



Financial Inclusion  
Organization

# CODE OF ETHICS

August 2020

## MISSION

- < Defeat poverty in Georgia by creating the conditions for profitable and sustainable entrepreneurship that promotes financial security for micro and small entrepreneurs.
- < Actively mitigate the environmental impact of our activity while organizing, promoting and supporting projects that combat climate change
- < Keep our clients at the center of our work and offer sustainable, responsible financial products and high-quality service.



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# INTRODUCTION

JSC MFO Crystal acts as a development platform for Georgia's micro and small entrepreneurs, providing financial inclusion and consulting services that maximise positive environmental and social outcomes for our customers. Ethical practice has underpinned this commitment since the company's inception and is achieved with the support of investors dedicated to encouraging responsible business and sustainable society.

Our Code of Ethics outlines the key principles that underpin our business activity. It forms a crucial part of our Corporate Governance Policy and acts as a key tenet of our broader Environmental, Social and Governance Framework. The principles outlined here apply to all of our co-workers and are aligned with our corporate values. They govern our conduct and set standards by which our internal and external stakeholders can judge us. They apply to all our co-workers and are aligned with our corporate values, governing our conduct and setting standards by which our internal and external stakeholders can judge us. These principles set the standards for our conduct and are made concrete through several mechanisms. They are supported and implemented alongside a body of internal policy including our Labour Agreement, Whistle-blower Policy, Information Transfer policy and data protection policy.

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## OUR MISSION

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Crystal is a development platform for micro and small entrepreneurs, which aims to defeat poverty in Georgia by promoting entrepreneurship in a financially, socially and environmentally sustainable manner.

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## OUR VISION

Crystal's vision is to become the leading regional customer-centric, people-oriented and data-driven financial inclusion organisation. We exist to promote the sustainable and equitable development of Georgia's economy and society. We are committed to reaching clients with minimal access to traditional financial services, empowering micro and small entrepreneurs to build prosperous and sustainable businesses capable of contributing to the advancement of Georgia's economy. Our approach places equal emphasis on the interests of people, planet and profit in order to maximise the development outcomes of our work. This is directly expressed in our corporate strategy by a "Triple Bottom Line" approach.

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## OUR VALUES

The following values inform the Code of Ethics:

- < **Responsibility:** Responsibility underpins every business decision made at Crystal. As a lender, we are committed to the avoidance of over-indebtedness for our customers. We treat our customers fairly, with due care, forbearance and transparency. This commitment is extended to co-workers, partners, and the environment.
- < **Transparency:** We endeavor for complete transparency in all our interactions with stakeholders and clients. Our customers should always be able to compare costs, terms and conditions of a loan, and understand the consequences of non-payment.
- < **Partnership:** Long-term, equitable and customer-focused relationships. The cornerstone of Crystal's approach is care towards customers and sustainability.
- < **Access:** Our product design, lending standards, distribution channels and customer interfaces are all focused on maximizing accessibility for our customers.
- < **Innovation:** Constantly re-evaluating, improving and advancing is critical to how Crystal and our people work. We love finding creative solutions to persistent challenges and embrace and encourage the use of new technologies.

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# CODE OF ETHICS

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## 1 LEGALITY

Legal compliance is the minimum benchmark for ethical practice and our colleagues at Crystal must take every reasonable precaution to act within the constraints of the laws that govern their individual conduct. Various components of Crystal's business activity are governed by both national and international laws and regulations, and it is company policy to comply in full with laws or regulations relevant to our activity. We go beyond this to measure and report against our progress towards delivering social impact and mitigating environmental damage.

We take compliance seriously, and every Crystal employee has a responsibility to share this concern. They are expected to familiarise themselves with relevant laws and regulations that govern the conduct of their division or activity and raise any unresolved legal questions with their line manager or the Compliance Division. This commitment to lawful and ethical conduct is supported by several internal policies and procedures and is guided by relevant principles of international best practice. This same commitment is expected throughout all of Crystal's operations, from its employees and those of its subsidiaries. A critical aspect of this legal conduct is the application of best practice systems to protect ourselves from being used as a vehicle financial crime. Co-workers are expected to engage fully with these priorities by adhering to the know your customer procedures and promptly reporting any suspected or identified malicious activity.

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## 2 RESPONSIBILITY

Consumer protection is integral to our approach. We endorse the SMART Campaign's Client Protection Principles,<sup>1</sup> and conduct our business with the following principles in mind:

- 2.1 Increase access to financial products for those with minimal access to banking services, ensuring that this is supported by efforts to expand financial literacy education throughout Georgia.
- 2.2 Apply our exclusion list and rigorous lending criteria to all borrowers, with particular focus on evaluating financial solvency.
- 2.3 Do not advocate or mis-sell any unnecessary financial products to fulfill sales targets.
- 2.4 Ensure complete and unambiguous transparency in all of our transactions. Provide customers with plain-language, genuinely readable contracts on all terms and conditions, with clear and freely available complaint channels.
- 2.5 Continue to grow and support our environmental and social projects, building partnerships with organizations genuinely driven by sustainably defeating poverty.
- 2.6 Continually review, update and improve our services in line with our clients' needs.

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<sup>1</sup> SMART Campaign Client Protection Principles are available at <https://www.smartcampaign.org/about/smart-microfinance-and-the-client-protection-principles>

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## 3 TRANSPARENCY

Progress cannot be achieved without genuine transparency. We apply this principle to all areas of our business activity, and believe in bringing maximum possible.

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## 4 SUSTAINABILITY

Achieving our mission without compromising the needs of future generations is critical. We believe that two key components of sustainability must underpin all areas of our work. The first is protecting the economic soundness of our customers, which means paying careful attention to our product line and to the individual circumstances of our customers. The second is concerted action against climate change. We are committed to set a benchmark for environmental performance in Georgia:

- 4.1 Integrate environmental considerations into all of our business decisions.
  - 4.2 Apply environmental criteria to lending criteria, guided by our exclusion list.
  - 4.3 Extend access to green products through our green financing initiative.
  - 4.4 Set regular environmental objectives and monitor our performance against them.
  - 4.5 Engage and train our co-workers on our environmental targets, objectives and goals, and to ensure that our sustainability policy is implemented effectively.
  - 4.6 Minimize use of finite resources (water, paper, fuel) across operations and activities.
  - 4.7 Comply and engage with all relevant environmental legislation and standards.
  - 4.8 Include clear and accessible feedback channels which allow co-workers to anonymously raise suggestions, grievances and complaints with our senior leadership without fear of retaliation or recourse.
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## 5 ANTI-DISCRIMINATION

The strength of our internal community is essential to deliver our mission. We aim to build a cohesive, healthy and effective team that can deliver on our mission in line with our values:

- 5.1 Have a fair and professional recruitment system in line with our diversity policy.
- 5.2 Have zero tolerance for discrimination and harassment at all levels of our organization.
- 5.3 Provide training, development and opportunities for employee growth.
- 5.4 Support the right of co-workers to have freedom of association, freedom of expression and the right to collectively bargain.
- 5.5 Report on the performance of our social impact measurement reporting, and implement measures to mitigate any issues highlighted.
- 5.6 Engage and train our co-workers with our sustainability and social impact goals in order to maximize our positive contribution and support our environmental initiative.

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## 6 CONFIDENTIALITY

Every Crystal colleague has a responsibility to ensure they are acting in compliance with Crystal's internal policies on information transfer and data security.

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## 7 CONFLICT OF INTEREST

It is critical that our colleagues can act as trusted advisors for our customers. Protecting against Conflict of Interest is an important contribution to this, and the full expectations for each Crystal colleague in this regard are outlined in the Labour Regulation signed by every new employee. This agreement is underlined by the following expectations:

- 7.1 Be as honest as possible about your responsibilities, avoiding business relationships and interests that may affect your decision-making process.
- 7.2 Ensure that no colleague engages in activities or decision making where there is a clear conflict of interest, both with external clients and within Crystal itself.
- 7.3 Take no part in the decision-making process for hiring family members or relatives. Do not enter into personal relationships (with clients).

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## GOVERNANCE

- 8.1 Balance the needs of people, planet and profit in all of our business decisions.
  - 8.2 Support and promote the aims of the United Nations Global Compact, including those the Women's Empowerment Principles and the Sustainable Development Goals.
  - 8.3 Support and protect human rights in line with the Principles of the United Nations Declaration of Human Rights as outlined in the Global Compact.
  - 8.4 Do not discriminate on the basis of race, skin color, sex, gender identity, language, religion, political beliefs, health status, marital status, sexual orientation, national or social origin, social status, ethnicity or indigenous status, disability, or on the basis of any other irrelevant characteristics at any level of our organization.
  - 8.5 Monitor and report annually on our social, environmental and financial performance, and ensure that our reporting is comprehensive, fair, accurate, timely and complies with applicable legislation and international guidelines and standards.
  - 8.6 Maintain robust corporate governance procedures in line with the UK Corporate Governance Code, openly disclosing areas in which we do not yet comply.
  - 8.7 Regularly monitor, review and report on corporate governance performance in our annual report.
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# THE PRINCIPLES IN PRACTICE

A Code of Ethics has little impact without an effective institutional culture to support it. Crystal's Code of Ethics is supported by a body of interconnected policies and best practices which put the code into action and provides clear avenues to raise and pursue grievances.

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## GRIEVANCE

These principles cannot be upheld without accountability, and despite our stringent procedures, we recognise that mistakes will be made. As outlined in our Whistle-blower Policy, we believe that identifying, reporting and addressing these occurrences is crucial to maintaining the culture that the Code of Ethics outlines. Our internal policy stipulates the correct procedures for co-workers that suspect a mistake, irregularity or misconduct. They are first encouraged to discuss this in all openness with their immediate superior, or the next in line if this is possible or convenient. However, we recognise that there are many cases in which this is not possible. In this case, our anonymous grievance mechanism allows co-workers to report these occurrences directly to the highest levels of the organisation. The procedure contains adequate safeguards to ensure anonymity and implement follow-ups.

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## COMPLAINTS

Crystal aims to keep complaint channels varied and accessible. If clients suspect that our code of ethics has been infringed, they can submit complaints via a variety of means. This can be submitted to someone different to their main point of contact and all of our complaint channels (phone, email, website chat and social media) are available free of charge in addition to oral and written complaints submitted to boxes in our branches and boutiques. Complaints can cover third parties as well as our own operations. Customers are guided to complaint channels by orientations by loan officers before loan disbursement, and all loan-related documentation makes these options clear. We collect and assess client complaints and report monthly to the management team, the Supervisory Board and the National Bank of Georgia.

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