15 million (more than USD 5 million) for the economic development of thousands of female customers, providing them with financial products and equal access to capital in order to grow their small businesses. So far, that meant developing special proposals for female entrepreneurs and reducing their credit service fees by 5 per cent. As a result, more than 2,300 women received loans that amounted to a total of GEL 4.7 million (more than USD 1.5 million).

Within the company, majority of Crystal's 1,000 employees are women, as well as half of the Crystal's 100,000 customers.

Ilia Revia, CEO of the Financial Inclusion Organization Crystal - one of the first companies which signed up to WEPs in Georgia, tells about some of these initiatives and shares his experience of women's empowerment

### Buzz Georgia

"Crystal" supports female entrepreneurs and strives to increase their access to financial resources, empowering them with financial-entrepreneurial mentoring, trainings for business and personal development, and intensive counselling.

In pursuit of this goal, Crystal launched a large-scale international "Buzz Georgia" Women personal, financial and entrepreneurial training program in 2020 (In the framework of the USAID YES-GEORGIA Program).

Buzz Georgia is implemented as part of the US Agency for International Development (USAID) and the White House Women's Global Development and Prosperity (W-GDP) initiative. The training module itself is built upon the example of the Dutch Buzz Women Global, enjoying success in many countries (Buzz India, Buzz Gambia, etc.). Buzz Georgia aims to make personal development and entrepreneurial and business education accessible to women in rural areas across the country.

Because it is an international initiative, the Buzz Georgia is operating taking into consideration the international women empowerment principles, with the training modules – in compliance with the international standards but adopted to the Georgian reality and to the Georgian women's business needs. Buzz Georgia is quite an innovative project because it includes both: the online and offline women empowerment trainings; also, it includes both - personal and economic/entrepreneurial skills development.

Moreover, it includes women's networking activities, their media/marketing support and mentoring. All of these - in combination with each other - help them in overcoming economic obstacles and confidence barriers and empowers them to become the drivers of their or destiny ('BUS').

Buzz Georgia women empowerment training participants learned that by sharing their successes, failures and barriers, they help each other to overcome them. As they have reported back they usually didn't have such trusted platforms, with like-minded, supportive women, encouraging each other. In addition, Buzz Georgia serves as a unique platform for such open conversations and learnings about self-esteem, support, financial literacy and networking. Participant women feedbacks have confirmed that the Buzz Georgia online trainings had become the space, where trainees share and openly discuss their future personal and professional challenges, needs, goals and dreams. Furthermore, they help each other achieve those goals and dreams.

To further promote economic empowerment of our female customers, Crystal also established a subsidiary – "Crystal Consulting", a business consulting platform for those women who are already involved in small and medium-sized enterprises and have undergone financial and personal growth training. This should ensure the sustainability of the Buzz Georgia women economic empowerment program. Only trainings and the networking events are not sufficient for the sustainability of such programs. Together with the networking events and awareness-raising trainings, handholding/mentoring, long-term cooperation and business consultations help to reach the sustainability of such programs.

There are Key achievements and business benefits of Crystal's non-financial services and gender-focused strategies:

- From June 2020 till present, around 850 women have taken Buzz Georgia Women's Economic Empowerment Trainings.
- 280 small and medium-sized female enterprises got business consultancy service from LLC Crystal Consulting.
- Buzz Georgia also assists female entrepreneurs - in terms of raising awareness of their products and promoting sales. To this end, articles frequently appear in the Entrepreneur Georgia on different topics: women winemakers, women employed in the field of tourism, women producers of handmade products:
- See articles prepared for the Entrepreneur about the activities of Buzz Ambassadors:
- Moreover, in 2021, a large exhibition-sale "100 Women Entrepreneurs' Fair" was organized in Tbilisi City, where the products of Buzz Ambassadors were also displayed. The event was attended by the Ambassador of the United States of America to Georgia, Kelly Degnan.
- In this year, in March, a large exhibition-sale fair was organized too, where the products of Buzz Ambassadors were also displayed;

Also, as part of its activity: Buzz Georgia conducts awareness-raising campaign biannually. The goal of the campaign is to reach out as many women as possible in the regions and villages of Georgia to inform about women entrepreneurship opportunities and invite them to participate in Buzz Georgia trainings and seminars that would introduce women to concepts of savings, financial planning, networking, business skills and personal development.

- Buzz Georgia online sessions turned out to be a convenient format for participating women.
  
- This photo accurately illustrates the opportunities of Buzz Georgia online trainings. The young participant girl is feeding her child during Buzz Georgia Sessions and at the same time she is carefully involved in training topics.



## Anti-Corruption System in Crystal

- An employee is obliged to get familiar with the company rules directed against bribery and corruption.
- When performing job duties, an employee is required to act in accordance with the highest standards of honesty and good faith. It is mandatory to observe the procedures effective in the company at all times.
- An employee should handle personal and particularly financial affairs in the manner not to discredit either the company or his/her own name. An employee should never use his position to exert influence on public officials or clients for personal gain.
- An employee is obliged to immediately inform his/her supervisor and internal audit of any violation, which has been committed (or is likely to be committed) by any employee, partner, supplier and/or client of the company.
- Bribery and corruption may trigger criminal liability of a particular employee implicated in the corruption and possibly, of the entire company.
- An employee shall promptly notify his/her supervisor and the internal audit if he/she:
  - A) Has suspicions about bribery and corruption;
  - B) There was an attempt to offer him/her a bribe, extort bribe or engage him/her in illegal activity;
  - C) Has information about ongoing violations, even if they are not directly related to him/her.
- It is an obligation of every employee of Crystal to prevent, detect and report any form of corruption. Employees are obliged to protect the interests of the company and to disclose any action that will be directed against them. Non-disclosure of such information will be regarded as participation in the crime and will entail the same degree of liability as the violation itself.
- For purposes of the present document, the terms “corruption” and “bribery” cover the concepts defined by the Georgian law as well as commercial bribery and similar actions.
- An employee is obliged to follow the rules established by the Georgian laws on bribery and corruption.

## Environment and Green Finance in Crystal

Crystal is deeply aware of the benefits of clean environment and realizes what an important role the financial sector plays in reducing negative environmental impact and raising public awareness. Bearing this fact in mind, the organization launched the innovative "Green Financing" initiative in 2017 in the scope of targeted investment by FMO. The priority of the portfolio is to raise widespread public awareness of low carbon alternatives and improve their accessibility. A crucial component of the initiative is the promotion of Crystal's green product line. Awareness raising campaigns focus on driving uptake of green alternatives from Crystal customers, promoting the financial and environmental benefits of their use.

[Crystal prepared informative video about the benefits of 8 key low-carbon emitting alternatives.](#)

Crystal is constantly trying to meet the main challenge of the market which, according to the experience gained over the period of 4 years, still is lack of public awareness about the usefulness of green products. To address the persistent challenge, Crystal annually carries out relevant campaigns as for its customers, as well as for its employees.

For this purpose, Crystal launched an interesting, innovative and large-scale marketing campaign - "Green Home" in 2020 in partnership with GGF and continues to run it until now.

# GREEN FINANCE





The idea of the campaign is centered around the following message - "The world is made up of numbers, bring more positive numbers into your life". Positive numbers refer to saved kilowatts, spared expenses as well as CO2 avoided to the environment. Savings are generated by green products that are personified under such amusing names as: "Litslitsa", "Kashkasha", "Gizgiza" and others.

Thanks to the given campaign, and its one of distribution channel VR (virtual reality vide) the "Green Financing" of Crystal – as a successful and innovative activity, was named by the International Microfinance Center (MFC) among the 5 best initiatives at the annual conference.

In order to solidify green culture in the company, reduce emissions and raise staff awareness on environmental issues, the company launched an internal motivational competition for its employees in 2021, called "Our Share in Caring for the Environment". The competition aimed to encourage employees to use energy resources in a more rational way in their daily activities.

Overall, by developing "green products" and increasing the share of "green alternatives" in its portfolio, Crystal seeks to reduce emissions and negative environmental impact in line with one of the key objectives of the UN Sustainable Development Goal 9 - "implementation of green, social and sustainable financing programs by the financial sector".

**Average energy saving through disbursement of green loans in 2021: 2,820,946 kWh; Avoided CO2 emission: 377 tone.**



## Crystal's Social Impact Measurement:

Crystal's Social Impact Measurement Methodology is the most direct way by which Crystal ensures that its services are positively affecting its customers. The full methodology for this reporting is outlined in the Social Impact Measurement Report. Since 2018, this impact assessment has been undertaken in Q1 using the methodology outlined below and detailed in full in the Social Impact Assessment Report. Data is collected from a large, representative sample of Crystal customers, by a combination of a quantitative survey and qualitative assessment in the form of structured interviews and focus groups.

The social impact measurement includes two sets of indicators, listed below, which were first used in 2017 for Crystal's initial Social Impact Measurement exercise. These indicators, with minor modification, have been used since 2018 to record social impact. The impact is measured for business customers (those with greater than 25% of household income in entrepreneurial activity) who have maintained a relationship with Crystal for over two years.

### Business Results

If at least two of the following six results are attained, within business development, social impact is considered to be achieved:

- An increase of net income of over 10%;
- Any improvement, expansion or capital investment in a businesses run or owned by our business customers (micro-businesses and rural businesses);
- The introduction of new products, services or improvements to our existing utilities;
- The expansion of personnel;
- The development of new markets or sales channels (a new location, sales channel or customer segment);
- Improve access to technology with the potential to increase productivity or reduce operational costs and risks.

### Household Results

If at least two of the following six results are attained, within the domain of household welfare, social impact is considered to be achieved:

- Investments in movable assets, home appliances or living conditions;
- An improved capacity for savings, both informally and formally;
- Assist in personal financial management for utilities and other regular payments;

- Improved schooling for minors;
- Improved access to healthcare;
- Overall satisfaction and enhanced economic wellbeing.

## Satisfaction and Outcomes/impact by SDG

### SDG 8: Realizing the business potential

**8 DECENT WORK AND ECONOMIC GROWTH**



Customers with business loans increase production and profit, but not much changes and even decrease for a significant part

- 43% declare Increase in volume of production for (more for men: 45%, less for young adults: 38%)
- 14% of women declare that they have started a new business
- Not much has changed for 33% of customers.
- 29% say that they increased profit. (23% for women, 34% for men and 34% of young)
- But we see also 24% of them claiming that they make less profit (it is the case for 25,8% of women)

Changes would be more important with first loans?

- More production for **54%** of newer clients (**46% of older**)
- Same or less for **40%** of newer (**52% of older**)
- Low direct impact on job creation, but important role for SME
- **95%** say that they did not employ more people full-time.
- Only **4%** of them have hired new staff, and **7%** of them employed more people part-time
- However, **23%** of SME borrowers declare they have created job.

## SDG 1: Reaching financial stability / improving living standards

**1** NO  
POVERTY



Customers are less resilient compared to SIM 2019, but older clients have better results.

- Sharp decrease in the % of customer saying it is easier to pay the bills (3,9% in SIM 2021 – even if we ask “before covid” – compared to 54% in SIM 2019).
- More pressure for newer clients to pay their bills.
- Older clients can engage more in housing renovation.
- Perception of changes: concrete and psychological effects combined.
- 18% have observed changes in meeting household needs.

➤ 17% focus on the positive psychological aspect of feeling more confident/ less stressed, and this is particularly true for women (20%) and older clients (19%)

- 15% see improvement in their business, this is particularly the case for men (20%) and older clients (18%)
- But 45% say that not much has changed (53% if we add those answering that they don't know/can't say – and 60% for young adults)

## SDG 5: Specific focus on women

**5** GENDER  
EQUALITY



Women are loyal and reliable customers

- Higher number of loans (60% for women) but average loan size is 50% of the loan size given to men (for business: 3600 GEL for men, 1800 GEL for women)
- MIS data show better quality of portfolio for women (PAR 30=1,48%) compared to men (PAR 30= 2,22%)
- In case of repayment issues, 41.5% of women said they discussed with Crystal to delay the repayment (vs. 15.3% for men) showing strong relation and trust between Crystal and women customers.



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- 14,5% of the female borrowers say they started a new business
- Less profitable business for women despite a wider business development.



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<https://ir.crystal.ge/>