



Financial Inclusion  
Organization

# SUSTAINABILITY POLICY

August 2020

## **SUSTAINABILITY VISION AND STRATEGY**

Crystal's commitment to sustainably defeating poverty in Georgia is the unifying focus of our sustainable development vision. This commitment forms part of our broader vision of contributing positively to the development of a prosperous economy and society that prioritises the protection of its natural resources and ecosystems.



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# 1 INTRODUCTION

The policy puts sustainability at the core of Crystal's<sup>1</sup> corporate strategy. It supports our mission to sustainably defeat poverty in Georgia by outlining our commitment to protecting the people and environments that our business activity impacts. We endeavour to set standards in the Georgian financial market for customer protection, climate change action and due diligence. This sustainability policy outlines the principles that define this commitment to sustainable development and the frameworks that protect it. By following this Policy, Crystal intends to protect the people and environments that we impact. The sustainability policy is the leading document in Crystal's Environmental, Social and Governance Policy Framework, and puts into practice the triple bottom line approach of affording equal weight to considerations of people, planet and profit. This sustainability policy guides the policies and initiatives outlined in our ESG Framework and sets practical standards for our E&S performance. It is supported by a suite of interconnected good practices based on high industry standards. For a full understanding of our approach to Environmental, Social and Governance practice, these documents should be read in conjunction.

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<sup>1</sup> JSC MFO Crystal, its subsidiaries and Crystal Fund are committed to this policy.

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# 2 SCOPE

The Sustainability Policy covers Crystal's entire footprint, including all of its products and operational footprint, including energy and resource use. We aim to be transparent about the situations in which our influence is limited, and in areas where we currently fall short.

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## 3 SUSTAINABILITY VISION AND STRATEGY

Crystal's commitment to sustainably defeating poverty in Georgia is the unifying focus of our sustainable development vision. This commitment forms part of our broader vision of contributing positively to the development of a prosperous economy and society that prioritises the protection of its natural resources and ecosystems.

- 3.1. We are committed to using our financial instruments, as well as a range of technical and intellectual resources to embed commitment to our mission across our activities. These 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.
- 3.2. This commitment is integrated directly into our business model and our corporate strategy through the pursuit of a Triple Bottom Line: People, Planet and Profit. This approach demands decisions based on balance. 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.
- 3.3. Our strategic goals are organised around the triple bottom line, with individual targets assigned to each component.<sup>2</sup> Progress towards these goals are measured against these targets using the impact assessment system in our ESG Framework.

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<sup>2</sup> These are outlined in our Corporate Strategy Document, and are available for stakeholders

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## 4 STANDARDS

Crystal requires that all clients comply with applicable environmental, social and human rights laws, both Georgian national and international laws. Crystal also draws on high standards of industry practice and is committed to continual improvement. Crystal has adopted or publicly endorsed the following principles and standards to guide our sustainability approach:

- 4.1. **The Sustainable Development Goals:** The 17 Sustainable Development Goals (SDGs) were launched by the United Nations in 2015 to provide a universal set of targets and indicators designed to help countries eradicate poverty, protect the planet and promote prosperity for all. We consider the SDGs to be of critical relevance to our mission and values and have directly integrated 6 goals into our corporate strategy.
- 4.2. **United Nations Women’s Empowerment Principles (WEPs):** Crystal was one of the first five companies to support the Women’s Empowerment Principles (WEPs).
- 4.3. **United Nations Global Compact:** We have been a participant of the compact since 2011, and report annually against our contributions to the WEPS and the SDGs.
- 4.4. **SMART Campaign’s Client Protection Principles:** 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.
- 4.5. **The International Finance Corporation’s Performance Standards:** 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.
- 4.6. **United Kingdom Corporate Governance Code:** 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.

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## 5 PRINCIPLES

Crystal aims to promote sustainable development by empowering micro and small entrepreneurs with affordable, responsible financial products that can improve their financial security and support their ventures. The global challenge posed by climate change means that this must be achieved sustainably, reducing our own operational footprint while funding and supporting efforts to raise awareness and drive societal change. We supplement the integration of these goals into our business model with award-winning E&S projects focused on Women's Economic Empowerment and Youth Entrepreneurship. It is critical that these standards are evident in the conduct of our staff, who act as Crystal's ambassadors in almost all of our client facing activity. The actions of Crystal's employees reflect and embody these standards, and it is our responsibility to implement and maintain the training necessary to ensure this.

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### CONSUMER PROTECTION

- 5.1 Crystal aims to protect and contribute positively to the long-term livelihoods of our customers and aims to engage Crystal clients and colleagues with sustainable development. The Social Impact Measurement Methodology is the most direct way by which Crystal ensures that our services positively affect our customers.<sup>3</sup>
- 5.2 Responsible lending is a cornerstone of our business principles. We issue loans on the basis of affordability. Our communication with customers is clear, transparent and user-friendly. We display forbearance in dealing with customers if they find themselves in a difficult situation. Crystal follows NBG regulations related to ethical collection methods. We are committed to fair treatment and care towards vulnerable customers.
- 5.3 Crystal considers it essential to protect the human rights of our colleagues, customers, and the communities that we impact. This is in line with the Principles of the United Nations Declaration of Human Rights as outlined in the Global Compact.
- 5.4 We are committed to the Principles of Global Data Protection Regulation (GDPR) and fully implement national regulation concerning personal data protection. While we ensure all measures are in place to protect customer data, we understand our vulnerability to cybercrime and potential loss and misuse of the personal data. This is why we minimise the data collected from customers, making sure that it is collected and processed on the basis of customer's clearly articulated consent. We ensure accuracy, high quality of stored personal data and its ethical application in our business processes.

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3 Full details in ESG Framework and

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## DIVERSITY, EQUITY AND INCLUSION (DEI)

- 5.5 Crystal is committed to fostering an inclusive culture based on merit and free of conscious or unconscious bias. We recognise the need for diligent and consistent evaluation of our conduct in order to achieve this.
  - 5.6 Effective DEI must combat discrimination at each level of an organisation. Crystal has zero tolerance of discrimination in any areas of our business activity, including in our recruitment, work conditions, social connections and engagement, and in staff learning and growth. The anti-discrimination policy sets the standard for this conduct and formalises the company's rejection of discrimination, with grievance and complaint mechanisms that are capable of recording and resolving issues promptly.
  - 5.7 Crystal supports stronger collective action to address DEI in sustainable development, with a focus on aiming to ensure that the positive effects of development are felt evenly across society.
  - 5.8 One example of this is our strong organisational focus on women's economic empowerment, reacting to the need for greater inclusion of women in Georgia's pursuit of development. Crystal is a signatory of the United Nations' Women's Empowerment Principles (WEPs). Our HR policies and procedures ensures gender equality throughout the company, we support the development of leadership skills for female employees and strive for a fair and secure environment for them. We work with Crystal Fund to increase women's access to financing, training and support. We also empower young entrepreneurs with skills, training and financing.
  - 5.9 Crystal rejects and condemns racism in all its forms. Misconduct and lapses in standards should be appropriately highlighted, recorded and resolved in line with the anti-discrimination policy.
  - 5.10 Creating an inclusive culture necessitates constant reassessment, decisive change and appropriate actions in cases of abuse. Crystal aims to continue engaging with evolving discussions on creating a safe, accessible and welcoming work environment that celebrates diversity.
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## CLIMATE CHANGE

5.11 Crystal recognises and supports the UN Intergovernmental Panel on Climate Change's assertion that "increased and urgent mitigation measures" are required to slow current levels of warming and shares the intentions of the Paris Agreement.<sup>4</sup> In line with Sustainable Development Goal 7 and 13,<sup>5</sup> Crystal aims to protect the fragile ecosystems that it impacts through its operations, financing activity, supply chain and partner activity. Crystal also recognises the need to contribute to broader progress in the financial sector.

5.12 It is critical for Crystal to use its skills, assets and operations to accelerate solutions to major environmental problems, both within Crystal's operations, and in the conduct of those that we do business with. We achieve this via three main avenues: our green financing initiative; the promotion of our own "green product line"; and a concerted effort to reduce carbon emissions, through the calculation and reduction of total operational footprint.<sup>6</sup>

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4 Intergovernmental Panel on Climate Change, Global Warming of 1.5°C (2018)

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5 Goal 7: Affordable and clean energy, Goal 13: Take urgent action to combat climate change and its impacts

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6 Full details are available in Crystal's Environmental, Social and Governance Framework

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## CORPORATE GOVERNANCE

5.13 Crystal's approach to corporate governance approach is guided by the standards set by the UK Corporate Governance Code. We implement several measures to reaffirm our organisational commitment to strong governance practices.

5.14 Supervisory Board and Management are committed to protecting the shareholder value by delivering on implementation of the corporate strategy, which stipulates targeted level of growth, profitability, risk appetite, commitment to innovations as well as environmental and social targets.

5.15 We maintain transparent dividend/distributions policy and ensure inclusive and effective communication with all shareholders and stakeholders.

5.16 Being a proactive player against financial crime, Crystal is committed to fight with corruption, extortion and bribery both in public and corporate sectors. We maintain neutrality when it comes to political processes and do not make financial or non-financial contributions. Crystal's decisions and daily conduct aims to support the principles of democracy, human rights and the rule of law, enshrined in the Constitution of Georgia. In our overseas operations, we are committed to respecting national and international laws, culture and customs of people the same way we do for Georgia.

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- 5.17 This approach extends to ensuring that we are not used as a vehicle for financial crime. We comply with the requirements of the Law of Georgia on Facilitating the Prevention of Legalization of Illicit Income, National Bank of Georgia Regulations, and the Georgian Financial Monitoring Agency Regulation, which stipulates that information must be obtained, systematized and regularly reported to the agency. These are based on the recommendations of the Financial Action Task Force (FATF).
- 5.18 Crystal maintain a Code of Ethics and internal policies, which (a) ensure that talent is retained through the positive and collaborative work environment, best employment practices and fair remuneration and (b) supports competitive remuneration for company leadership and senior management, which drives long-term shareholder value in a socially and environmentally conscious manner.
- 5.19 When it comes to governance, we strive for diversity at the Supervisory Board level, which sets the tone to the rest of organization. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between Directors. When assessing Supervisory Board composition or identifying suitable candidates for appointment or re-election to the Supervisory Board, we consider candidates using objective criteria having due regard to the benefits of diversity and the needs of the Supervisory Board.
- 5.20 Crystal follows stringent rules for managing conflict of interest, as well as proper identification and reporting of related-party transactions. We regulate and monitor a practice of corporate gifts.
- 5.21 The Supervisory Board, Chairman and Chief Officers are subject to annual performance appraisal which is conducted in line with the best industry practices and reported in the Annual Governance Report.
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## COMPLAINTS

5.22 Crystal aims to keep complaint channels varied and accessible. Clients can submit complaints 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. Complaints are promptly recorded with a view to being effectively resolved as soon as possible. The responsibilities of individual staff members are clearly communicated, and issues raised are appropriately escalated and investigated in line with their severity. This follows high industry standards, in particular the guidance of the SMART Campaign. We collect and assess client complaints, as well as their resolution, and report monthly to the management team, the Supervisory Board and the National Bank of Georgia.

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## GRIEVANCE

5.23 Despite Crystal's stringent procedures, we recognise that mistakes will be made. We believe that identifying, reporting and addressing these occurrences is crucial to maintaining a culture of sustainability. Crystal has an internal policy that stipulates the correct procedures for co-worker that suspect a mistake, an irregularity or any 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 the employee in question would wish to avoid disclosing the issue to their immediate superiors, or to any individual. 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 stipulate follow ups as appropriate.



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