



SMART CAPITAL GROUP
Corporate Social Responsibility Report

2023

Introduction

For “Smart Capital Group”, as a development-oriented company, social responsibility is an important direction.

The investment group has been actively implementing social projects for a number of years for supporting society, employees, culture, and plans to further expand and develop this sphere.



“ For years, "Smart Capital Group" has maintained the image of a strong and stable company as well as status of one of the largest employers in the region. I am glad that our group is further expanding its diversified portfolio and taking the lead in new projects that will further strengthen the country's economic condition. Based on the company's activities, we even more activated the social responsibility platform and outlined several main directions: employee welfare, environmental care and community support.

Our action plan for the upcoming years was also focused around these values. In recent years, we have introduced many positive changes in the company in the direction of corporate social responsibility. We started cooperation with international organizations to achieve the goals of sustainable development, conducted a number of important events for the purpose of culture popularization and encourage the education of the young generation. In addition, we are actively involved in inclusion and integration of children with disabilities into society, as well as in women empowerment and gender equality projects. This year, "Smart Capital Group" became a signatory of the United Nations Women's Empowerment Principles (WEPS), therefore, the investment group, along with the companies included in it, expresses its good will to support and implement various initiatives in the direction of women's empowerment and gender equality. ”

- **Nana Gotua,**
Head of Social Responsibility of "Smart Capital Group".



Contribution of CSR reporting to the Sustainable Development Goals

In 2015, UN member states adopted the resolution: "Transforming our world: the 2030 Agenda for Sustainable Development", defining 17 global goals for achieving a long-term and sustainable economic achievements, social and environmental outcomes.

In particular, eradication of poverty and hunger, improving health and education systems, promoting equality, combating climate change, sustainability, cities, etc. "Smart Capital Group" corporate responsibility report has been elaborated on the basis of various international standards and principles, including sustainable development goals.



About Company

The success story of "Smart Capital Group" started several decades ago with the implementation of investment projects. Later on, the company covered diversified directions and companies of different profiles in the Georgian, British and other international markets. Throughout the years, the group made significant contributions to the economic and social development of the country, created hundreds of new jobs, and with its own investment assets covered such business areas as: hospitality, winemaking, retail, manufacturing, energy, oil products, real estate, technology, logistics and others.

In addition to the mentioned, within the framework of social responsibility, two charity foundations were established in the investment group, in particular - "Georgian Chant", supporting Georgian culture and folklore, and the second - "Ai-la", Habilitation-Rehabilitation Center for hearing-impaired children, for the well-being of children with special needs.



CSR directions:

Based on the activities and influences of "Smart Capital Group", the following directions of the company's social responsibility were designated:

- **Care for employees**
- **Care for environment**
- **Community support**



1. CARE FOR EMPLOYEES

- Team welfare is an integral part of contemporary business strategy. Psychological and physical health of employees, personal growth makes a great impact on the success of the company. For "Smart Capital Group", as a responsible company, the well-being of the team is one of the priority areas of corporate social responsibility.

The company pays attention to the employee's interests, their health, emotional condition, safety, level of satisfaction and other factors.

” We realize that employees are the most important part for the team. That's why we don't spare resources to strengthen the team, create a healthy working environment, take care of their physical and emotional state, which is well demonstrated by the projects that have been introduced and further developed over the years. I believe that by focusing on the well-being of the team, we will move forward towards the common goal faster and more efficiently ”

- **Natia Chkhartishvili,**
One of the founders of "Smart Capital Group"

Smart Talks

Considering the interests of the team, a series of meetings - Smart Talks - has been introduced in the company for more than a year. The aim of the project is to take care of employees and their emotional balance, personal development and raising awareness on various topics. Smart Talks are held on a monthly basis in the office area, where prominent and socially interesting guest speakers share current and important topics with Smart Capital employees.

Throughout the year, the company's team had the opportunity to meet Andro Dgebuadze, Dato Turashvili, Nata Mefarishvili, Tika Rukhadze, Nino Margvelashvili, Tatia Turashvili to discuss such topics with them as: teamwork, stress management, time management, the art of correct communication, emotional intelligence, etc.

For "Smart Capital Group", corporate sustainability is an important value, therefore it is planned to include topics that correspond to the company's priority areas of sustainable development in the future as well as social responsibility issues, such as environmental protection and waste management, gender equality, human rights and anti-discrimination, safety and others. With these topics, the employees of "Smart Capital Group" will be able to better understand and share the values that are recognized by the company and become good ambassadors of social responsibility.



Smart Fit

One of the important mechanisms of measuring success and productivity of companies is the physical and mental health of employees. This year, a new initiative - wellness activity, was introduced in the company. SMART Fit is a workout program specially developed for the employees of Smart Capital Group by the invited trainer - Vika Kikabidze.

Within the framework of the project, special venue of the office was equipped with the necessary equipment and changing rooms, where up to 15 members of the Smart Capital team devote time to physical health with the assistance of a professional trainer. The activity is completely free of charge for employees.

2. CARE FOR ENVIRONMENT



"Smart Capital Group" affects the environment, and these changes are related to the company's consumption of natural resources, energy consumption, waste generation, the impact of products and services on the environment, etc. Considering the above mentioned, environmental

protection was defined as one of the priority areas of the investment group's corporate social responsibility strategy. "Smart Capital Group" makes efforts to reduce the negative impact on the environment taking into consideration the following directions:

- **Prevention and reduction of environmental pollution**
- **Sustainable use of resources**
- **Energy efficiency**

Green Office

Taking into consideration the exhaustible natural resources, the main challenge of the 21st century is to take care of the environment. Waste management, saving energy and natural resources is potentially possible to achieve in the office, significantly reducing the emission of greenhouse gases and also contributes to the development of circular economy. That is why the following innovations were introduced

at the head office of "Smart Capital Group"

- Plastic waste collection box was placed in the central office. The collected waste is transferred to the plant, where new products are manufactured from the recycled plastic, which is the most important step for the development of the circular economy. (up to 18,000 plastic bottles are collected throughout the year)
- In order to save water and energy, amusing posters were displaced in the office area to raise awareness

- Use of secondary, recycled paper, which saves 70% of water and 60% of energy compared to pure fiber paper; No harmful chemicals or chemical compounds and optical brighteners are added;
- Used papers are collected for further use in cooperation with the project "Maculiterature". By recycling paper, up to 100 trees will be saved from being cut down throughout the year.



Environmental protection, safety and health procedures in Poti Free Industrial Zone

Environmental pollution, prevention and improvement of the environmental condition is one of the biggest challenges of the 21st century.

The Poti Free Industrial Zone - a member of the "Smart Capital Group", makes efforts as much as possible throughout the work process to focus on the environmental legislation and standards applicable at the national and international level.

Due to the impact on the environment in the region, Poti Free Industrial Zone has created an environmental, health and safety policy, the fulfillment of which is a precondition for joining Poti FIZ. Environmental and safety processes are constantly monitored in the company.





Eshvi Kids and waste management

"Eshvi Kids" is a children's clothing brand included in the "Smart Capital Group", impressing customers with its distinctive and sophisticated design and, most importantly, uses completely natural and eco-friendly fabrics.

For Eshvi Kids, responsible consumption and management of production materials is important! Three years ago, Eshvi Kids and Georgian handmade toy company Chikatai became friends in order to reduce waste. Within the framework of this agreement, the waste of GOTS's certified fabrics used by the children's clothing brand is transferred to Chikatai on the regular basis, thus reducing the harmful impact on the environment.

It is from this material that Chikatai's famous Musical hangers are created, in which everyone's favorite melody of the Georgian composer - Gia Kancheli is used as a sound.



Energy efficiency in " Shilda Winery"

Energy management and efficiency is one of the important initiatives for establishing the company's productivity, quality and right values. Sustainable viticulture improves the quality of wine and ensures the correct positioning of the country on the global market map. "Shilda Winery"- company of "Smart Capital Group" is making efforts to respond to global climate challenges. For the fourth year already, "Shilda" produces up to 1.4 million bottles of 25 types of wine per year through an energy-efficient enterprise equipped with Italian and French equipment.

"Shilda Winery" started the production of wine with energy-efficient technologies with the support of the European Union, namely within the framework of energy credit in 2019. As a result of equipping the enterprise with energy-efficient technologies, the company reduced the electricity consumption per unit of manufactured products by 50-60%, thus the enterprise saves 63 thousand euros each year.

Besides the equipment, the lighting of " Shilda Winery " is also energy-efficient: the incandescent lamps in the company have long been replaced by LED lamps. Care for the environment is visible in the company's restaurant and yard. Authentic design, second-hand furniture and decorations made of wood and other material waste reflect the values of sustainable development, waste management and environmental care in general.



FIRST EU SUSTAINABLE ENERGY AWARD FOR EASTERN PARTNERSHIP





3. COMMUNITY SUPPORT

Community support is one of the priority directions for "Smart Capital Group". The company's aim is to support the community in which it operates. Owing to the fact that the investment group has impacts on various fields based on its diversified business portfolio, the following sub-directions were defined:

- **Care for the education and development of young generation**
- **Promotion and popularization of culture**
- **Women empowerment**
- **Inclusion**

— **CARING FOR THE EDUCATION AND DEVELOPMENT OF YOUNG GENERATION**

For "Smart Capital Group", it is important to communicate with the target audience in which the group and its member companies operate. Considering that some of the companies and funds included in the group cover the educational sphere, that is why "Smart Capital Group" undertakes responsibility to take care of the interested party with which it has an intersection. For this purpose, "Smart Capital Group" is at the head of different initiatives throughout the year, aimed at the development of interested parties and the field in general.





Awareness Raising Series of “Brothers” Rugby School – “Brothers” for Sustainability

The rugby school “Brothers” was established under the patronage of the "Smart Capital Group". With the support of the company and under the initiative of the founder of the rugby school- Vakho Mdzinarishvili, we are focused not only to promote a healthy lifestyle among children, but also to nurture young rugby players

into responsible citizens. That is why, under the initiative of "Smart Capital Group" and Rugby School, a foundation for series of cognitive meetings were laid, within the framework of which children will tackle the interesting and necessary topics with invited guests throughout the year. The initiative aims to introduce children to the goals of sustainable development and raise their awareness in this direction. At this stage, 2 cognitive meetings have already been held, dedicated to environmental protection and gender equality. A total of 6 meetings are planned to be held on topics such as: inclusion, road safety, children's rights, animal protection and others.

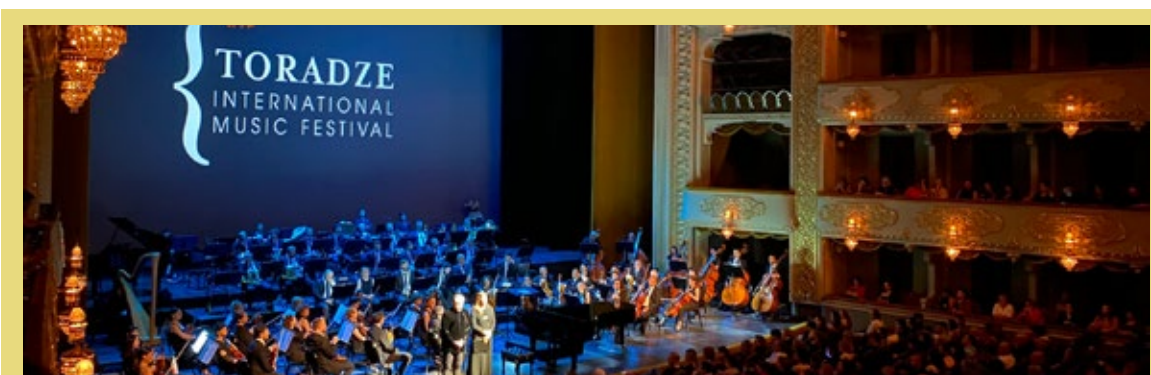


— PROMOTION AND POPULARIZATION OF CULTURE

"Georgian Chant" foundation, created in the direction of social responsibility by "Smart Capital Group" is the initiator of a number of interesting and important projects. The main task of the foundation is researching Georgian singing-chanting, the education of singers, digitalization of this ancient direction of Georgian culture with modern methods and preserving it for future generations.

Toradze International Music Festival

With the support of "Georgian Chant" foundation of "SmartCapital Group", "Toradze International Music Festival" was held for the first time this year, aimed at popularization of Georgian music and culture. The festival serves an equally important purpose, implying to reveal and support young, talented musicians. Within the framework of the festival, young artists performed on stage, and famous musicians held master classes for students at the Tbilisi State Conservatoire. As a result, the festival identified scholarship students, and one of the participants received an offer of future cooperation from a prominent international university.



Garakhanidze Scholarship

For "Smart Capital Group", promotion of Georgian traditional music and professional encouragement of the young generation interested in its studies is an important value. The creation of the annual scholarship named after Edisher and Giorgi (Gigi) Garakhanidze - recognized researchers and performers of Georgian traditional music, serves this idea which has been awarded to outstanding students researching Georgian traditional music since 2016 with the support of the "Georgian Chant" charity foundation of "Smart Capital Group".

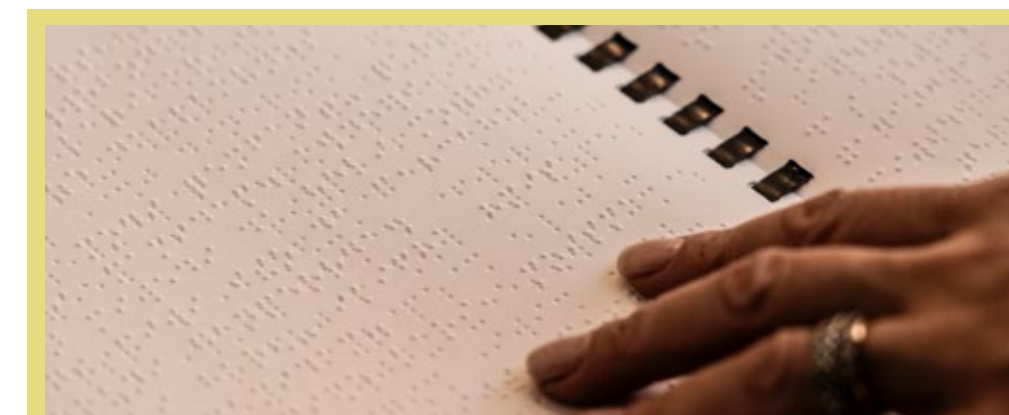
The scholarship was awarded for the ninth time this year and its owners are as follows: nun Nino Samkharadze - doctorate student of Vano Sarajishvili Tbilisi State Conservatoire; Ivane Javakhishvili Tbilisi State University graduate student- Elene Beraya, and Giorgi Mtatsmindeli Higher School of Church Chanting bachelor student - Ana Peikrishvili.

Nodar Dumbadze International Theater Festival in Guria

"Smart Capital Group" has been supporting Nodar Dumbadze International Theater Festival for a number of years. This year, the festival hosted guests both from Georgia and abroad in Ozurgeti Drama Theater for a week. Several plays were included in nominations of the festival, out of which Free Theater became the winner.

Publication of anniversary books of Nodar Dumbadze

"Smart Capital Group" along with "Ai Ia" and "Georgian Chant" foundations hosted the presentation of books published in connection with the 95th anniversary of Nodar Dumbadze. The collection of poems of the famous writer and the novel "I see the sun" were published under the initiative of Nodar Dumbadze International Foundation with the support of "Smart Capital Group" funds. Besides the promotion of Georgian literature, the project also plays an important role in the direction of inclusion. The novel "I see the sun" with the active involvement of Georgian Blind Union, was published for blind readers in braille tactile writing system. The creation of such an inclusive product is aimed at encouraging the education of visually impaired and blind people, promoting the creation of an adapted environment and increasing the quality of their integration into society. The mentioned unique editions will be handed over as a gift to the Union of the Blind of Georgia.



Georgian chant studies for convicts

With the support of the "Georgian Chant" Foundation, convicts in penitentiary facilities N15 and N17 attend singing and folklore classes, both for the purpose of therapy and for promoting professional development in the future. At this stage, up to 20 convicts are involved in the project.

Publications and other supported activities:

- Support of Giorgi Mtatsmindeli Higher Educational Institution of Ecclesiastical Chant;
- "Georgian Folk Songs" collection performed by Georgian singer and choirmaster - Robert Gogolashvili;
- Publication of Dimitri Arakishvili's opera "The Tale of Shota Rustaveli" and a collection of Klavier and scientific works;
- Giorgi Garakhanidze's "Ethnomusic Theater and its First steps";
- The second audio album of Ensemble "Shilda";
- Inola Gurgulia's audio album performed by The Georgian Six;
- Serial edition of Ioseb Kechakmadze's entire compositional works;
- Supported scientific webinar for Chanting University students on "Issues of Christian Theology and Musicology"
- Support for VII National competition for Georgian Children's and Youth Choir Collectives



– INCLUSION

Inclusion is the belief that children with disabilities should be educated alongside their peers, regardless of whether they meet traditional academic standards or not. Many children with disabilities do not have access to social support and services. In addition to the mentioned, there is still a negative attitude towards children with disabilities in Georgia. Equal opportunities and inclusion are especially important to "Smart Capital Group".

The company promotes the integration of people with different needs, in particular hearing-impaired children, into society.

Foundation "Ai-la" for children with special needs

Habilitation/rehabilitation center for hearing-impaired children and charity fund "Ai la" was established in 2016 within the framework of the social responsibility of "Smart Capital Group" company. "Ai-la" is the only rehabilitation center free of charge that takes care of the rehabilitation process of hearing-impaired children after cochlear implantation. Complex services are free of charge for the beneficiaries, as the costs are covered by "Smart Capital Group". The mission of the foundation is to create a favorable environment for the development of hearing impaired children, assistance in social integration, to increase access to educational resources and raise awareness in society.

2023 activities:

- Services for up to 35 families
- Awareness raising meetings for up to 20 students;
- Trainings for up to 20 teachers;
- 40+ consultations with families and group therapies for children;
- Workshops for up to 50 parents;
- More than 2600 therapeutic hours for 30+ families and children;
- Participating in national policy dialogues organized by WHO to improve ear and hearing care;
- International Hearing Week;

A meeting was held in the round table format at "American Hospital Tbilisi", where both specialists working in the field and invited experts from Germany were involved and participated. Topics such as cochlear implantation - diagnosis and infrastructure, cost-effectiveness for the country with regards to timely detection of hearing deterioration, hearing screening and other topics were discussed in the round table format.

"Smart Capital Group" - supporter of International Children's Day

With the support of "Smart Capital Group", International Children's Day was celebrated for children with special needs in the organization "First Step Georgia". An entertainment program was organized for the beneficiaries of the day center. The sweetest part of the event was taken care of by "Lily Vanili" pastry shop, a member of the "Smart Capital Group", with its signature holiday cake and muffins.

"Smart Capital Group" charity auction

A traditional charity auction is held at the central office at the end of the year under the organization of "Smart Capital Group" company - "Eshvi", where it is possible to purchase various items brought by the employees. With the funds raised at the auction, the company assists socially vulnerable families each year.

