

კრისტალი  
მიკროსაფინანსო ორგანიზაცია

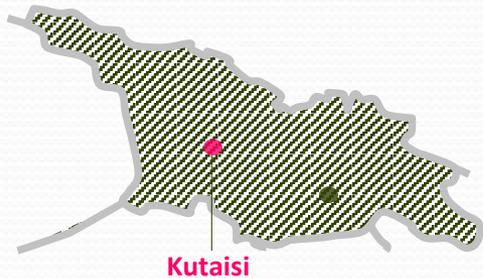


CRYSTAL  
MICROFINANCE ORGANIZATION

# Corporate Social Responsibility Report

2016

# JSC MFO CRYSTAL



**Crystal** is a leading Microfinance Organisations in Georgia supporting micro and small business sectors.

**Mission** of Crystal is to support micro entrepreneurs and smallholder farmers in realizing their business potential, reaching financial stability and elevating living standards.

## Key highlights for 2016:

- *GEL 170 million Total Assets*
- *40 regional branches, up to 700 employees*
- *60,000 borrowers; 68% rural and 51% female clients*
- *75% collateral-free loans, 73% in local currency*
- *10% of MFI market share; 2<sup>nd</sup> largest MFIs in Georgia*
- *\$100 million funding from international financial markets*
- *"BBB" credit rating, "B-" social rating, 5-Star MFI by the MIX*
- *Target groups: micro entrepreneurs, start-ups and smallholder farmers*
- *Products: Micro Loans, Money Transfers, Currency Exchange, Payment services*

2011

*First international Equity Investment*

2007

*Transformation into JSC MFO Crystal*

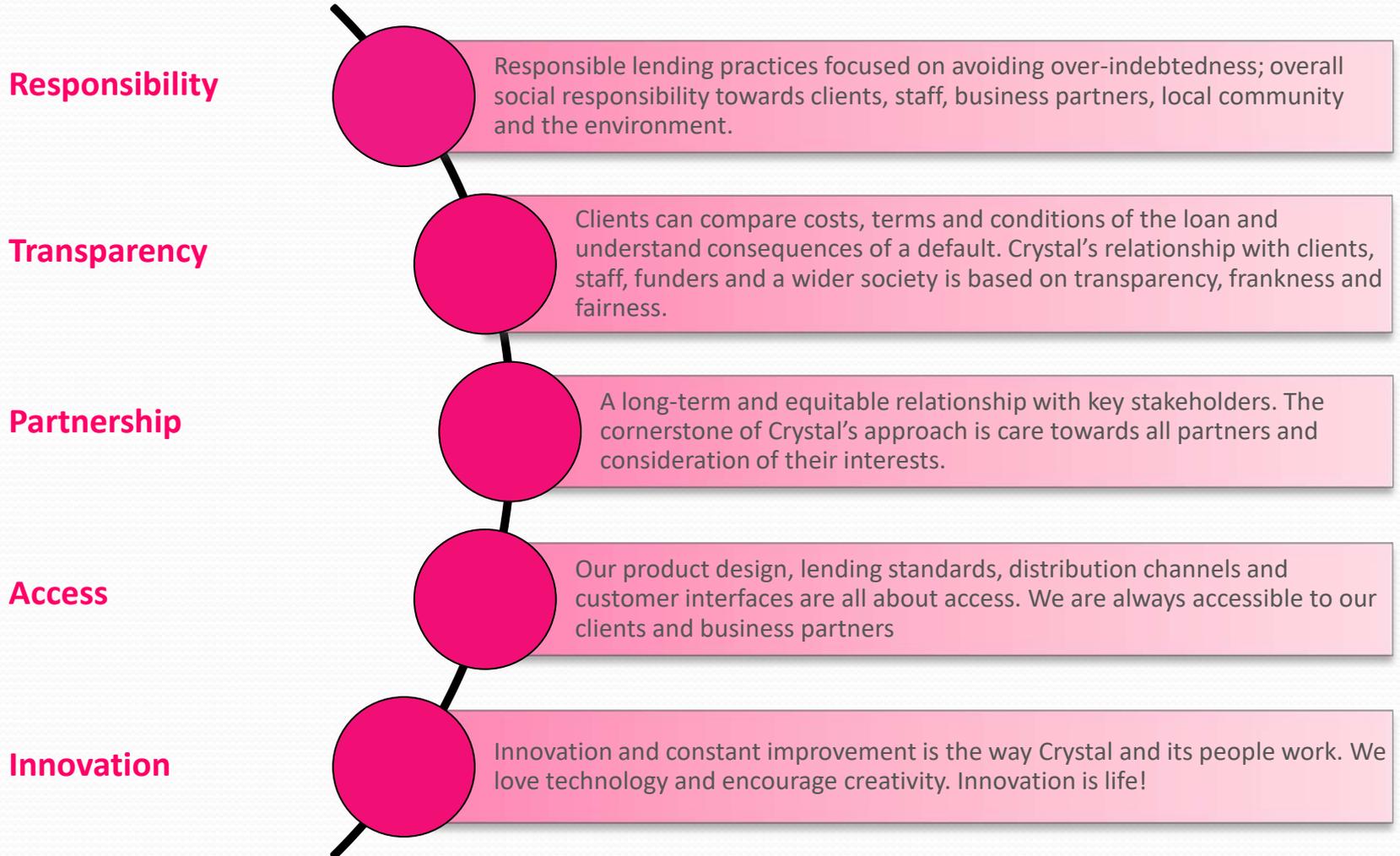
2004

*Transformation into Crystal Fund*

1998

*Micro Lending Program has been started*

# Core Values



# Important Recognitions & Awards

- 2015** ➤ **Maecenas Company of the Year** by Kutaisi City Hall
- 2013** ➤ **S.T.A.R. MFI** by the MIX
- 2012** ➤ **Platinum Prize for Social Performance reporting** by Mix-Market
- 2011** ➤ **SMART Campaign's Winner** for "Plain Language Loan Contract for Client"
- 2010** ➤ **FIRST MFI in Georgia with International Social Rating**
- 2006** ➤ **Financial Transparency Award** by CGAP
- 2003** ➤ **FIRST MFI in Georgia with International Credit Rating**

# CSR initiatives and projects

- 2016** ➤ UN Woman: action plan for the implementation of Women's Empowerment Principles
- 2016** ➤ UN Global Compact Georgia: steering committee member
- 2015** ➤ CSR Club Georgia: steering committee member
- 2014** ➤ Launching the International Educational Campaign "Borrow Wisely"
- 2013** ➤ Signing the Ethic Code of the Georgian Microfinance Association
- 2012** ➤ Adopting the Universal Standards for Social Performance Management
- 2011** ➤ Joining the UN Global Compact, adopting the 10 principles
- 2010** ➤ Approving Environmental Policy of the Company
- 2010** ➤ Launching the Ethic Code of the Company
- 2009** ➤ Endorsing the SMART Client Protection Principles
- 2007** ➤ Approving the social fund for charity projects (2% of net income)

# Key Social Indicators for 2016

Along with attractive financial performance, Crystal remains strongly committed to the best international practices of Corporate Social Responsibility and makes its best to integrate these standards into the daily business activities.

Average loan size: GEL 2,200

Average age of the client: 44Y

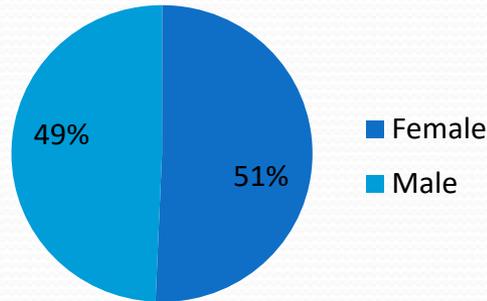
# of Start-Up clients: 170

# of IDP clients: 2,940

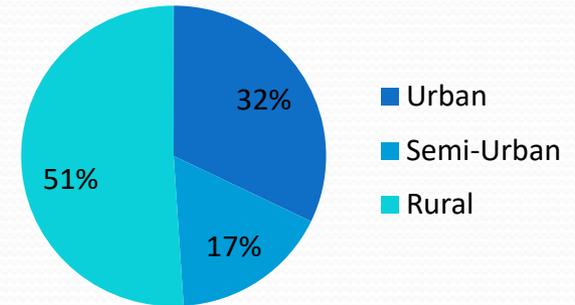
# of indirect beneficiaries (family members): 105,074

Staff turn-over ratio: 9%

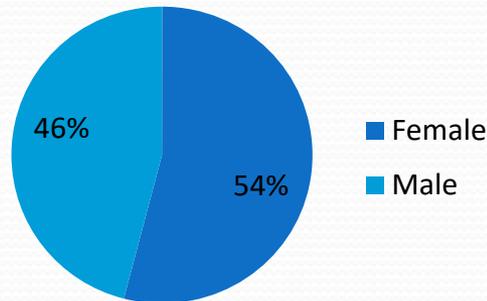
### # of clients by gender



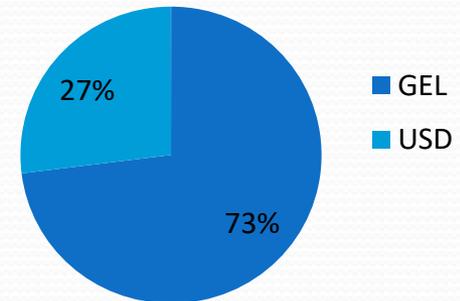
### # of clients by location



### # of Employees by gender



### Loan portfolio by currency



# Crystal CSR strategy

*We define Social Strategy as an effective translation of our mission into practice in line with accepted corporate values.*

*Crystal's key Social Objectives are:*

*(1) To strengthen its Social Performance Management (SPM) system based on best international practices and integrate it into daily business activities*

*(2) To achieve an optimal balance in double bottom line and become a leading MFI in the field of social responsibility and ethical microfinance*

*(3) To set up an effective, clear and comprehensive tools of SPM monitoring and measurement of the social impact*

## **Strategy 1: Responsible Business**

- SMART Clients Protection Principles
- UN Global Compact Principles
- Ethic Code

## **Strategy 2: Social Performance Management**

- Universal Standards for Social Performance Management
- Social Ratings and Audits
- SPM Monitoring system

## **Strategy 3: Social Investments**

- Financial Education
- Social Entrepreneurship
- Environment Protection
- Philanthropy

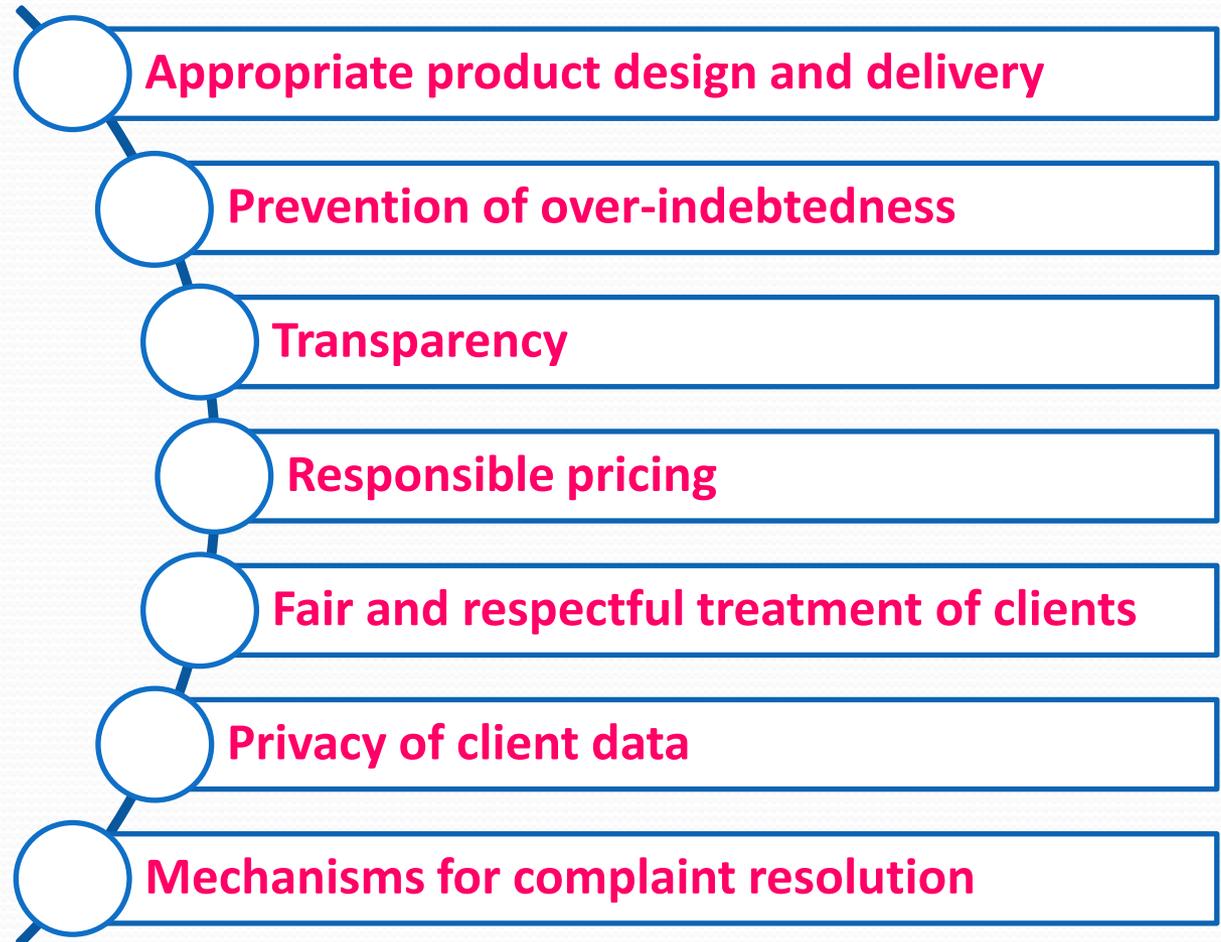
# SMART Client Protection Principles



*In 2009 Crystal joined the SMART campaign, which articulates the standards of care that clients should expect to receive when doing business with a financial service provider.*

*These principles were distilled from extensive work by many providers, networks, and supporting organizations. They represent a consensus view shared widely across the microfinance industry.*

*Over 4,000 individuals, providers, institutions, regulators, and investors worldwide have endorsed SMART principles.*



# Universal Standards for Social Performance Management



*In 2012 Crystal joined the Universal Standards for Social Performance Management (USSPM), which have been developed by Social Performance Task Force members to establish a global common understanding of what “good SPM” means for double bottom line Institutions.*

*SPTF is a global membership organization that works to advance social performance management (SPM), a management style that puts clients at the center of every decision.*



# Ten Principles of the UN Global Compact



*Since 2012 Crystal is a member of **UN Global Compact**, which is the world's largest corporate social responsibility initiative with 13,000 corporate participants and other stakeholders over 170 countries*

*UN Global Compact helps business companies, whether beginners on the sustainability journey or recognized champions, to meet their commitments to operate responsibly and support society*

## HUMAN RIGHTS

- Businesses should support and respect the protection of internationally proclaimed human rights
- Make sure that they are not complicit in human rights abuses

## LABOUR

- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- The elimination of all forms of forced and compulsory labour
- The effective abolition of child labour
- The elimination of discrimination in respect of employment and occupation

## ENVIRONMENT

- Businesses should support a precautionary approach to environmental challenges
- Undertake initiatives to promote greater environmental responsibility
- Encourage the development and diffusion of environmentally friendly technologies

## ANTI-CORRUPTION

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

# Financial Education: Borrow Wisely Campaign



**Borrow Wisely** is an International Financial Education Campaign, led by the Microfinance Centre (Poland) in 15 countries of Europe and Central Asia. The Campaign promotes global client protection standards and financial education.

The “Borrow Wisely” campaign entails basic recommendations and questions, which customers should answer before taking a loan to ensure borrowing with less risk and greater responsibility.



In 2016 more than **8,000** borrowers have been reached and consulted by Crystal about how to borrow wisely and be protected from over-indebtedness. Number of educational video lectures on financial literacy have been prepared and spread through social media and network.

# Young Entrepreneurs School



Crystal established **Young Entrepreneurs School** program, which is implementing in 21 cities of Georgia in partnership with PH International, Crystal Fund and USAID.

Young Entrepreneurs School entails training in two stages. At the first stage participants develop a variety of job skills, whereas the second stage entails preparation of investment proposals. Top projects get funding from Crystal.

More than **200** start-ups have been trained in business planning, management and entrepreneurship skills in 2016; **10** start-up business ideas have been already financed by Crystal



# Crystal Summer School



In 2013 Crystal launched a **Summer School** program, which offers students of Georgian Universities a unique opportunity to gain practical skills and theoretical knowledge in the field of financial services through intensive training courses and internship in Crystal

Crystal Summer School employs interactive and innovative methods of teaching. The most successful students have an opportunity to get employed in the company.

- **84** students have taken courses at the Crystal Summer School Since 2013.
- **27** program participants have been employed in Crystal.



# Social Entrepreneurship



Crystal is a financial partner of **Social Entrepreneurship** project, implemented by the Center for Strategic Research and Development Georgia. The project is aimed at the capacity building of social enterprises and to facilitate the economic empowerment of vulnerable groups in Georgia

## **Social Enterprise “Babale”**

Project envisages establishment of a center for professional inclusive education. In the art-studio saloon adults take a course in professional inclusive art training and work at art-saloon, where wood products and different souvenirs are sold.



## **Social Enterprise „Peacock“**

Project aims to promote employment of people with disabilities and vulnerable groups. The enterprise is engaged in designing different types of greeting cards.



## **Social Enterprise “Tairisi”**

Improving professional skills among persons with disabilities, their family members and socially vulnerable people and promoting their employment opportunities. 10 disabled individuals aged above 14 are taking a 9-month sewing-designing courses.

# Charity projects and the sponsorship



Crystal supports different social and charity projects through partner NGOs. Annual social budget is defined as a **2%** of the company's net income.

In 2016 Crystal spent **GEL 105,000** for implementation of various social projects and initiatives in partnership with local charity organizations.



Some implemented and ongoing Social Projects:

- *Children Day Centers (in 4 locations)*
- *Humanitarian Association "Catharsis"*
- *"Monk Andrew" foundation*
- *"First Step Georgia"*
- *Social Fund "Believe"*
- *"Bridge for Social Inclusion"*
- *"National Support Fund"*
- *"Chveni Sakhli" rehabilitation center*
- International Charity Projects



# List of social and charity projects funded in 2016

<b>Project Title &amp; Short Summary</b>	<b>Partner Organization</b>	<b>Number of beneficiaries</b>
Sponsoring the annual CSR forum "Business reports to Media"	The Financial	
Financing the trainings of behavioral therapists	Bridge for Social Inclusion	4 therapists; 90 beneficiaries
Financing the service of psycho therapists for Poti Day center	Charity Fund "Believe"	10 children with disabilities
3-Day Charity dinners for elderly people	Humanitarian Union "Catharsis"	310 beneficiaries
3-Day Charity dinners for elderly people	Humanitarian Union "Catharsis"	310 beneficiaries
Transportation of volunteers who take a day care of the elder people	National Fund for support	10 volunteers; 50 beneficiaries
2 videos on financial educational campaign	"Borrow wisely" campaign	> 500 views
3-Day Charity dinners for elderly people	Humanitarian Union "Catharsis"	310 beneficiaries
Adapted Vehicle for children with disabilities	First Step Georgia	42 beneficiaries
Kitchen furniture and stationary for the Rehabilitation center	"Chveni Sakhli"	24 beneficiaries
Financing the service of speech therapist for Poti Day center	Charity Fund "Believe"	10 children with disabilities
Covering 3-month rental and utility costs	Monk Andrew Fund	50 children
Training on social entrepreneurship	Charity Fund "Believe"	70 attendees
International Donation	United Nations Foundation	
Italy earthquake relief fund	Global Giving	
Informational banners on financial educational campaign	"Borrow wisely" campaign	40 branches of Crystal
3-Day Charity dinners for elderly people	Humanitarian Union "Catharsis"	310 beneficiaries
Open Charity Day – Dinner for everyone	Humanitarian Union "Catharsis"	1500 beneficiaries
Transportation of volunteers who take a day care of the elder people	National Support Fund	70 beneficiaries
Covering 3-month utility costs for Kobuleti Children Day Center	Social Partnership Fund	20 beneficiaries

# “B+” Social Rating

Some extracts from 2014  
Social Rating Report:

*Crystal’s governance and management displays clear commitment to the mission.*

*Crystal demonstrates good level of transparency. Fair mechanisms to prevent client over-indebtedness are in place*

*Crystal’s good labor climate and adequate compensation ensures staff adherence to the company*

*Crystal carries out adequate Social and environmental initiatives*



This document certifies that MicroFinanza Rating has assigned to

**Crystal**

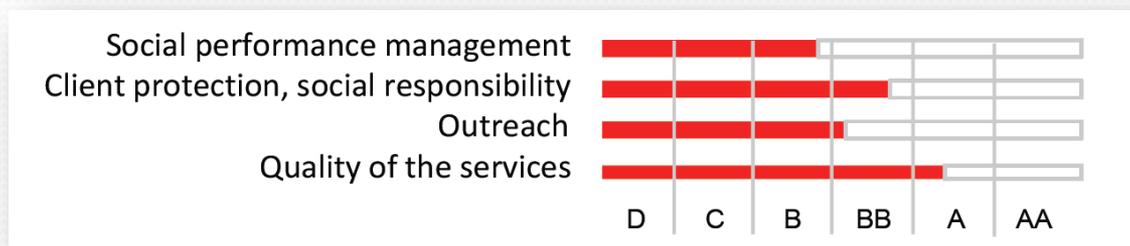
**the Social Rating grade: <sup>S</sup> B+**

rating field visit: April 14  
cut-off period for the operational data analysis: March 14

Grade	Definition
<sup>S</sup> B+	Moderate social performance management and client protection systems. Partial alignment to the social mission

Milan, July 14

Aldo Moauro  
*Aldo Moauro*  
Executive Director - MicroFinanza Rating



# S.T.A.R. Microfinance Institution

**S**ocially  
**T**ransparent  
**A**nd  
**R**esponsible

*In 2013 Crystal received  
the most prestigious  
international award in  
microfinance industry:  
„S.T.A.R. MFI 2013“  
status by MIX.*

*Up to 1,000 MFIs of the  
world were observed by  
MIX and only 3 of them  
were finally assigned  
a prestigious status of  
S.T.A.R. MFI*



## MIX S.T.A.R. MFI 2013

MIX congratulates JSC MFO Crystal for its commitment to being socially transparent and responsible. We recognize JSC MFO Crystal for completing MIX's social performance desk review process and successfully meeting all 2013 S.T.A.R. requirements.

Presented by: Mårten Leijon, CEO

On this Day: August 29, 2013

Signature: 



# Social Performance Reporting Award

In March 2012 Crystal received the highest **Platinum Level Award** by MIX for Social Performance Reporting.

Only 22 MFIs worldwide out of 460 participants received the platinum award, while others were nominated for gold and silver level awards.

Crystal was the only MFI in Georgia and Caucasus, achieving such a high recognition



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**WE DO OUR BUSINESS  
RESPONSIBLY**

Kutaisi, Georgia  
[www.crystal.ge](http://www.crystal.ge)