

CSR

REPORT

2020

JSC Microfinance Organization Micro Business Capital (MBC) is an organization operating according to modern, innovative and international standards, which aims to offer financial services affordable and tailored to small entrepreneurs and farmers, enhance access to finances and loan products and establish long-term and transparent cooperation with customers.

MBC as a financial institution bearing corporate social responsibility (CSR) is focused on contributing to Georgia's sustainable economic development. MBC believes that corporate social responsibility is a form of corporate self-regulation integrated into a business model, which is reflected in the company's core values: transparency, responsibility, partnership, ethical corporate governance and innovation.

MBC's corporate social responsibility strategy includes the following areas: environmental protection, women's social and economic empowerment, financial literacy support, labor rights, youth support, transparency and business ethics. To accelerate progress towards gender equality, MBC cooperates with the UN Women, which mobilizes private sector companies to take significant steps for women's empowerment within and outside the workplace. Through the UN Women/UN Global Compact Women's Empowerment Principles (WEPs) and the WEPs Gender Gap Analysis Tool, MBC in cooperation with UN Women ensures awareness-raising about the importance of gender equality for business performance and the importance of women's economic empowerment for the country's sustainable development. Equal pay policies, gender-sensitive recruitment practices, targeted job placement programs and the adoption of marketing practices challenging gender stereotypes are a few examples of activities to be implemented by MBC.

The company aims to provide customers with transparent and high-quality services tailored to their needs to maximize social benefits.

The biggest challenge for MBC in 2020 is COVID-19. The COVID-19 pandemic has amplified the importance of improving CSR performance. To prevent and manage the spread of coronavirus, MBC has taken significant steps to support customer and the community as well as to empower and protect its employees. Partnership projects have acquired special significance in this important process.

MPB Partners:



UN Global
Compact



UN Women



Microfinance
Centre



Smart Campaign



CSR DG



Actions Against
Hunger



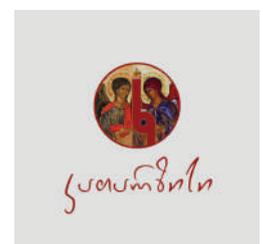
CIDA



PROBONO
Georgia



Fund Taso



Katharsis

Financial Literacy

One of the key areas of MBC's CSR is financial literacy, which has gained particular importance with regard to meeting the challenges of 2020.

Financial Advisor project is being implemented by MBC to promote financial literacy. Financial literacy of the population has become a topical issue not only in Georgia but all over the world. Financial literacy is a combination of financial knowledge, behaviors and attitudes necessary to properly assess the environment, the risks and opportunities and make sound, thoughtful, responsible and informed financial decisions. Financial literacy helps individuals to better protect their rights and achieve personal or family's financial well-being.

Financial institutions offer new and diverse services to their customers every day and people need some knowledge and experience to competently understand the products and services offered as well as to make independent and best decisions.

Young people usually cannot manage their finances rationally. Consequently, they fail to plan their life cycle and financial future. There is also a large number of unsuccessful startups. Small and medium-sized enterprises (SMEs) seen as the cornerstone for development of the country, do not develop. Rural communities also face challenges and problems. Farmers lack entrepreneurial experience and skills to develop their farms. There are many examples to prove that there is a lack of public awareness.

Therefore, the idea of Financial Advisor arose to share the team experience and knowledge with people who need it. Within the aforementioned project, the Financial Advisor team continues to provide free counseling to entrepreneurs, interested people and the sectors that have been particularly hard-hit by the pandemic. Tourism is the most affected sector. The Financial Advisor team conducted a series of trainings on financial literacy, marketing and social media for the people employed in the tourism industry and hotel and guesthouse managers.

MBC in cooperation with the National Bank of Georgia (NBG) continues introducing the content published on the website: <https://finedu.gov.ge> to the general public. FinEdu is the first Georgian educational web portal, which is fully dedicated to financial literacy and combines educational resources, such as publications and blogs, brochures, textbooks and other similar printing and supporting materials, video and audio content.

The aforementioned content is disseminated through the MBC's communication channels and interesting and perceptible visual materials are created for customer.

იცოდით, რომ...

- ⬢ 1995 წლის 25 სექტემბერს მიმოქცევაში გავიდა და 1995 წლის 2 ოქტომბერიდან საპარტიოვალის მთელს ტერიტორიაზე ერთდერით კანონიერ საგადახდელო საშუალებად გამოყვანდა საპარტიოვალის ერთვლელი ვალუტა „ლარი“.
- ⬢ ეალდღის ფულის ნიშნების სივრცის საშუალო სანერძლივობა 1-დან 5 მლამდე მერყეობს, მონეტები კი მიმოქცევაში გაცილებით დიდხანს ძლავს.
- ⬢ ეროვნული ბანკი სისტემატურად ახორციელავს სმარტინსაშის გამოუსადეგარი ბანკნოტების და მონეტების მიმოქცევიდან აღილებას და გათი ახალი ბანკნოტებით და მონეტებით ჩანაცვლებას.
- ⬢ გამოუსადეგარი ფულის ნიშნების ბანკნოტება ეროვნული ბანკის საგანს მიერ დამატებითი ნუნის შესაბამისად სდება.



MBC has become a member of the Microfinance Center (MFC) for Central and Eastern Europe. MFC is a regional microfinance resource center and network that unites 110 organizations from Europe and Central Asia including 77 microfinance institutions (MFCs) whose goal is to ensure access to finance for small entrepreneurs through responsible lending. MFC membership brings even more opportunities for MBC that we share with our customers. One of these opportunities is Borrow Wisely - an international financial and educational campaign, which aims to improve consumer financial literacy and thus, enhance the protection of their rights.

Borrow Wisely is a large-scale educational campaign launched by the International Microfinance Center (MFC) in 2014, which encompasses recommendations and questions, which clients should ask and consider before making a decision to take out a loan. As of 2020, 14 countries and 23 microfinance organizations from Europe and Central Asia are involved in the campaign.

Within the campaign MBC fully Georgianized and made available visual or textual materials created for sharing international experience with customers; moreover, informational commercials, advice posters and many interesting and essential content for financial literacy were created.

BORROW WISELY



Women's Empowerment

Increasing evidence confirms that gender equality and the United Nations Sustainable Development Goals (SDGs) cannot be achieved without women's economic empowerment. Therefore, in order to foster sustainable change and create an enabling environment for the economic empowerment of women, MBC in cooperation with UN Women Georgia has developed an action plan, which is successfully implemented. The pandemic has also given rise to threats that extend beyond the risk of infection. Epidemics and their attendant stresses have increased the risk of domestic abuse, including gender-based violence.

Cases of domestic violence has risen by a third during the ongoing COVID-19 pandemic. The number of female victims of violence has increased in almost every country.

- MBC has implemented the following projects to support such women: review of procurement policy and prioritizing female entrepreneurs who need special support. The company has purchased face masks from a female entrepreneur who is mother of many children.

- MBC together with its employees has helped a female victim of violence, a student who was abused by her father. The victim had to leave her home and found herself without any income, essential items, which were purchased by MBC and its staff.



Every year MBC joins the Global 16 Days of Activism against Gender-Based Violence Campaign implemented by the UN Women. The private sector plays a key role in combating gender-based violence. We, as the company, which has signed the Women's Empowerment Principles (WEPs) and strives for women's empowerment, understand that this goal cannot be achieved without eliminating gender-based violence.

Therefore, we are making efforts to ensure non-violent environment both inside and outside the organization, to raise awareness of this problem, to promote services against violence and to support victims of gender-based violence.

In 2020 MBC again joins the Global 16 Days of Activism against Gender-Based Violence Campaign, which kicks off on 25 November, the International Day for the Elimination of Violence against Women, and lasts for 16 days.

Employees

The basis of the company's success is its team of employees, whose daily activities are guided by internationally recognized corporate governance principles and ethical norms. The personnel management strategy is focused on a high motivation system and the promotion of healthy competition.

MBC pays special attention to creating safe work environment and protection of employees and provides environment that promotes and encourages employee development.

The company has introduced an online platform - Employee Voice, through which employees can anonymously send any note, complaint or report misconduct to the human resources department, senior managers and directors. Through this platform employees can provide recommendations or express new ideas. It provides a significant motivation for employees to work together to build a more successful company, to create a comfortable and friendly work environment where each employee will be satisfied and happy.

One of the main priorities of MBC is to take care of employee development, to encourage maximizing their potential, to identify additional needs for professional development and to create career path opportunities for career planning.

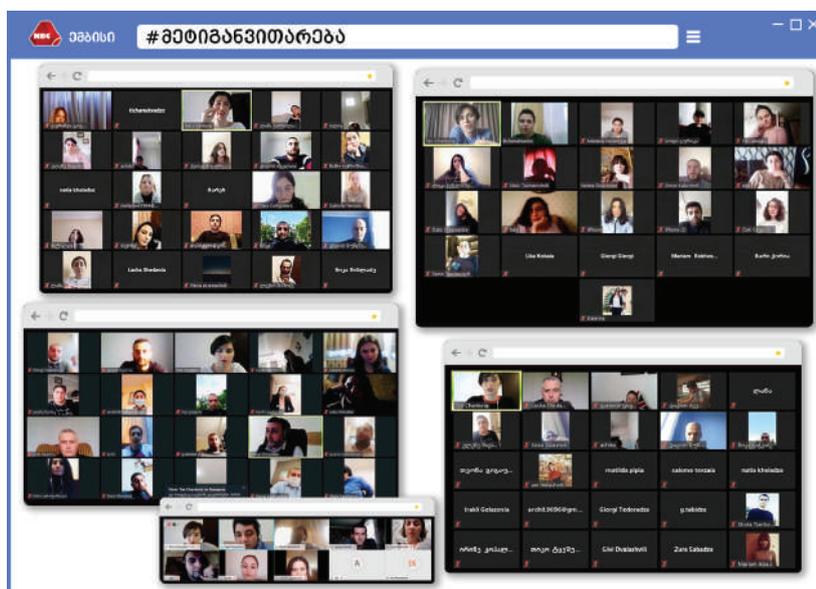
The company provides financially support for qualification raising courses and professional development trainings.

Even during the crisis caused by the pandemic, employees represent the core value for the company whose main goal is taking care of them. First of all, this was reflected in 100% of the job retention and payment of full wages to employees, caring about employee safety and ensuring their continuous development.

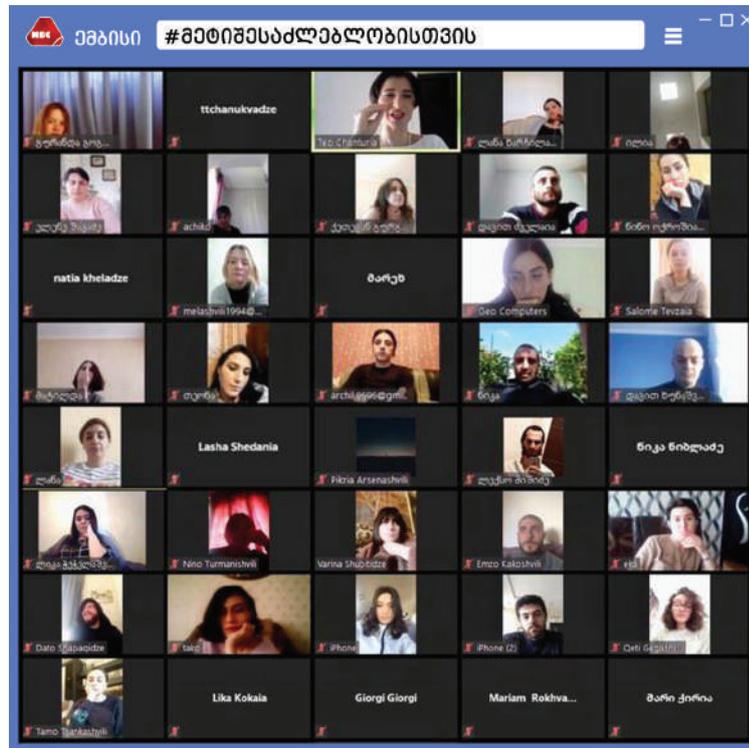
A large-scale "in-house online training series" was initiated by the Credit Department of MBC and involved almost all employees of the company.

The aim of the project was to handle the crisis situation caused by the pandemic, to discover new opportunities and to transform them into advantages. According to the topics the trainings included several topical areas:

- Processing of loan products;
- Sales scripts;
- Effective communication;
- Motivation - a tool for setting and achieving goals, and also
- The Talk project whose purpose was to provide employees with up-to-date information on ongoing processes, to ensure stress management and to improve team building.



In addition to the professional trainings, the employees of MBC's Operations Department took the initiative and began conducting a series of employee motivation trainings and workshops, which had a positive impact on the company's team.



Employee Assistance Fund (EAF) and Kindness is Contagious project



At the initiative of the employees, a corporate social responsibility project "Kindness is Contagious" was developed. Employees decided to donate straight from their wages to support others during the COVID-19 pandemic. The same amount was added to the fund by MBC. The collected resources were used to implement the following projects:

- Provision of funding and internet access to five adolescents from the village of Jvari, located on the banks of the Enguri River where more than half of the population is displaced from Abkhazia as well as from the villages of Shuapkho, Ukana Pshavi commune, Anaklia and villages of Gori adjacent to the occupation line. Funds were allocated to help the elderly and purchase the medicines and food products necessary for them.

- The fund helped a female victim of violence. Her rent was paid and emergency and essential items and products were purchased for her.

Due to the situation in the country, MBC decided to set a grace period for all customers whose income has been negatively affected by the COVID-19 pandemic. The grace period applied to the loan principal and the interest rate.

Customers received detailed information about the loan obligations during the grace period. MBC employees worked diligently with the customers and did their best to help them.

Communication with each customer and the necessary procedures were carried out remotely without visiting the MFO's service centers.

MBC always cares about customers. For us, as a company with high social responsibility, customer well-being has been and will always be a top priority.

Youth Support

MBC, as a financial institution bearing corporate social responsibility, is focused on promoting education and supporting young people. It is especially important for us to ensure youth economic empowerment of the economy of young people and help them realize their potential. This strategic direction is in line with the UN Sustainable Development Goals 4, 5, 8, 9 and 10.

A mismatch between the skill supply and skill demand is one of the main reasons for the high unemployment rate. In this regard, the system of job forecasting and career guidance requires improvement. The Human Resources Department of MBC is actively involved in this process, which provides free counseling to young people and social enterprises within the Financial Advisor project.

It is also necessary to improve the quality of formal and non-formal and vocational education, which will significantly reduce the labor market imbalance. In this area MBC regularly conducts trainings for interns and interested young people, also for startup entrepreneurs who want to benefit from the company's products.

To better integrate young people into the labor market, it is essential to assist them with education-to-work transition. To this end, effective measures taken by us are improvement of our internship programs, implementation of modern assessment methods and active cooperation with the United Nations Global Compact Network and the UN Women. We also support the implementation of alternative and innovative initiatives for young people - especially vulnerable groups - to create jobs specifically for them.

