

## **ASIRVAD MICRO FINANCE LIMITED**

### **CODE OF CONDUCT FOR STAFF**

#### **Approval Details:**

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## **1. Introduction on purpose of the Code**

The Employee Code of Conduct lays down standards of personal and professional conduct that all employees must strive to uphold and behave in a professional and ethical manner at all times.

The Code aims to create a positive, productive, and motivating work environment so that the employees and the Company can fulfill their mission and goals. The Code of Conduct describes the ethical standards and the norms of behavior that will guide the action of all employees.

In addition to general standards, the Code of Conduct of Asirvad Micro Finance Limited (hereinafter referred as AMFL) also addresses standards specifically within the framework of the microfinance industry. AMFL's Code of Conduct has been created based on The RBI's Fair Practices Code & other codes endorsed by leading microfinance bodies in India- the Microfinance Institutions Network and Sa-Dhan; as well as guidelines on Client Protection Principles offered by the Smart Campaign.

This policy stands reviewed on 31<sup>st</sup> March 2022 by Board of Directors of the company under RBI Master Direction – RBI (Regulatory Framework for Microfinance Loans) Directions, 2022, RBI/DOR/2021-22/89 DoR.FIN.REC.95/03.10.038/2021-22, dated 14<sup>th</sup> March 2022.

## **2. Institution mission and values**

**Blessing to the needy:** In Tamil, Asirvad means Divine blessings from God, Saint or any elderly person.

AMFL was incorporated in August 2007 and our logo was inspired from Sri Sathya Sai Baba's blessing stance.

**Small loans...Big dreams:** AMFL has been encouraging and empowering millions of poor women in India to dream about better tomorrow and this mode of empowerment of women has trickled down to their family as well. As a result of this, they are now able to send their children to school.

Let the light lit by the candle of AMFL help bring a new dawn in the lives of these women and their family!

**Value driven and transparent management:** AMFL believes that corporate governance is the cornerstone for sustained superior financial performance and to serve the interest of all the stakeholders. It is the constant endeavor of AMFL to enhance long term shareholder value and respect minority rights in all our business decisions. The core values of AMFL are Acceptance, Support, Integrity, Resilience, Viable, Adaptable and

Dependable.

We base ourselves on the following principles:

Be transparent, make a clear distinction between personal convenience and corporate resources, communicate externally in a truthful manner about how the Company is run internally. Comply with the laws & have a simple and transparent corporate structure driven solely by business needs.

### **3. Rules of conduct for staff**

All employees have a responsibility to be personally responsible and accountable for their own performance, behaviour and attendance in the workplace, undertake their duties and behave in a manner that is consistent with the provisions of the Code of Conduct for staff, report any departure from the Code of Conduct by themselves or others, comply with Asirvad policies and procedures & promote a positive, safe and healthy environment in the conduct of their work

#### **Personal and professional conduct**

- All employees are expected to be regular and punctual in their attendance. Managers may exercise their responsibility of approving leave, basis the leave policy of AMFL, clearly outlined in the HR Manual.
- AMFL is a well-recognized and respected organization and employees must ensure that their appearance is neat, clean and appropriate to their particular area of work. A high standard of personal hygiene is expected at all times.
- Employees are expected to act honestly in all their duties and while dealing with clients, suppliers, supervisors and fellow employees.
- If an employee is required to investigate complaints against other employees or issues affecting employees, they must act consistently, promptly, and fairly and in a timely manner. The principles of natural justice must be maintained in dealing with each investigation.
- Employees should take all possible care when using AMFL property, goods, intellectual property and services and ensure they are used efficiently, carefully and honestly.
- Unless permission has been granted by a manager, AMFL resources are not to be used for private purposes.
- Employees have a duty to maintain the confidentiality, integrity and security of official information for which they are responsible.
- Employees need to be aware of their record keeping responsibilities and are reminded there is a legal requirement to adhere to proper records management practices and

procedures.

- Employees must not remove documents from official files. They are controlled records, and must be complete, up-to-date and capable of providing organisational accountability when officially scrutinised.
- Employees must not damage, dispose of, or in any other manner, interfere with official documents or files. The destruction of records may only take place in accordance with a disposal and retention schedule, which has been approved by the CM
- Employees must not access information which they are not authorised to access or use and must not allow any other person access for any reason.
- Employees must take all reasonable precautions, including password maintenance and file protection measures to prevent unauthorised access and have an obligation to maintain the security and confidentiality of the information systems over which they have responsibility or control and that are owned or used by agreement.
- If an employee becomes aware of the potential for conflict of interest, then they must notify their manager of the potential or actual conflict of interest. Employees must ensure that there is no conflict or incompatibility between their personal interests, whether pecuniary (example money) or non-pecuniary and the impartial fulfilment of their duties.
- Employees should avoid any financial involvement or undertaking that could directly or indirectly compromise or undermine the performance of their duties or that goes against the established standards of fairness and ethics. Financial conflict of interest may arise where an employee, who has a financial interest in a company or other business, is in a position to influence contracts or transactions between the Asirvad and that business. This conflict may extend to any business undertaking in which employees and their immediate family or the employees is acting in direct competition with the Asirvad activities or interests for personal gain.
- Employees should not accept a gift, secret commission or a benefit from a person or organisation outside Asirvad if the intent of the gift or the benefit is to induce the employee to waive or reduce requirements or to extend a financial or other benefit to a person or organisation outside Asirvad to the detriment of the Asirvad interests.
- Employees may accept token gifts or benefits in circumstances approved by the MD or a nominee, provided that there is no possibility that the employee might be perceived to be, compromised in the process. Gifts of a nominal value generally used for promotional purposes by the donor, or moderate acts of hospitality may be accepted by employees.
- No employee shall elicit the improper influence or interest of any person to obtain promotion, transfer or other advantage.
- While employees can contribute to public debate on social issues there are some circumstances in which public comment is inappropriate. Public comment by employees should not imply that the comment, although made in a private capacity, is in some way

an official comment by Asirvad. The employee may only disclose official information, with due regard to confidentiality, in order that it is in their official capacity and duties.

- An employee can disclose confidential or restricted information or documents acquired in the course of their employment only when required to do so by law, in the course of their duty, when called to give evidence in court, or when proper authority has been given. Approval to release confidential information on employees should be sought from the MD.
- Employees are expected to maintain proper boundaries with clients. Employees are expected to make themselves aware of any workplace and/or program-specific policies/guidelines in this area. A conflict of interest may arise where an employee makes or participates in decisions affecting another person with whom they have a personal relationship (such as a relative, spouse, close friend or personal associate).
- Employees should perform the duties associated with their position to the best of their ability, diligently, impartially and conscientiously. In the performance of their duties, employees should comply with legislative and industrial obligations and administrative policies, fulfil their Equal Employment Opportunity and Occupational Safety & Health obligations, strive to keep up to date with advances and changes in the knowledge and the professional and ethical standards relevant to their areas and expertise, maintain adequate documents to support decisions made, treat all persons with courtesy and sensitivity to their rights and provide all necessary and appropriate assistance, not take or seek to take improper advantage of any official information gained in the employment with Asirvad
- Employees should not harass or discriminate against employees or in work practices on the grounds of sex, pregnancy, race (including colour, ethnic background or national identity), marital status, disability, sexual preference, political or religious belief, or age and MUST act responsibly when becoming aware of any unethical behaviour or wrong doing by any employee. Such information should be forwarded to the MD.
- Employees should not perform any act or omission that is likely to have a detrimental effect on their work performance and that of other employees and clients. Accordingly, employees should not be under the influence of alcohol or other substances while they are at work or at work functions.
- Employees must notify the manager if the taking of, or failure to take, prescribed medication is likely to affect their performance and/or affect the safety of any person at the workplace. This is to ensure workplace safety is not jeopardised and that any performance impact is properly managed. It is the responsibility of employees to follow the directions/precautions for any drugs prescribed by a health professional for individual use and/or commercially available preparations that may impact their capacity.
- Employees are responsible to carry out and comply with the Asirvad policies and procedures and legislation. It is acknowledged that employee views, on particular matters, may differ from Asirvad, however such views must not either interfere with the performance of an employee's duty or prevent the employee from supporting the Asirvad objectives
- Employees must comply with any lawful instruction given by any person having authority

to make or give such an instruction.

- Bullying is unreasonable behaviour that is directed against an individual or group by another individual or group and is derived from the misuse of power over the target of the behaviour. This may include: verbal abuse, shouting, excluding or isolating behaviour, deliberately withholding information vital for effective work performance, giving employees impossible assignments & physical abuse. Bullying is unacceptable conduct within the Asirvad and all reported incidents will be investigated. Managers who become aware of serious breaches of policy must immediately notify their manager or the MD.
- Discrimination is unacceptable conduct within Asirvad and all reported incidents will be investigated.
- Harassment and discrimination form part of a continuum of unacceptable behaviour that can include sexual assault, stalking and harassing phone calls, some of which are also against criminal law, which means the police may prosecute anyone who commits such acts.
- Racial and religious vilification is conduct that incites hatred against, serious contempt for, or revulsion or severe ridicule against a person or group on the grounds of racial identification or religious belief or activity. Racial and religious vilification is a form of harassment and discrimination and is unacceptable conduct in the Asirvad. All reported incidents will be investigated.
- Asirvad is committed to providing a safe and healthy workplace for all employees and visitors however, employees have a responsibility to make the workplace a safe and healthy place for all concerned, as far as is reasonably practical.
- Employees must continually strive to improve their professional competence, maintain their knowledge and encourage the development of their skills and competence of associates.
- Upon termination of employment the employee will return all correspondence, documents, data, information, equipment and things, including copies thereof, belonging to the employer that may be in the employee's possession, custody or control.
- Employees are not permitted to speak with media representatives without first receiving clearance from the MD.
- Employees must not deliberately misuse Asirvad equipment, assets, or the services of other Asirvad personnel. When using Asirvad equipment, employees are required to follow the instructions provided in order to avoid personal injury and/or maintenance and replacement costs. Examples of misuse include copying computer software programs regardless of whether or not the programs are protected by copyright, use of the Asirvad letterhead paper or postage when corresponding on personal or other matters not directly related to Asirvad, unauthorised use of the Asirvad logos, falsifying, manipulating or destroying business records without specific authorisation
- It is expected that as a first step, employees will attempt to resolve the issues between themselves. Where this is not appropriate or does not result in a satisfactory resolution a more formal procedure as outlined in the HR Manual can be applied
- Staff may only use e-mail and web browsing for work related purposes and that all e-mail

and web access logs will be monitored for compliance with the staff position. As the organisation has responsibility for its computer systems and networks, it has the right to make directions as to its use.

### **Code of Conduct within the operational framework**

At the time of inducting new employees, the Code is introduced to them and they are trained on how to treat customers, as well as appropriate and inappropriate workplace behaviour.

- To disseminate the knowledge of the Code & the rights and responsibilities of the customers, Asirvad has also produced the Code in poster form, for display in each of our branch offices.
- When any visitor, from banks and other lending agencies, senior staff & auditing staff visit the borrowers/center, the branch staff is required to manage the visits well and by causing the least inconvenience to the borrowers.
- Information sharing about local news that affect the branch activities, opportunities and risks from local regulations, competition and new product offerings by local money lenders and financiers, products/competition from other MFIs and NBFCs operating in the same area, should be shared continuously with the senior management
- Recovery shall be made at a designated/ central designated place decided mutually by the borrower and the RE. However, field staff shall be allowed to make recovery at the place of residence or work of the borrower if the borrower fails to appear at the designated/ central designated place on two or more successive occasions.
- Asirvad will refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the borrower, has come to our notice.
- Staff must strictly adhere to the procedures, policies, and methods established by the institution.
- Staff should not conduct personal business or establish business relationships with your clients.
- Staff should never accept gifts from microfinance clients.
- Without diminishing the importance of a client's financial state and collateral, the essential element recommending credit is the knowledge of your client.
- Credit should be granted with attention first to the moral reliability (willingness to pay) of the client, second to the capacity of the client to generate the funds to execute the appropriate repayment in accordance with their current individual cash flow, and lastly to the merit of the guarantees for the credit recovery.
- Always demand that the loans are paid on the exact date agreed upon and that the money comes from the client, not someone else. Don't allow the client to fall into the debt trap of paying a loan by taking another loan.
- Understand that credit is a service to which one agrees under the observance of certain requirements; never look at it as a favour you are doing for the clients, nor vice versa.

- Support the financing of micro-businesses solidly based in reality; don't do it based on illusions or ideals
- Never recommend the granting of a loan to clients with known financial problems
- Under no circumstances, staff deal with or recommend credit operations with clients who are related to you. Always request that a different loan officer completes the loan evaluation.
- Have the courage and strength to say "no." Never accept threats from clients regarding the amount of credit or the timeline for credit recovery.
- Never generate false expectations in your clients.
- Keep in mind that it's preferable not to recommend or present a weak credit operation than to later have to deal with the recovery of credit. Your responsibility for the credit ends only with its total recovery
- It is irresponsible for a loan office to recommend a loan without fully evaluating the client.
- Never agree to favors with political, religious, social, or community people or organizations that would alter the free decision and action of the clients.
- Establish long-term relationships with your clients with a focus on the development of their business.
- When in doubt, do not issue credit. A single badly delivered credit can absorb the profits of many good credits.

#### **4. Employee rights**

- **Right to fair & unbiased treatment:** Employees have the right to be treated fairly, with dignity and with respect for their individual circumstances. Asirvad will make sure that people are treated in a non-discriminatory way and challenge any behaviour that may be classified as inappropriate or unfair. Every employee has the responsibility to refrain from participating in behaviour that is, or could be perceived to be disrespectful in nature.
- **Right to respectable work conditions:** At Asirvad, the physical health of the employees is not endangered and morals are safeguarded. Proper illumination and ventilation will be available at the workplace. Employees are provided with personal accident insurance program.
- **Right to social security benefits:** Asirvad provides coverage to field staff under the Employee State Insurance scheme. Employees are also eligible for Provident Fund and Gratuity benefits as applicable.
- **Right to perform laid down duties without undue interference:** The employee will be given the necessary freedom to operate within the laid down guidelines. In the event of any undue interference from any of the staff, the employee has the freedom to represent the issue to higher levels.
- **Right to be trained, to grow and develop:** Asirvad will ensure that employees undergo an orientation program which would familiarize all employees with the different functions. As and when changes happen within the organization, employees will be updated on new knowledge and skills to be acquired so as to strengthen their core



competencies. This will ensure that employees will be made more effective on their present jobs and be better qualified for another job within Asirvad.

- **Right to raise grievances, to escalate issues and complaints:** As indicated in detail in the HR manual, Asirvad has an established grievance procedure system. The objective of the Grievance Procedure is to settle grievances as far as possible at the first supervisory level, or if proceeded further, as quickly and in as fair a manner as possible.

## **5. Behaviour toward clients**

In line with the RBI's revised Fair Practices Code and the Unified Code of Conduct for Microfinance Institutions, the following are the rules that guide the conduct & behaviour towards the customers:

- Staff must use courteous language, maintain decorum and are respectful of cultural sensitivities during all interactions with clients
- Staff must not indulge in any behaviour that in any manner would suggest any kind of threat or violence
- Staff should not contact the clients at odd hours Or persistently bother the borrower by calling him/her before 9:00 a.m. and after 6:00 p.m.
- Staff should not Harassing relatives, friends, or co-workers of the borrower
- Staff should not publish the name of the borrower.
- Staff should not Use or threat of use of violence or other similar means to harm the borrower or borrower's family/ assets/ reputation
- Staff should not Misleading the borrower about the extent of the debt or the consequences of nonrepayment
- Staff will not visit clients at inappropriate occasions such as bereavement, sickness etc to collect dues
- A valid receipt for each and every payment received from the borrower should be provided
- Asirvad will conduct client satisfaction survey once a year to ask clients if they receive respectful and ethical treatment from its staff. This report will be submitted to the Ethics Committee who will use it to make improvements and highlight best practices.

### **Qualification and Training of Staff :**

AMFL have a board-approved policy regarding qualification and training of employees and system for their recruitment and monitoring. This policy shall, inter alia, lay down minimum qualifications for the staff and shall provide necessary training tools to deal with the customers.

Training to employees shall include programs to inculcate appropriate behavior towards customers. Conduct of employees towards customers shall also be incorporated appropriately in their compensation matrix. Field staff shall be trained to make necessary enquiries regarding the income and existing debt of the household. Training, if any, offered to the borrowers shall be free of cost.

## **6. Behaviour toward the community and the environment**

It is the Company's policy to protect the environment and safeguard the health and safety of employees. The Company conducts its operations to avoid or minimize any possible adverse impact on the environment and expects all employees to obey those laws that are designed to protect the environment.

## **7. Sanctions for Code violations**

- By publicising the Code across all levels of employees, Asirvad aims to detect corruption and code violations in an effective and timely manner.
- When an instance of violation is represented to the Ethics Committee, following a detailed investigation depending on the severity of the violation, counselling, verbal and written warnings, reduction in performance bonuses, decreased promotion, potential, temporary suspension, termination, and legal charges shall be levied. More serious violations will result in termination of employment.
- On the other hand, positive feedback is reflected in the employee's performance evaluation. Regular staff performance appraisal reports include an item relating to Code of Conduct compliance, and the institution recognizes outstanding staff members using compliance on Code of Ethics policies as indicator for the award

## **UNDERTAKING WHICH WE GET AT THE TIME OF EMPLOYMENT**

### **Client Relations**

- I will treat our clients in a kind and professional manner.
- I will be courteous and friendly in speaking and in my behaviour
- I will introduce myself to the client and tell him my job title and experience.
- I will keep the client's account confidential. I won't discuss the account in public places.

### **Customer Service**

- I will commit to excellent service and ask customers to tell me if I am not meeting their expectations.
- I will treat everyone in a courteous manner; rudeness is never acceptable.
- I will take action when I recognize that the customer's expectations have not been met.
- I will remember customers are not an interruption of my work; they are the reason I am here.
- I will find someone else to meet a request if I am unable to do so.
- I will introduce other staff to customers when a hand-off occurs and explain that the person will provide excellent service.
- I will always strive to meet a customer's needs by using HEAL: H: Hear them out

E: Empathize

A: Apologize (“I’m sorry we did not meet your expectations.”) L: Leap into action to solve the problem

### **General Etiquette**

- I will notice if someone appears in need of assistance and offer help immediately.
- I will not discuss staffing or internal issues with, or in the presence of, clients or visitors.
- I will speak with appropriate voice level.

### **Commitment to Co-workers**

- In verbal and non-verbal communication, I will treat co-workers respectfully and professionally by listening and avoiding defensiveness.
- I will respond promptly to any form of communication.
- I will report to work as scheduled. I will communicate delays as appropriate.
- I will offer to assist co-workers and other departments when needed.
- I will respectfully approach fellow employees and refrain from discipline or constructive criticism in public.
- I will discuss issues directly with co-workers and not go to other people unless the issue cannot be resolved.
- I will take responsibility for solving problems regardless of origin.
- I will provide co-workers with a mini report for continuity of workflow when I am planning to be out of the office.
- I will be mindful and respectful of others’ time and schedules. Meetings will start and end on time.
- I will be accountable when completing assignments.
- I will respect deadlines.

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