



2023



MBC SUSTAINABILITY REPORT



Contents

1. INTRODUCTION	3
2. CEO LETTER	5
3. COO LETTER	7
4. KEY FINANCIAL AND OPERATONAL INDICATORS	10
5. STAKEHOLDER ENGAGEMENT	12
6. CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS	14
7. CORPORATE SUSTAINABILITY AWARDS AND RECOGNITION	16
8. CORPORATE SUSTAINABILITY STRATEGY	21
9. ETHICAL and SUSTAINABLE CORPORATE GOVERNANCE	23
10. OUR TEAM	27
11. RESPONSIBILITY TOWARDS CUSTOMERS	36
12. SUPPORTING SOCIETY	42
13. ENVIRONMENTAL RESPONSIBILITY	49



The report includes details regarding the non-financial activities of the microfinance organization "Micro Business Capital" (hereinafter referred to as – MBC).

The objective of this report is to provide information to all interested parties regarding the impacts of MBC's activities on society, the environment, employees, and customers.

REPORTING PERIOD

This report covers January 1st to December 31, 2023. However, some numbers and narrative sections of the document may include data for 2022.

THE TARGET AUDIENCE

The report is for MBC's stakeholders who wish to learn about the company's sustainability efforts in 2023.

REPORTING FRAMEWORK

In preparing the report, several international standards were considered. Particularly:

- Global Reporting Initiative's (GRI) Sustainability Reporting Standards;
- The Ten Principles of the UN Global Compact;
- The Universal Standards for Social and Environmental Performance Management ("the Universal Standards")



ABOUT US

Micro Business Capital (MBC) is one of the leading microfinance organizations in Georgia and is currently represented by 17 service centers in 8 regions of Georgia.

The company manages a total loan portfolio of GEL 105.6 million and has 237 employees as of 2023.

The organization strives to create opportunities for the development of small entrepreneurship and farming, and in this way to promote the financial stability of micro-businesses and contribute to sustainable economic development of the country. Throughout its existence, MBC has served more than 142,000 unique customers and offered services based on responsible lending principles following international standards.

Establishing long-term and transparent relations with customers is MBC's main priority.

The MBC has been recognized for its sustainable practices in a number of corporate sustainability awards in 2023.

Among the important events is the placing of GEL 15 million two-year bonds of MBC on the Georgian Stock Exchange in 2022. Such recognition deservedly places MBC next to successful companies and demonstrates its readiness to move to a new stage of development by obtaining the status of a Micro Bank.



17

SERVICE CENTERS

8 REGIONS OF GEORGIA

105.6

MILLION

TOTAL LOAN PORTFOLIO

237

EMPLOYEES

2023 YEAR

142K

CUSTOMERS

THROUGHOUT MBC'S EXISTENCE

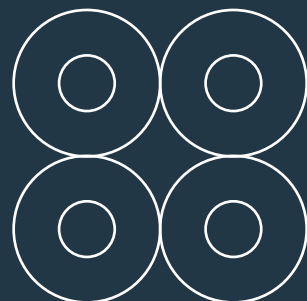
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MILLION

2022 GEORGIAN STOCK EXCHANGE



CEO LETTER





GIA PETRIASHVILI
CEO

Dear Ladies and Gentlemen,

At MBC, we believe that corporate sustainability is an integral part of our business operations. As a company, we recognize the importance of enhancing our positive impact on society, the environment, and the economy.

It is my pleasure to present the MBC's Sustainability Report 2023, which provides information on the company's activities and efforts related to corporate responsibility and sustainability.

2023 was a jubilee year for MBC. The company has turned 10 years old, and I am especially proud of the fact that we celebrated this date with success and, most importantly, with ambitious future plans. The main novelty of the year was that MBC is the first microfinance organization in the Georgian market, which applied to the National Bank of Georgia for a Micro Bank license.

We achieved significant recognition in the area of corporate responsibility and sustainability in 2023. In particular, MBC was awarded the Meliora 2022 Grand Prix, in the category of the "Responsible Small and Medium-sized Company of the Year".

Moreover, last year, for the third time in a row, the company has won the Best Annual Report and Transparency Honorary Award – BARTA. Among the awards received by MBC in 2023, the Corporate Sustainability Award in the small and medium business category deserves special attention. In addition, COO of MBC became the winner of the local and global rounds of the United Nations Global Compact SDG Pioneer.

I would like to emphasize that since MBC was founded, its activities have been based on high ethical standards and a strong organizational culture. During the past 10 years, we have taken a number of important steps towards improving social, environmental, and governance issues. It is also important for MBC to promote financial education - especially the education of the younger generation, for which the company has implemented a number of interesting initiatives in 2023. I would also like to highlight that MBC is committed to the women empowerment principles and is actively working to promote women's economic empowerment. This is evidenced by the fact that up to 30% of the company's business-agri loans portfolio are women. As for the MBC team, more than 60% of employees in the company are women, and the mentioned statistics are almost similar in middle and higher management as well.

I would like to express my gratitude to the MBC team in particular. Having a significant role in the success of the company, it is capable of handling any challenge that may arise. It is our policy to promote equal opportunity among all employees and to maintain a discrimination-free, fair, and safe working environment. In addition, we provide each member of our team with a variety of career and professional development opportunities.

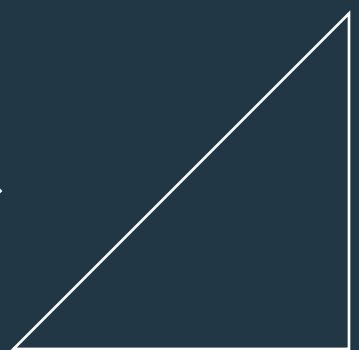
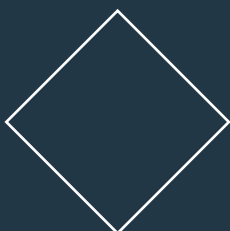
I am confident that the process of transforming MBC into a bank in 2024 will be successful. While the transformation is underway, we intend to further strengthen activities in the direction of corporate sustainability. Our efforts will also include the management of environmental, social, and governance (ESG) risks.

I would like to thank all MBC employees. The fact that the company is among the market leaders today and moreover, has ambitions to move to a new level of development, is their merit indeed.

The plans of the company are quite ambitious. However, I believe that by the end of the 2024 year, our team members will congratulate each other on great success.

GIA PETRIASHVILI
CEO

COO LETTER





ETO CHACHIBAIA
COO

It is my pleasure to present the MBC's Sustainability Report 2023, in which we would like to share the company's approach and significant achievements in the areas of governance, social, and environmental sustainability.

In MBC, we recognize that managing business in a sustainable and responsible manner, building business relationships based on mutual responsibility with all stakeholders - employees, customers, partners, society - is of critical importance. Consequently, we aim to maintain a sustainable organizational culture at all levels of the organization and, most importantly, to constantly improve it.

MBC's Sustainability Report 2023 describes the company's activities in the following areas: ethical and sustainable corporate governance, employee care, responsibility towards customers, environmental protection and community support. Furthermore, the report provides information regarding key stakeholders and communication with them.

At MBC, we believe that every member of our team is equally valuable - regardless of age, disability, gender, marital status, gender identity, nationality, religion, or other similar characteristics. As a company, we value diversity and strive to create an environment where employees have equal opportunities and

are protected from discrimination. I would like to proudly state, that more than 60% of MBC employees are female, and the ratio of women to men in management is equal, with 3 out of 5 directors being female. As part of our continuous commitment to employee development and career advancement, MBC plans and implements a variety of training programs and systematically implements them.

As a company, we place a high value on our responsibility towards our customers, which includes providing a transparent, reasonable and high-quality financial services to them. There are primarily three directions in this regard: responsible marketing and communication based on universally recognized ethical standards and in full compliance with all laws and regulations, protection of consumer rights, which is ensured by the system of receiving and reviewing complaints implemented in the company and a system that operates on ethical, high responsibility principles for evaluating borrower/co-borrower solvency and credit risks.

MBC has implemented a number of initiatives in the environmental direction both inside and outside the company and has also managed its impact on the environment. The direct impact of MBC on the environment can be attributed to its use of energy, water, resources and waste.

Georgia, as well as the rest of the world, is currently facing a number of challenges. Each sector has an important role to play in the process of addressing the challenges mentioned above. As a result, MBC continuously implements a variety of initiatives and projects in order to contribute to the welfare of society. In terms of financial education support, we are very proud of the project that has been carried out for several years, including the active participation of team members in the process of conducting financial lessons for schoolchildren. Furthermore, MBC team members are regularly involved in corporate volunteering and 2023 was no exception. We provided pro bono support to several civil organizations and social enterprises during this period.

Here, I would like to draw attention to a new initiative of MBC. In 2022, the company officially became an investor (financial and non-financial supporter) in the first impact fund in Georgia - "Action" and will make a significant contribution to the strengthening of social enterprises in the following five years.

Implementing the above-mentioned efforts would be difficult without the support of our partners. I'd like to thank them for their reliable and productive cooperation. I believe that working together will help us strengthen each other and accomplish better results.

In terms of corporate sustainability awards, 2023 was particularly noteworthy for MBC. In particular, last year the company was awarded the Meliora 2022 Grand Prix, in the category of the "Responsible Small and Medium-sized Company of the Year". Furthermore, for the third time in a row, the company has won the Best Annual Report and Transparency Honorary Award – BARTA. Among the awards received by MBC in 2023, the Corporate Sustainability Award in the small and medium business category deserves special attention. In

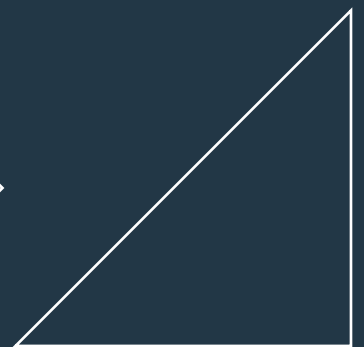
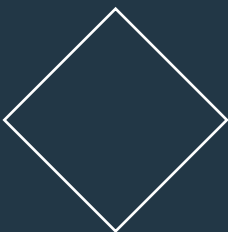
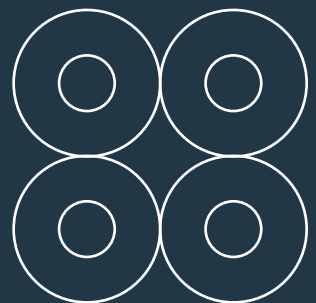
addition, on behalf of the company, I won the United Nations Global Compact Network - SDG Pioneer competition at both the local and global levels. I believe that receiving recognition not just within the country, but also overseas, confirms the fact that the company's chosen course is correct. As a result, we desire to keep pursuing even greater efforts toward corporate sustainability.

In 2024, we are preparing for a key milestone: acquiring a Micro Bank license. I believe we are about to start on a very interesting and tough adventure. We intend to make big changes in the direction of corporate sustainability and ESG risks, and I am confident that this journey will be successful and impressive.

ETO CHACHIBAIA
COO



KEY FINANCIAL AND OPERATONAL INDICATORS



TOTAL ASSETS (+6%)

₪117 MILLION

TOTAL LOANS (+13%)

₪105.6 MILLION

NET PROFIT (+209%)

₪2 MILLION

TOTAL CAPITAL (+3%)

₪20.6 MILLION

ROE

10%

ROA

1.8%

FUNDS BORROWED FROM
FINANCIAL ORGANIZATIONS (+8%)

₪77.1 MILLION

NUMBER OF PARTNER
FINANCIAL INSTITUTIONS

11

NUMBER OF BRANCHES

17

NUMBER OF EMPLOYEES

237

NUMBER OF CUSTOMERS (+12%)

60.949

EMPLOYEE
SATISFACTION INDEX

79%

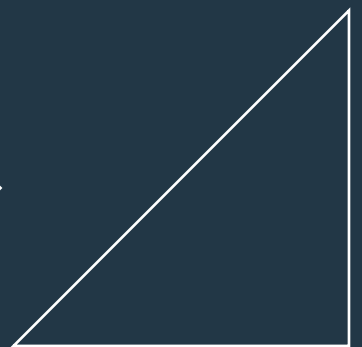
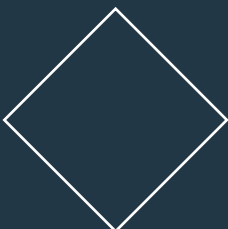
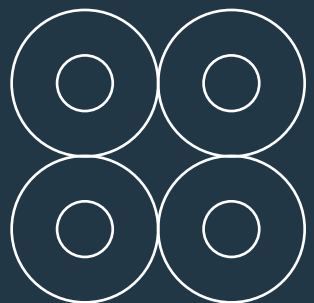
CUSTOMER SATISFACTION
INDEX

84%

CUSTOMER
LOYALTY INDEX

86%

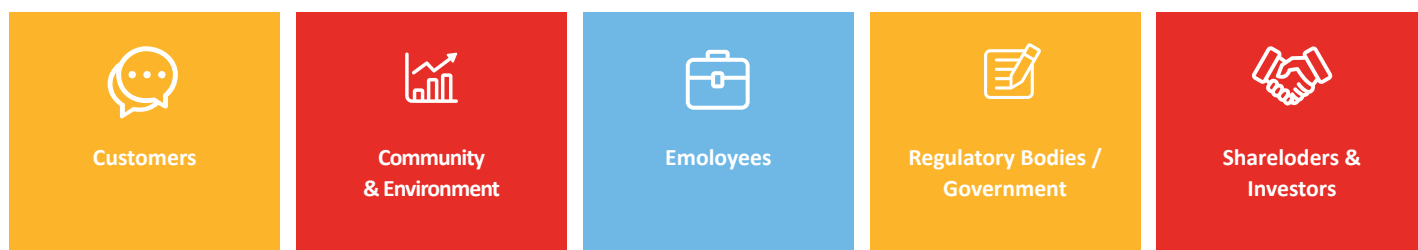
STAKEHOLDER ENGAGEMENT



MBC continues to engage with both internal and external stakeholders. In order to meet the company's needs and expectations, the communication process is constantly improved.

Communication with interested parties is conducted through a variety of channels. Obtaining information and feedback as a result of communication helps the company to improve business activities and services - thereby strengthening relationships with its partners.

Stakeholders:



In 2023, the company continued to engage stakeholders. In the table below, information is provided regarding each party's involvement.

Communication of sustainability activities is conducted both within the organization - with employees, and with external stakeholders. Employees are communicated via internal channels, including e-mail, Facebook groups, group meetings and annual reports. A variety of channels are used to communicate with external stakeholders, including: sustainability report, an annual report, company's official Facebook and other social media pages, official website, face-to-face meetings, the media channels and others.

Stakeholders	Company's Engagement
Customers	• Meeting customer needs and improving products and services based on constant communication; • Net Promoter Score (NPS); • Protection of consumer rights; • Responsible lending; • Provision of unmistakable, clear, and complete information about the conditions of financial products and services to the client in a timely manner.
Employees	• Protection of human rights; • Protection of labour rights; • Eliminating discrimination and supporting diversity in the workplace; • Gender Equality; • Decent working conditions;
Shareholders/Investors	• Disclosing reliable and timely information about the company; • Shareholders' meeting (once a year, plus as needed); • Increasing the value of the company; • Managing social and environmental impacts. • Annual Report / Sustainability Report (once a year); • Quarterly Report (4 times a year);
Regulator/Government	• Constant engagement and ongoing communication; • Compliance with laws and regulations; • Prevention and elimination of corruption; • Promotion of financial literacy; • Payment of taxes;
Community & Environment (Civil society, international organizations, etc.)	• Publishing reliable and timely information about the company's activities; • Transparency and accountability; • Cooperation to solve the problems facing the society (environmental, social, economic); • Protection of human rights; • Managing social and environmental impacts;



CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS



The Sustainable Development Goals (SDGs), also known as the Global Goals is a set of 17 goals and 169 indicators, adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. UN member states, including Georgia, agree to implement the mentioned goals and develop ways to achieve them for more sustainable future.

As a highly responsible financial institution, MBC is committed to the achievement of sustainable development goals. By incorporating social, economic, and environmental factors into our activities, company aims to contribute to sustainable development and continuously improve its performance:

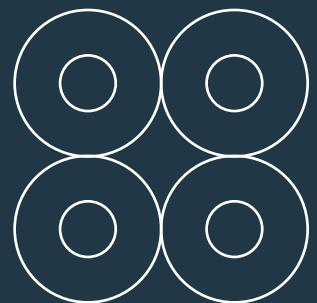
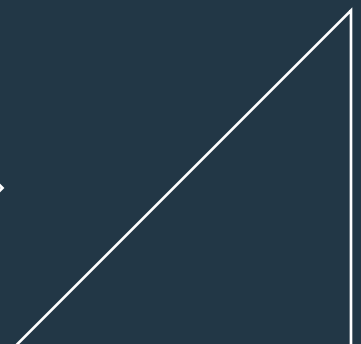


PARTNERS

The MBC is an active member of local and international organizations that promote corporate responsibility and sustainability. These are: Global Compact Network Georgia, Georgian Pro Bono Network, UN Women Georgia, Client Protection Pathway. Moreover, the company supports international and local organizations that assist vulnerable groups of society.



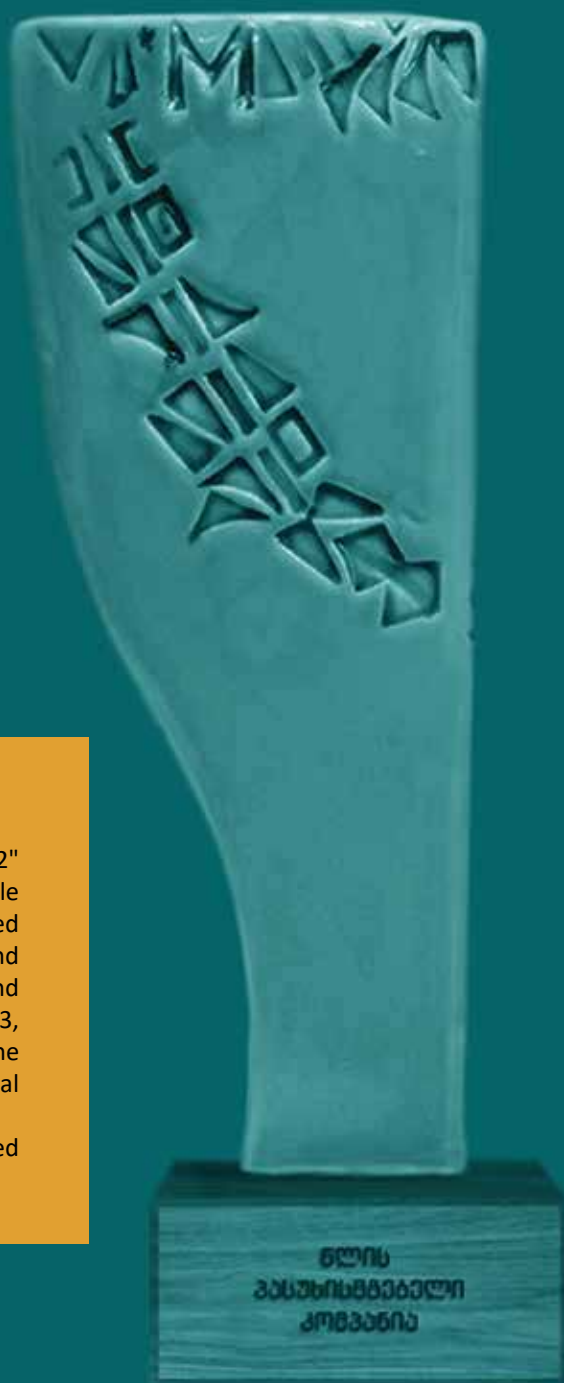
CORPORATE SUSTAINABILITY AWARDS AND RECOGNITION



For MBC, 2023 proved to be an extraordinarily fruitful year. The company has received several significant awards in the area of corporate sustainability. Specifically:

M meliora

Responsible Business Award
"Meliora 2022" Winner



Georgia's Responsible Business Award – MELIORA

MBC was selected as the grand prix winner of the "Meliora 2022" Georgia's Responsible Business Award in the category "Responsible Small and Medium-Sized Company of the Year". The company received the title of winner for implementing significant initiatives and approaches, including responsibility towards the employees and customers, environmental protection and supporting society. In 2023, Georgia's Responsible Business Award MELIORA was presented for the fourth time. The objective of the contest is to advance corporate social responsibility in Georgia and in society at large. Traditionally, top Georgian and international professionals have served up the jury for Meliora 2022.



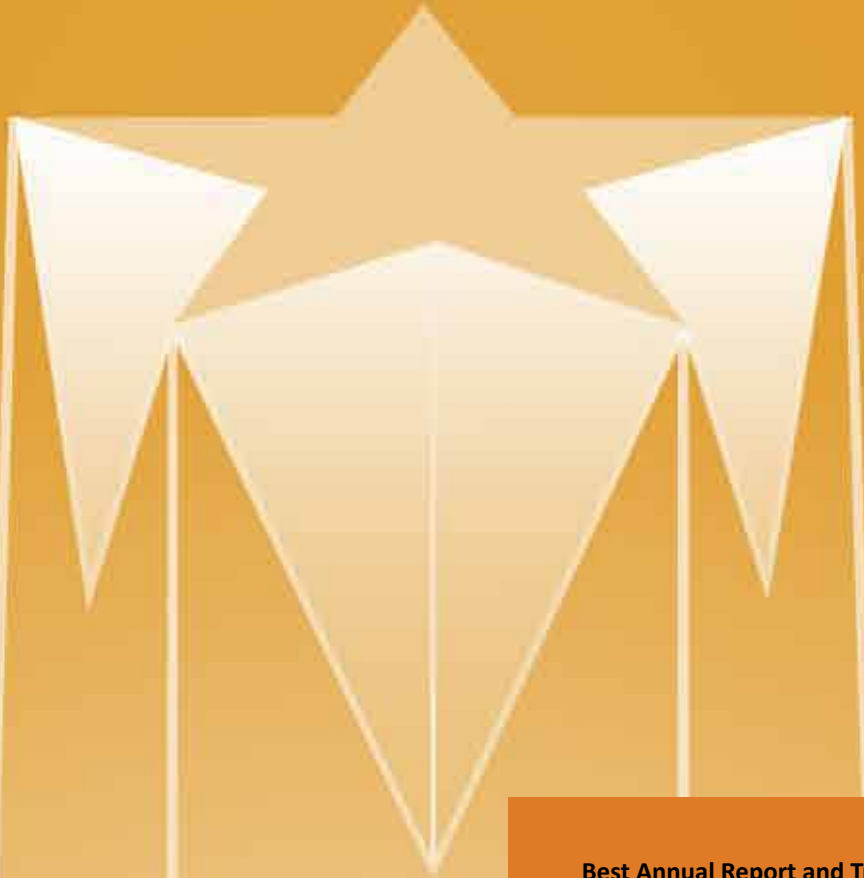
U N Global Compact Award – SDG Pioneer

Eto Chachibaia, COO of MBC, has been recognized a 2023 SDG Pioneer of the UN Global Compact's Georgia Network. For the first time, winners were declared in two categories in 2023: large local or foreign corporations and small and medium-sized businesses.

Under Eto Chachibaia's leadership, the company actively incorporates sustainable development goals into its operations and works persistently to support the agenda, while taking social, economic and environmental aspects into consideration.

Together with representatives of local networks from other countries, Eto Chachibaia participated in the SDG Pioneer Global Round after winning the local competition. The global winners of the SDG Pioneers award were revealed on September 19, 2023, during the UN Global Compact Leaders' Summit in New York. Eto Chachibaia became the first Georgian to be recognized as a 2023 Global SDG Pioneer after winning the competition's global round.

SDG Pioneers are business professionals who, by their work in their companies, strive to advance and execute the UN Sustainable Development Goals.

**B | A | R | T | A****Winner of Best Annual Report
and Transparency Award****Best Annual Report and Transparency Award - BARTA 2023**

MBC received the honorable prize for the Best Annual Report and Transparency Award – BARTA in 2023. The company was nominated for this award among small and medium-sized businesses for the third consecutive year.

The Best Annual Report and Transparency Award (BARTA) is intended to encourage compliance with new reporting regulations, foster healthy competition between companies, and improve the overall standard of corporate reporting as part of the country's quest to build up investor trust and confidence at local and international levels.

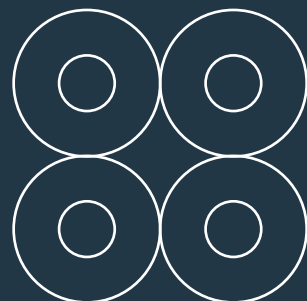
UN Global Compact Corporate Sustainability Award

As part of the nomination for SDG4 (Quality Education), MBC has been awarded the 2023 Corporate Sustainability Award by the UN Global Compact Network Georgia in the SME category. The company received the award based on the implementation of the project "Promotion of financial education among young people".

Corporate Sustainability Award 2023 was held for the seventh time in Georgia this year with the initiative of the UN Global Compact Network Georgia, with the funding from the Sweden and the USAID Civil Society Engagement Program. The award aims to develop the standards of corporate responsibility in the country and to encourage business involvement in the implementation of Sustainable Development Agenda.



CORPORATE SUSTAINABILITY STRATEGY



Sustainability is an integral part of MBC's business strategy and is reflected in the company's core values: transparency, responsibility, partnership, ethical corporate management, innovation. As a company, MBC constantly strives to improve its achievements in the mentioned direction, as we believe that it is our duty to contribute to the well-being of the society and to the protection of the environment.

It is important for the company to consider the impact it has on society, the environment, employees, partners, and other interested parties in order to reduce the negative impact and increase the positive one.



MBC's corporate sustainability encompasses a number of strategic and important directions. A review of the above directions is conducted periodically in accordance with the expectations of the company's stakeholders and the requirements of the sector in general. Based on the most recent strategy revision process in 2022, the following directions were identified:



**Ethical and
Sustainable
Governance**



**Responsibility
towards
Employees**



**Responsibility
towards
Customers**



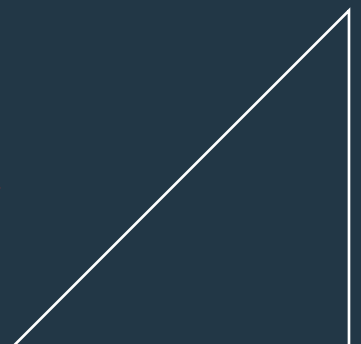
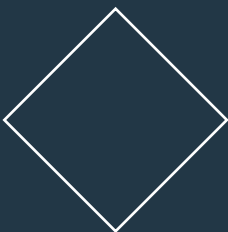
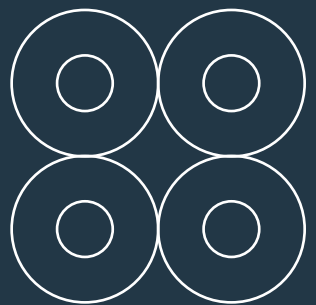
**Supporting
Society**



**Environmental
Responsibility**



ETHICAL AND SUSTAINABLE CORPORATE GOVERNANCE

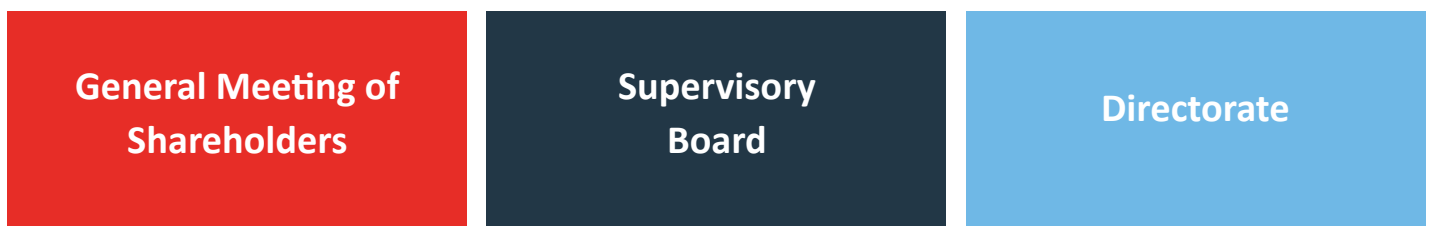


Corporate Management

Corporate management of MBC as a joint-stock company complies with international standards, principles and best practices. The company has a clearly defined organizational structure that ensures the definition of responsibilities, proper delegation of accountability and authority, sound administration, effective risk identification, management and reporting, adequate internal control, financial planning and reporting, and appropriate policies and procedures.

For the stable functioning of the company management, the power is strictly divided between the supervisory, executive and controlling bodies, functions of which fully ensure the management of the company and are not duplicated.

Management bodies of the company are:



General Meeting of Shareholders is the highest governing body of the company. The rights of shareholders are determined by the Charter of MBC and are regulated under the legislation of Georgia. The activities of the company are supervised by the Supervisory Board, which is elected by the General Meeting of Shareholders. Board is entitled to make decisions on the strategic directions of the company development, direct the activities of the executive bodies and is accountable to the General Meeting of Shareholders.

[A detailed description of MBC's management structure can be found in the company's 2023 annual report.](#)

ORGANIZATIONAL STRUCTURE AND KEY PRINCIPLES OF RISK MANAGEMENT

All employees of the company are involved in the risk management process, which is the most important part of the risk management system and promotes the sustainability of the company. Each structural unit has a clearly defined role and responsibility in risk management, which ensures the effectiveness of processes. Risk management is implemented within the framework of a unified risk management system, the goals of which are:

- Timely identification of existing risks and threats;
- Prevention of possible losses;
- Effective management of incurred incidents;
- Promoting the achievement of goals of the company;
- Improvement of control;
- Increase the efficiency of operations;
- Promotion of the organization's sustainability;
- Ensuring compliance with regulatory requirements and international standards.

The organizational structure of the company provides for adequate supervision, accountability and distinguished division of duties. The highest risk management body is the Supervisory Board, which defines the strategy of the company and supervises the fulfillment of the goals set out therein, as for the Directorate, it participates in the management of day to day processes of MBC.

The management of individual risks on a day to day basis is carried out according to the principle of "Three Lines of Defense", which ensures the separation of obligations and responsibilities in order to achieve efficient overall risk management, which in turn contributes to the reinforcement of internal control framework of the company. A three-line defense approach separates ownership/risk management from the functions that carry out overseeing risks and implementation of independent audits:

**BUSINESS
LINE**
**SECOND LINE
OF DEFENSE**
**THIRD LINE
OF DEFENSE**

Business line - Structural units of MBC that own and manage risk.

Second line of defense - This is independent of the first line of defense and monitors the risk-taking process by the company, and assesses risks and related issues independently of the business line.

Third line of defense - Internal audit is the third line of defense in the company. Internal audit is independent of the first and second lines of defense and its main function is to assess the consistency and efficiency of the internal control system of the company, the first and second lines of defense and the overall risk management framework.

RISK MANAGEMENT

The Supervisory Board of the company determines the risk appetite of MBC. When developing risk appetite, strategy, capital, financial plans, and reimbursing practices of the company are considered.

Risk appetite envisages all material risks related to products, activities, processes, systems, operations, strategy of the company, and defines both quantitative and qualitative indicators/measures, employing which the compliance of activities carried out with the strategy of the company is evaluated within the framework of risk appetite.

Risk appetite establishes quantitative and qualitative risk indicators, both at the individual and aggregate level, and their permissible limits, according to which the company should conduct its business activities and which MBC can take with existing capital, risk management and control mechanisms, considering the determined strategy and limits, which is imposed by shareholders, creditors, regulating and other stakeholders.

The risk appetite framework includes risk evaluation and management for all material risks, which ensures timely risk detection, information dissemination and planning of appropriate activities before the risk occurs.

Risk appetite is calculated for short-term, medium-term and long-term perspectives of the company. When it is drafted, the competitive environment, supervisory visions, long-term interests of MBC, the overall risk position of the organization, company size, complexity and risk profile are considered.

Based on risk appetite, detailed instructions and procedures are developed in the company, that are related to risk management activities, which define risk management standards and criteria, and the powers and duties of employees, in order to ensure effective risk management of the company.

Also, the effective risk management process includes risk identification, assessment, determination of the desired level, monitoring and implementation of risk mitigation actions, in case it exceeds the limits established by the company.



SUSTAINABILITY MANAGEMENT

At MBC, corporate responsibility and sustainability issues are effectively managed by the Operations Department, specifically the Corporate Responsibility Manager, who reports directly to the Operations Director.

The manager is responsible for developing, implementing, and managing the company's corporate sustainability strategy, relevant approaches, and policies. In addition, it is responsible for preparing and submitting sustainability reports to both the Supervisory Board and the Directorate, as well as to the company's stakeholders in general.

In line with the strategic plan of MBC and the acceptance of the micro-bank license, it is planned to refine and improve the activities in the direction of sustainable management. In particular, the company intends to develop an ESG policy, establish ESG risk management frameworks, and integrate them into the existing risk framework by taking into account environmental, social, and governance factors. In addition, a relevant committee will be formed to discuss ESG and sustainability issues related to the company. The management of MBC is guided by laws and regulations as well as high ethical principles that the company has developed and announced.



CODE OF ETHICS

Since its foundation, the company has developed a code of ethics, which defines its values and norms, on which all its activities are based. A code of ethics is intended to implement corporate behavior and international standards in the business activities of the company, which means complying with generally recognized moral rules and ethical norms.

Each employee of the company is expected to consider and observe the principles contained in the Code, and their violation is monitored by the organization.

All employees of the company have access to the Code of Ethics through the company's internal network. Additionally, all new employees are introduced to the document as part of onboarding. The company intends to make it available on the official website of the company to external stakeholders.

POLICY TO COMBAT FINANCIAL CRIME AND MONEY LAUNDERING

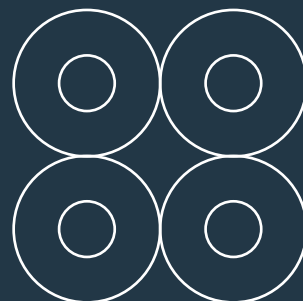
In accordance with Georgian legislation and regulations, MBC promotes the prevention of money laundering and terrorist financing in the company's activities. For this reason, company have introduced the policy of preventing money laundering and terrorism financing. A policy serves as a framework for identifying, analyzing, managing, and reducing the risks associated with money laundering and terrorism in the company.

All employees are required to undergo money laundering training within the first three months of their employment. Furthermore, employees of the company, whose duties include establishing business relationships, managing payment operations, assessing credit risk or implementing compliance controls get face-to-face training every year.

The prevention of money laundering and terrorism financing also plays significant role to achieve sustainable development goals. Specifically, MBC contributes to the achievement of Goal 16, Task 16.4 by implementing appropriate policies and preventing money laundering and terrorism financing.



OUR TEAM





One of the most important pillars of the success and sustainability of MBC is the people who work in the company. A key focus of the company is the attraction and retention of talented employees, their continuous support, and their development as individuals and as professionals. MBC strives to create a safe, equitable, non-discriminatory working environment, a gender-balanced workspace and support the empowerment of women.

The employees of MBC actively support the company's values, particularly when it comes to corporate sustainability. The support they provide not only helps the company to achieve its goals, but also helps to achieve a positive impact on society and the country as a whole.

The MBC is represented by 17 service centers across the country. As of the end of 2023, the company employed 237 employees, 64% of whom were women. In terms of managerial positions, women accounted for 54% of the total, while in terms of company management, they accounted for 60%. A combination of experienced professionals and newer employees makes up the MBC team. As mentioned earlier, the company is committed to attracting and retaining the best talent.

237

NUMBER OF
EMPLOYEES

64%

NUMBER OF EMPLOYEES
SHARE OF
FEMALE EMPLOYEES

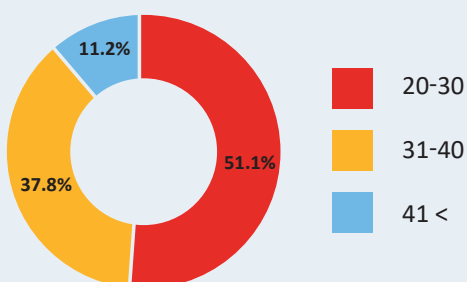
54%

SHARE OF WOMEN
IN MANAGERIAL
POSITIONS

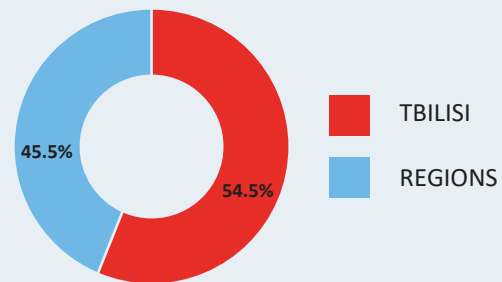
60%

SHARE OF
WOMEN
IN MANAGEMENT

**BREAKDOWN OF EMPLOYEE CATEGORIES
BY AGE**



**BREAKDOWN OF EMPLOYEE CATEGORIES
BY LOCATION**



Management Approach

Managing MBC team is guided by relevant policies and instructions, whose purpose is to effectively manage relations between employees and achieve the company's long-term goals. A variety of issues are addressed in relevant documents, such as the hiring of employees, remuneration terms, use of vacation leave, co-financing of trainings and rules of conduct in the workplace. Managing employee-related issues falls under the responsibility of the Human Capital Management and Corporate Sustainability Unit, which reports to the Chief Operating Officer.

MBC's employee management process is fully compliant with Georgian legislation and reflects the expectations and interests of its stakeholders.

In order to further refine and improve the human capital management process, the company intends to develop a number of additional policy documents by 2024. Further, it is planned to introduce a new human resources management system (HRMS) in 2024 in order to improve the employee experience. This program will assist the company in simplifying and improving the human capital administration process (recording working hours, confirming leave requests, confirming labor contracts electronically, etc) as well as in improving the production of HR analytics.



Managing Complaints

For every employee the company seeks to establish an ethical and transparent workplace. The company has put in place an online platform called "WeShare" that allows staff members to communicate their opinions, complaints and claims with management anonymously or by publishing their identities.



The system is based on the following principles:

- **Confidentiality and security:** Whenever an employee files a complaint, the company ensures that the employee's confidentiality and anonymity are protected as much as possible;
- **Fair investigation process:** by responding in a timely and accurate manner, the company ensures an unbiased and fair investigation process and appropriate decisions;
- **Ethics** - MBC strives to create an internal culture where ethical behavior is valued. Whenever team members express their opinions and concerns, whether through WeShare or another means, they contribute to the upholding of company values, compliance with laws and regulations, and building stakeholder trust. A training program is conducted periodically for employees on the rules for using the platform. Also, as part of the onboarding process, all employees are also informed about WeShare.

Trainings and Development

Taking care of employee training and development is a priority at MBC. The company supports the professional development of all members of the team. In accordance with employee needs, relevant trainings are planned, including both internal and external trainings. In 2023, the MBC continued to offer online trainings aimed at deepening the professional knowledge needed by service center employees.

More than 200 employees have completed the online training program on the following topics:

- Processing of products;
- Scripts for sales;
- Credit/operational risks;
- Sales techniques;



By supporting various initiatives, MBC strives to increase employees' awareness of corporate sustainability issues and promote sustainable development goals within the organization. MBC employees attended a number of conferences and training programs in 2023, where they were able to learn about sustainable approaches and business models and share their experiences.

International Conference - Uniting Business Europe



On October 9, the UN Global Compact, the Georgian Network and other European local networks collaborated to host the first ever international conference "Uniting Business Europe" in Georgia.

As part of the conference, Nino Devdariani, Chief Risk Officer at MBC, participated in a panel discussion entitled "Working with Supply Chains to promote SME sustainability." Nino discussed the vital role small and medium-sized enterprises play in achieving sustainable development goals in particular.

UN Accelerator Program - SDG Innovation



The MBC team participated in the UN Global Compact Innovation Accelerator Program in 2023. #SDGIInnovation Accelerator for Young Innovators is a program created for members of the UN Global Compact Network Georgia and is being held in Georgia for the first time. The aim of the program is to help young professionals effectively implement business innovation and sustainable development goals. Employees of MBC, along with a mentor, developed an innovative project aimed at empowering and supporting female entrepreneurs. MBC team was represented by: Gvantsa Patsatsia - corporate responsibility and communications manager, Natia Bitarova - marketing specialist, Rusudan Macharashvili - lawyer.

UN Global Compact Leaders' Summit 2023



UN Leaders Summit 2023



Gvantsa Patsatsia, MBC's corporate responsibility and communications manager, participated in the panel discussions at the UN Global Compact Leaders' Summit on September 19.

The panel included business executives from different nations who presented novel ideas to the public in order to achieve sustainable development goals. These projects were created within the scope of the United Nations Global Compact's SDG Innovation Acceleration Program, in which the MBC team was also engaged.

Each year, the UN Leaders' Summit is held in New York City, USA, bringing together business leaders, UN officials, government representatives and civil society professionals.

Corporate Sustainability Academy



MBC's Human Resources Management Specialist - Nino Avaliani has successfully completed the Corporate Sustainability Academy course of the UN Global Compact Georgia Network. During the course, Nino gained an understanding of sustainable corporate governance and ethical standards, which will allow him to contribute to the introduction of responsible business practices within the company in the future.

"Corporate Sustainability Academy's certificate course on sustainable development goals helps us better assess the current challenges and introduce corporate sustainability in our organization."

NINO AVALIANI

HR Specialist

Diversity, Equity and Inclusion



MBC supports gender equality, employee diversity, and women empowerment. As part of its gender equality policy, the company promotes women to management positions and provides equal pay for equal work. Since 2019, MBC has been signatory to the Women's Empowerment Principles (WEPs). In collaboration with the United Nations Women's Organization, the company has developed an action plan that guides its daily operations.

As part of its corporate culture, the company promotes and supports the principles of equal opportunity and diversity both within and outside the organization. The company is always ready to share its experience with other businesses and contribute to various initiatives that promote these topics.

On July 12, 2023, at the invitation of the United Nations Women's Organization, MBC corporate responsibility and communications manager - Gvantsa Patsatsia presented to colleagues from Azerbaijan MBC's achievements and experiences as part of her work on women's empowerment principles. Around 20 local companies, representatives of business associations, government officials and representatives of international organizations attended the meeting.

Compensation and Benefits

Company recognizes the importance of rewarding its employees for their hard work and dedication. In addition to the basic salary, company offers various incentive schemes that enable employees to earn salary supplements and bonuses. These incentives are tied to the performance of set plans, providing an incentive for excellence.

As part of MBC's comprehensive remuneration package, employees receive a monthly salary, which is a fixed amount. This regular income provides stability and enables employees to meet their financial obligations.

In addition to the monthly salary, MBC also recognizes outstanding performance through performance bonuses. These bonuses are paid to employees who meet or exceed specific targets or goals defined by the company. These bonuses serve as an additional incentive for employees to strive for excellence and contribute to the success of the company.

In addition to salary and performance bonuses, MBC also provides coverage for health insurance. This benefit is fully paid by the company, relieving employees of the financial burden associated with medical expenses. The availability of health insurance demonstrates MBC's commitment to ensuring the health and well-being of employees.

In addition to material incentives, non-material incentive initiatives are regularly planned and implemented for MBC employees. These initiatives are designed to enhance motivation and strengthen teamwork among our employees.

In 2023, MBC has implemented several employee incentive initiatives aimed at motivating and rewarding our employees for their hard work and dedication:

Chess Tournament



In 2023, MBC conducted an internal chess tournament among employees. The winners of this competition were selected to form the company team and compete in the "Third Corporate Chess Championship of Georgia" organized by the Georgian Chess Federation. This tournament provided an opportunity for MBC's employees to showcase their skills and represent the company at the national level.

Children's Day



MBC organized an entertainment event on the occasion of International Children's Day. This event aimed to bring the employees' children together and provide them with a memorable experience. The company pulled out all the stops to create a special atmosphere for the young attendees. From the moment the little guests arrived, they were greeted with an array of entertainment and drawing spaces.

The children had the opportunity to engage in various activities such as painting, coloring and playing with toys. In addition to the main entertainment areas, the event was adorned with corners dedicated to cotton ice cream, face painting, etc. The children could take a break from the excitement and indulge in these delightful treats. The face painting station offered the children a chance to unleash their creativity by transforming themselves into their favorite characters.

To make the event even more engaging, MBC invited professional animators who entertained the children with their vibrant performances. The talented animators brought the characters from various children's stories to life, captivating the little ones with their comedic skills and imaginative storytelling. Throughout the event, the children had the opportunity to take commemorative photos. These photos served as a lasting memory of this special celebration.

In addition to providing entertainment for the children, MBC encouraged parental participation. The parents actively participated in fun games with their children. This created a harmonious environment where both the young and the parents could enjoy themselves and create shared memories. The event served as an opportunity for parents to connect with their children and spend quality time together.

Book Day campaign: #bookchallenge



MBC traditionally joined the celebration of the International Book Day in 2023. To mark this important occasion, MBC launched the #Bookchallenge campaign, which lasted for a whole month. All MBC employees were encouraged to actively participate in this campaign.

One of the main activities involved in the campaign was the giving of books as gifts. MBC employees are encouraged to exchange books with each other, fostering a sense of togetherness and a shared love for literature. This activity not only promoted the exchange of knowledge but also encouraged employees to expand their personal libraries.

In addition to the book exchange, MBC employees also extended an invitation to their colleagues to take part in the #Bookchallenge campaign. By encouraging participation from other employees, MBC aims to create a culture of reading and knowledge sharing within the organization.

The response to the #Bookchallenge campaign was overwhelmingly positive. Over 120 employees actively participated in the activity, showing their commitment to promoting the book. This active participation demonstrates MBC's commitment to fostering a culture of intellectual curiosity and growth.

Corporate Events



The tradition of celebrating "Christmas tree decorating day" in MBC has stood the test of time, even in the year 2023. Despite the busy calendar, the MBC employees came together to decorate both Christmas trees and New Year's trees at the company's head office and service centers. This tradition not only brought joy to the employees but also helped them bond and spend quality time together.

In addition MBC also held a large-scale corporate event in 2023. The purpose of this event was to deepen the relations between employees and to create an informal environment where they could relax and have fun. The event provided an opportunity for the team to come together outside of work, fostering a sense of camaraderie.

When selecting New Year's gifts for employees, MBC placed a special emphasis on supporting Georgian products. This decision was made not only to promote the local economy but also to demonstrate the company's commitment to sustainability. By prioritizing Georgian products, MBC was able to support local businesses and contribute to the overall development of the community.

Corporate Volunteerism at MBC



MBC employees are known for their dedication to making a positive impact in their communities. The company actively encourages and supports its employees in participating in various volunteer activities. As a part of its corporate responsibility efforts, MBC is a member of the Georgian Pro Bono Network and actively shares its professional expertise for the benefit of society (Please, see subsection – Supporting Society).

In 2023, MBC made a significant commitment to volunteering by dedicating up to 7 employees to various volunteer projects. This initiative reflects MBC's commitment to corporate responsibility and the desire to make a meaningful difference in the lives of others.

MBC Graphic Designer Mari Papuashvili Wins Pro Bono Champion 2023 Award



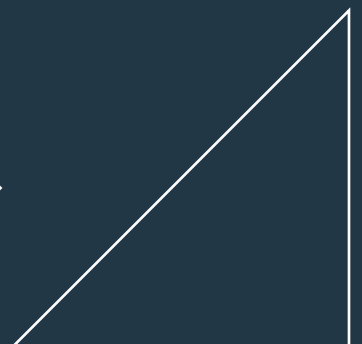
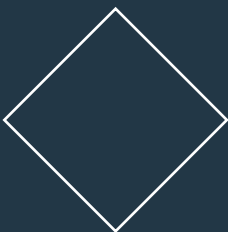
MBC's Senior graphic designer Mari Papuashvili has been honored with the prestigious title of "Pro Bono Champion 2023" by the Pro Bono Network of Georgia and the Strategic Research and Development Center of Georgia. This recognition acknowledges Mari's dedication and commitment to using his professional expertise to benefit society.

The award was presented after careful consideration of the time Mari has dedicated to pro bono activities and the number of projects completed in this capacity. Over the past year, Mari has devoted approximately 100 hours of professional resources to pro bono initiatives. This significant amount of time demonstrates his unwavering commitment to making a positive impact in the community.

Mari's commitment serves as an inspiration to the entire team, reinforcing MBC's commitment to making a positive impact on society.

The "Pro Bono Champion 2023" award is a testament to Mari's exceptional skills and passion for creating meaningful change. Mari's dedication, both personally and professionally, serves as a shining example for others in the MBC and beyond.

RESPONSIBILITY TOWARDS CUSTOMERS



MBC's success is based on its core asset, which is the trust and loyalty that the company has built up in the form of clients over its ten-year existence. As a result, MBC's corporate sustainability plan places a high priority on maintaining a responsible customer relationship.

After years full of challenges, 2023 turned out to be a positive transformative year for MBC. The company improved the results that were obtained from its main activities. At the end of 2023, compared to December 2022, the total loan portfolio increased by 13% and amounted to GEL 105,619. The increase in the loan portfolio was caused by the improvement in the service center efficiency of the company. In addition, the number of active borrowers of MBC increased and the growth rate amounted to 8% by the end of the reporting year. As of December, the number of active MBC borrowers was 8,624. It should be mentioned that 65% of loan product customers are served by service centers in different regions of Georgia.

Protecting Consumer Rights

MBC believes that preserving consumers' rights, such as providing transparent, reasonable and high-quality financial services, is a key aspect of responsible business conduct. The company ensures that the customer is always up to date and completely informed about the products and service conditions.

MBC joined The Client Protection Pathway, a global platform for the protection of consumer rights, in 2023, demonstrating the company's ethical approach on the topic at hand. It is also worth noting that MBC intends to achieve an international certification for consumer rights protection in the near future.

The Client Protection Pathway brings together financial institutions from different countries, including banks, microfinance organizations, investment funds, business associations and more. The platform's member organizations ensure that consumer rights standards are introduced and implemented in their activities.



**THE CLIENT
PROTECTION PATHWAY**



Responsible Lending and Sustainable Finance

MBC's long-term strategy includes supporting individuals, micro and small businesses engaged in commercial and agricultural operations by providing affordable financing through transparent, fair and responsible lending.

A credit policy has been formulated and implemented within the company to define key priorities, objectives, strategies, tactics, tasks and mechanisms for achieving them. Additionally, this policy establishes standards for credit process management, principles and rules that govern its execution.

In business activities, the main task of the company is to assess the solvency and credit risks of the borrower/co-borrower, which is based on the ethical and high responsibility principles of MBC. The solvency assessment is based on a study of the borrower's proven income, expenses, assets, liabilities and a financial analysis. Through the financial analysis, the company evaluates the borrower's ability to repay the loan on the requested schedule.

As such, taking into account the principles of responsible lending, company doesn't lend to borrowers who, according to our financial analysis, cannot pay back the loan. By implementing the mentioned principles, MBC tries to prevent over-indebtedness and financial difficulties for borrowers with low creditworthiness.

The company intends to progressively integrate "sustainable financing" principles - which include evaluating clients based on environmental, social and governance (ESG) considerations within the framework of responsible lending.

In 2023, the European Fund for South-Eastern Europe (EFSE) invested 7 million GEL in MBC, moving the company toward sustainable finance. The funds that were received will be utilized to support Georgian women farmers and business owners, particularly in the rural areas. With the investment, the company will be able to expand its operations considerably and support the growth of the national economy.



RESPONSIBLE MARKETING AND COMMUNICATION

Responsible marketing and communication with customers and the public is an important part of corporate sustainability strategy. In order to communicate with customers, the company uses various means of marketing communications. Among them are advertising, public relations, direct marketing and sponsorship. The main communication channels are: the outdoor advertising, radio, SMS, digital media and TV channels.

MBC's marketing communication is based on generally accepted ethical standards, and is in full compliance with the laws and regulations and international standards. In particular:

- When offering a financial product, the customer is provided with accurate, reliable and complete information about the features of the financial product;
- When promoting a loan, the offer describes the crucial factors that affect the financial product's cost, such as the effective interest rate;
- While using different parameters to determine the price of a financial product in the advertisement (except verbal offer), all the parameters, including the effective interest rate, must be visually similar;
- Information about loan terms and other product details is regularly updated or posted on the company's website. In order to give clients all the information they need, the website also includes samples of contracts for each product.
- Marketing communications always use content free of gender stereotypes and discrimination.

Customer Complaint Management

Effective complaint resolution is an essential component of responsible customer relations. This approach assists the organization in analyzing the causes of unhappiness and identifying systemic or other issues in order to respond and remove them.

To protect consumer rights and improve service quality, MBC has created a complaint/claim receiving and review system, which is governed by the applicable documents. Customers can file a claim or complaint in a variety of ways, including in-person at service centers, online at www.mbc.com.ge, via email at complaint@mbc.com.ge, or through the telephone center or at National Bank of Georgia.

The operational risk unit reviews registered complaints (if necessary, an employee from another structural unit is involved in the complaint review process), which systematically records the received complaints (data of the user making the complaint, the nature of the complaint, the content of the company's response, the steps taken to solve the problem identified in the complaint and the final result).

Furthermore, the previously mentioned data is electronically provided to the National Bank of Georgia every month. As soon as the customer submits a complaint/claim (except when it is in verbal form), the company reviews and returns the feedback in written or online form within one month.

DEVELOPMENT AND EFFECTIVE USE OF FINANCIAL PRODUCTS

The company is represented by 17 service centers in 8 regions of Georgia. In the coming years, it is planned to expand the network of service centers, however, following the company's strategy, the main task is digital transformation, especially the increase in the sales of main products and the improvement of productivity through digitization of processes.

MBC customers receive services both in service centers and through remote channels. Services include a wide range of credit and non-credit products for both individuals and legal entities. In both directions, existing products are constantly improved, as well as new products and services are added. MBC pays particular attention to the design, updating, proper integration and continuous monitoring of its products and services, internal systems, procedures and various policies.

Special attention is paid to being one of the best service providers in the financial market. To achieve and successfully implement this goal, the company continuously studies customer needs, conducts relevant surveys and research, sustains systematic direct communication with customers, and effectively utilizes feedback channels. Information is being processed and analyzed, which

further assists us in transforming products and services per customer requirements and tailoring them to customer interests. This kind of approach allows us to meet customer expectations, consider their requests and maintain a high standard of service.

In 2023, MBC achieved a customer satisfaction level of 84% and an 86% loyalty index (NPS).

INITIATION OF INNOVATIVE APPROACHES AND DIGITIZATION OF SERVICES

It is crucial for MBC to encourage innovation and support the transformation of interesting ideas into a sustainable financial model, offering such new products that allow rapid development. It is crucially important to share international experiences, quickly and efficiently introduce innovative products and offer them to customers. MBC is constantly working on improving digital opportunities, remote products and services, developing innovative solutions to support customers, employees, as well as other target groups.

Customer Support Supporting Micro and Small Enterprises

MBC, a leading financial institution, is committed to support the development and growth of micro and small businesses in Georgia. The company's primary objective is to empower these entities by providing both financial resources and non-financial assistance. In 2023, MBC conducted a series of trainings in regions across Georgia. These trainings were designed to equip micro and small businesses with essential knowledge and skills to enhance their businesses. The topics covered included taxation, financing opportunities, sales strategies and other areas of relevance to these enterprises.

Recognizing the importance of ongoing support, MBC has future plans to expand its efforts specifically targeting micro and small businesses. The organization is committed to assisting them in their journey towards success. By offering tailored financial solutions, such as loans, non-credit products and other opportunities, MBC aims to create a conducive environment for growth and innovation.



Promoting Customers' Businesses

As part of the company's commitment to its loyal clients, numerous forms of communication materials are developed. The activity's objective is to market and promote the consumer's activities.



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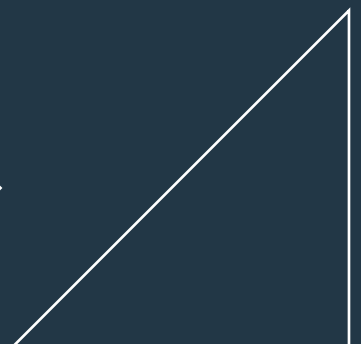
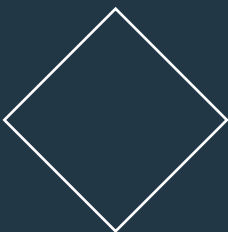
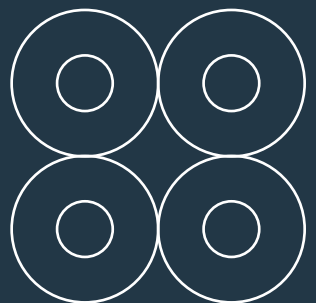
"Prior to the epidemic, I was a construction teacher at school. When stricter regulations prevented me from receiving students at home, I decided to start my own business. I initially began sewing at home alone, but by the time the pandemic ended and life resumed its typical rhythm, I had three staff. I've been running my own sewing studio in Tamarion School for two years. We also have students who are given the opportunity to gain both academic and practical knowledge while mastering their chosen profession in depth.

We already needed a huge area where the study and sewing areas can be divided. This would allow us to work on larger orders and attract more pupils/students. Obtaining a loan from MBC proved to be a quick and easy process for me, and I trust MBC to support my business expansion ambitions. I will gladly utilize your services again."

MANANA KHORGUANI

Entrepreneur and friend of MBC

SUPPORTING SOCIETY



MBC is committed to initiate various activities directed towards community support. The company's primary goal is to contribute positively to the well-being of society by making a difference in people's lives.

Over the past five years, the company has made significant strides in prioritizing community support as a strategic objective. This focus has been driven by a combination of factors, including the company's accumulated experience, genuine desire and readiness to engage in long-term and complex support initiatives. By adhering to these criteria, the company aims to achieve sustainable results and generate a positive impact on the communities it serves.

Furthermore, the company recognizes the importance of long-term support. Rather than providing short-term solutions, the company invests in sustainable initiatives that have a lasting impact on communities. By thinking beyond the immediate needs, the company aims to create lasting change and foster resilience in these communities.

In the direction of community support, MBC actively engages with National Bank of Georgia and various public organizations. These partnerships encompass a wide range of initiatives aimed at addressing the needs and improving the lives of the community.

Promotion of Financial Education among Young People



MBC, as a leading microfinance organization, recognizes the importance of promoting financial education among the young population. With this goal in mind, the company has been actively implementing the "Financial Advisor" project for several years. The project's objective was to equip individuals with the necessary knowledge and skills to make informed financial decisions and navigate financial risks.

Initially, the target group of the project was existed and potential customer of MBC. However, during the course of work, it became evident that in order to raise the level of financial literacy in the country, it was necessary to focus specifically on working with young people.

There are several reasons for this decision: young people are at the beginning of their financial journeys and have the potential to shape their financial futures. By providing them with the necessary knowledge and skills, company can help them make informed decisions and avoid common pitfalls. Studies have shown that there is a considerable financial literacy gap among young people. By targeting this demographic, company can bridge this gap and empower them with the necessary tools to navigate the complexities of financial literacy. Also, according to the financial education promotion strategy of the National Bank of Georgia, taking care of the development of the young generation and preparing them for an independent life has been identified as a priority direction. Based on the provided information, MBC has decided to identify and prioritize young people as one of the important target groups for the "Financial Advisor" project.

Within the framework of the project, there was an active cooperation with various public and civil society organizations, the USAID "Civic Education Program" and most importantly, the educational platform of the National Bank of Georgia - "Finedu".

Initiatives implemented within the project in 2023:

Global Money Week



MBC actively participated in all the activities planned within the framework of the Global Money Week. The company team of 15 ambassadors visited schools across Georgia to educate students on money management issues through fun lessons. Through the workshops, the students gained valuable insights into topics such as history of money, budgeting, saving. The ambassadors shared real-life examples and practical tips to make the lessons more relatable and engaging.

A series of lessons were conducted in the public schools in Tbilisi, Marneuli, Zugdidi, Kutaisi, Samtredia, Rustavi and Akhaltsikhe. In total, more than 300 children attended the event.

Children and young people are encouraged to become financially, economically and entrepreneurially aware during Global Money Week, which has been celebrated worldwide since 2012.

Supporting the Poster and Slogan Contest



As part of Global Money Week, MBC proudly supported the Slogan and Poster competition organized by National Bank of Georgia and FinEdu, aimed at raising awareness about financial education, responsible actions towards society and the environment and sustainable development.

As part of the competition, participants were asked to design a poster/banner and develop a suitable slogan about this particular problem. Ten winners were chosen in two categories: "Jury's Choice" and "Customer's Choice". Mari Papuashvili, MBC's senior graphic designer, served on the jury, as did representatives from other financial organizations.

As part of the contest, MBC awarded Ketu Afriamashvili, one of the winners (category: "Customer's Choice"), 500 GEL for her participation in the competition.

International Savings Week



As part of International Savings Week, 15 ambassadors of MBC visited 10 schools in Georgia, meeting up to 400 children and conducting engaging classes to increase awareness about the need of saving money. The activity was held for fourth-ninth grade children from Tbilisi, Kutaisi, Batumi, Samtredia, Gori, and Rustavi schools. During the lessons, students were given information about money saving methods, saving safety, spending rules and other key financial topics. The National Bank of Georgia and the educational platform FinEdu have been celebrating International Savings Week since 2012. The goal of the week is to educate young people and children about the importance of saving money.

Internship for School Children



"I was immediately interested in the internship program at MBC after hearing about it. I think financial education plays an integral role in our everyday lives and I believe that the financial sector offers an outstanding opportunity to gain knowledge in this regard. I completed an internship at the Batumi branch, where I found a very friendly and comfortable working environment. They shared in-depth knowledge about various financial issues in an easy and very engaging manner. As a result, each day I spent MBC turned out to be a lot of fun and gave me valuable insight."

TEKLA KATAMADZE

15 years old, public school N9 of Batumi, class 10.

In cooperation with the USAID Civil Education Program, MBC offered professional internships to school students in 2023. Internships of school students began in the Adjara region and continued in Kvemo Kartli and Imereti regions. A total of 20 schoolchildren were trained on financial issues (financial products, financial services) through the mentioned project, which provided them with an opportunity to obtain a better understanding of what it is like to work in the financial sector. The above-mentioned experience will enable students to better plan their career and to enhance their knowledge in the area of financial education. The program is implemented by the American organization PH International with the funding of the United States Agency for International Development (USAID) and the support of the Ministry of Education and Science of Georgia.

Supporting Social Enterprises

It has always been a priority of MBC to support social enterprises. It has experience of cooperating with a multitude of enterprises in various forms. The sharing of expertise within the context of pro bono or social purchase activities, for example. In 2022 MBC decided to make this approach even more sustainable and complex by making it one of its strategic directions. Strategic approaches involve the long-term support of social enterprises in a variety of directions.



MBC supports the First Impact Fund in Georgia

In the framework of corporate sustainability, MBC has joined the ranks of impact investors. MBC is the first company to support first impact fund - Actio since it was founded.

Together with social enterprises, investors and partners, fund strives to create tangible positive impact in the spheres of work integration, environment protection and preservation of cultural heritage.

Actio's mission is to contribute to development of social economy in Georgia by supporting social entrepreneurship. To do this, they, together with the impact investors, create mechanisms and opportunities for social enterprises to scale up their business and social impact.

As part of the agreement, MBC will invest \$25,000 in equity and strengthen social enterprises over the next 5 years.

In 2023, MBC supported the following social companies as part of its partnership with the impact fund "Actio":



Social Enterprise BABALE

The mission of Babale is to ensure independent living of persons with Down Syndrome by supporting their professional development and employment. Babale was established in 2015 by the Georgian Down Syndrome Association which itself is founded by the parents of children with Down Syndrome. Babale unites 2 spaces: creative workshop where young people with Down Syndrome get education, acquire a new profession and become employed. Babale creates following types of products: wooden chests, bags, accessories, holiday items, an etc.

Being financed by the Actio, Babale scaled up its business as well as social impact and launched ceramic, wooden and sewing workshops in order to engage more young people

with Down Syndrome in the vocational training and employment. Within next five years Babale plans to achieve the following social outcomes:

- There will be created needs tailored art therapy, professional orientation and supportive employment programs for young people with Down Syndrome.
- 30 young people will go through art therapy and professional orientation programs;
- 20 young people with Down Syndrome go through the internship program; 5 out of them will get employed at Babale and 10 of them in other partner companies.
- Readiness for independent living of Young people with Down Syndrome will increase.

In terms of economic activities, Babale plans to increase its income at least by 30%. Babale received the following investment:

- **Grant funding EUR 39, 915;**
- **0% loan EUR 9,791;**



Social Enterprise Istoriali

Founded back in 2000, Istoriali aims at supporting economic sustainability and promotion of the tangible and intangible cultural heritage sector. Istoriali creates thematic decorative and gift products reflecting the history and cultural heritage of Georgia: Women's and men's jewelry, corporate gift items, small decorative sculptures, table and office accessories, copies of historical-decorative cups and Artistic inspirations Istoriali collection unites about 200 items using metal (silver, brass, bronze), ceramics, and textile material. Gift products of Istoriali are based on museum collections and serve to popularize Georgian cultural heritage. Cast and hand-crafted products with 24-karat gold plating maintain stylistic similarities to historical originals while meeting the demand of the today's market.

Actio investment enabled Istoriali to scale up its economic activities as well as social results. With the financial support of up to 50k Euros Istoriali expanded its workshop, employed more craftspeople, developed educational courses and Master class services and created two new collections. As a result, Istoriali activities contributed to preservation of the traditional metal sculpting profession, promotion of Georgian historical and cultural heritage, economic empowerment of traditional craftsman, and etc.

Plans of Istoriali

- 3 new craftsmen will be employed at the Istoriali workshop; 18 pupils/students will improve their knowledge and skills in the direction of metal sculpture and foundry activities;
- 2 new collections will be created and metal sculpting master classes services will be developed, which contributes to raising public awareness of the importance and historical-cultural value of traditional Georgian crafts;
- With its activities, Istoriali will make a significant contribution to the preservation and development of metal sculpting as a profession, to the improvement of the economic status of traditional craftspeople, and to the promotion of the cultural heritage of Georgia.



Pro Bono Program

MBC pro bono journey started in 2019. This is when the company joined the Pro Bono Network of Georgia. The projects were initially implemented without a long-term vision and the mentioned activities were not aligned with the organization's strategy.

The corporate sustainability strategy and priority directions of MBC had not yet been developed and defined at that time. After taking the first steps in this direction, MBC gained experience and the company's size increased, causing it to take a strategic look at the pro bono program.

The previously mentioned choice was influenced by the following factors:

- As part of its mission, MBC supports organizations that work to eliminate social and environmental problems in the country. The MBC believes that by strengthening these organizations,

it contributes to improving the lives of the beneficiaries.

- MBC has been able to strengthen corporate volunteerism by introducing a pro bono program. The involvement of employees in pro bono projects increases the likelihood of the project's success while also improving the company's internal environment, the skills of employees involved, etc. In addition, MBC employees are pleased and proud to assist various organizations on behalf of the company.
- Results achieved by the pro bono program are in line with the company's goals in the direction of corporate sustainability and contribute to MBC's reputation as a responsible company.

Throughout 2023, MBC continued to provide pro bono services to civil organizations and social enterprises in partnership with the Pro Bono Network of Georgia.

As part of its pro bono activities in 2023, the company implemented the following projects:



Pro Bono Webinar in MS Excel

Employees of MBC conducted a three-day MS Excel webinar for female leaders of community organizations living in the region, as part of the women's empowerment and support project. The training program was based on practical examples and exercises. MBC's manager of credit administration, Gigla Papalashvili, conducted the training sessions. The MBC has been a member of the Pro Bono Network since 2018, and many activities have been undertaken in this regard over the years.



Social Enterprise ARCHIVI

The company implemented another project in partnership with Pro Bono Network and provided assistance to the social cafe "Archivi". In particular, Mari Papuashvili, the company's senior graphic designer, developed the enterprise's logo and brand book. Social cafe "Archivi" is located in Guria, specifically in Ozurgeti. It was opened in 2023 and serves a variety of



delicious foods and beverages to both locals and visitors to the city.

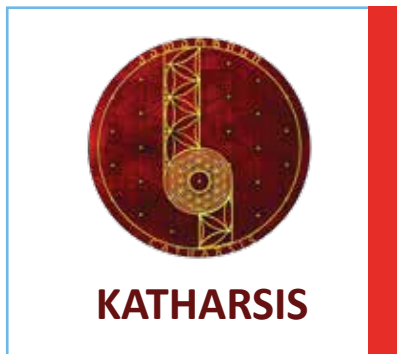
Pro Bono Project for Martkhopi Youth Center

In 2023, MBC partnered with Pro Bono Network to embark on another successful project. This time, the company devoted its resources to helping the Martkhopi Youth Center participate in the "Community Leaders Forum". Marketing team of MBC played a crucial role in the project, focusing on the creative ideas and visual aspects of a presentation that would be made by the center during the event.

The Community Leaders Forum was a significant opportunity for the Martkhopi Youth Center to showcase their work and achievements. In the end, the Martkhopi Youth Center proved its mettle and secured a victory in the Community Leaders' Forum 2023. This victory not only showcased the center's dedication but also highlighted the collaborative partnership between MBC and Martkhopi Youth Center. The successful outcome of the project is a testament to the creativity and dedication of the Embis marketing team.

"In cooperation with MBC, our presentation underwent a remarkable transformation. MBC's expertise and creativity played a significant role in making the presentation not only informative but also captivating for the audience. Together, we incorporated innovative touches that greatly impressed the audience. Furthermore, MBC played an integral part in securing the victory for Martkhopi Youth Center at the "Community Leaders Forum 2023."

MARTKHOPI YOUTH CENTER



Charity

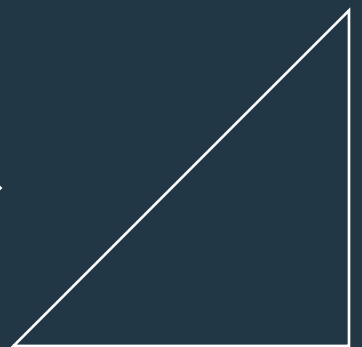
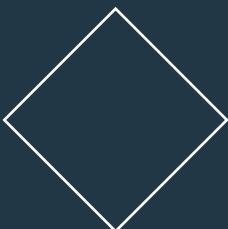
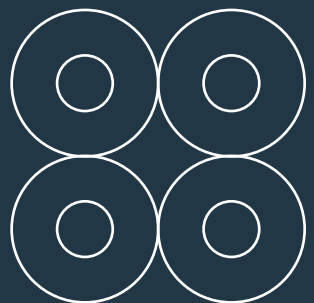
Throughout the year, MBC implements a variety of charitable initiatives and supports the most vulnerable groups within society. Examples include the elderly, youth, children, and others.

A target group for charity is selected annually, and the form of support is determined accordingly.

In 2023, the following charity initiatives were implemented:

- **Support for elderly shelter;**
- **The cooperation between MBC and Katharsis.**

ENVIRONMENTAL RESPONSIBILITY



Environmental Responsibility

One of the key components of MBC's corporate sustainability strategy is its commitment to environmental responsibility. Over the years, the company has implemented various initiatives aimed at protecting the environment both inside and outside the company. MBC management ensures the coordination and control of environmental approaches, while also supporting efforts to raise environmental awareness among employees and other stakeholders.

Energy, water resources, fuel consumption, and waste are the primary environmental impacts of MBC. Accordingly, environmental activities are prioritized in the following areas:

Waste Management

In MBC, a system has been implemented to facilitate the efficient management of existing waste. The company generates the following types of waste as a result of its activities: paper, electrical, and electronic waste. There are various types of electronic devices used in the office, and the waste of these devices contains various pollutants, including heavy metals. The proper management of the mentioned category of waste is particularly important. For instance, in the case of cartridges, reusable products for printers are purchased from a contractor company. Essentially, the cartridges are not disposed of, but rather are delivered to the contractor company, which then returns refilled cartridges to the customer. In terms of computers or related devices, these types of products are sold on the secondary market. In terms of environmental impact, paper waste represents a significant portion of MBC waste. A digital transformation process is currently underway at the company, which will result in a substantial reduction in paper usage.



RESPONSIBLE USE OF NATURAL RESOURCES AND ENERGY EFFICIENCY

MBC's main environmental impact comes from its energy (electricity, natural gas) and water consumption. Electricity is mostly utilized for the functioning of fixed assets, cooling systems and other devices. Natural gas is utilized in heating systems. Also, the company implements a variety of steps to promote sustainable energy use, such as using energy-efficient LED lighting and heating and cooling systems in its workplaces. Employee awareness-raising and savings activities are also regularly implemented.

As a result, by 2023, MBC's energy and natural gas usage metrics have fallen dramatically to compare 2022. Please, see the chart below:

