



**CREDITACCESS GRAMEEN LIMITED**

**Code of Conduct for Employees of CA GRAMEEN**

### Revision History

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1	Nagananda Kumar	MD & CEO	Board of Directors
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## **Code of Conduct for Employees of CA GRAMEEN**

### **1. Introduction:**

The Code of Conduct articulates high standards of honesty, integrity, ethical behaviours that are expected from all employees of CA GRAMEEN CreditAccess Grameen Limited (CA GRAMEEN) These laid down principles mirror the organisation's culture and hence every employee must abide by these principles, both in letter and spirit, and uphold the organisation's culture high.

This document has been divided into Part A, Part B and Part C. Part A comprises of the scope covering all CA GRAMEEN employees in common, Part B comprises of the principles laid down by Microfinance Institutions Network (MFIN) and Part C comprises of the Fair Practices code prescribed by Reserve Bank and India and adopted by CA GRAMEEN Board.

### **2. Purpose:**

The purpose of this document is to set and maintain a standard for acceptable behaviour applicable to all internal stakeholders of CA GRAMEEN. It further highlights that their actions should be always aligned with the ethos of the company. Additionally, this document also provides an in depth understanding of the consequences and the disciplinary actions in case of breach of the code of conduct.

### **3. Applicability:**

The Code of Conduct is applicable to all CA GRAMEEN employees. As employees, it is important that we know, follow and be accountable for our actions while following the Code as a guideline for decision-making that is paired with integrity.

### **4. Accountability:**

- Each of us are responsible for knowing and adhering to the values and standards set forth in this Code and for raising questions if we are uncertain about the company policy on any subject. If we are concerned whether the standards are being met or are aware of violations of the Code, we must contact the Human Resources department for necessary guidance.
- CA GRAMEEN takes seriously the standards set forth in the Code and violations if any will be a cause for disciplinary actions up to and including termination of employment.

### **5. Build Trust and Credibility:**

The success of our business is dependent on the trust and confidence we earn from various stakeholders like our employees, customers, regulators, lenders, shareholders etc. We gain credibility by adhering to our commitments, displaying honesty and integrity, and reaching the company's goals solely through honourable conduct.

## 6. Culture of Open and Honest Communication:

At CA GRAMEEN, we encourage, create and work towards an open, comfortable, and supportive work environment where employees feel free to share, seek and discuss valuable feedbacks, inputs, ideas which are relevant to the organisation ethics, business and culture.

### PART A

#### Employee Code of Conduct

#### CA GRAMEEN's Core Values are captured in the acronym "CREATE"

##### CREATE stands for:

- **COMMITTED:** We shall honour all our commitments. We are committed to our mission.
- **RELIABLE:** We shall not **deviate** from any of the policies and procedures.
- **EMPATHETIC:** We shall be sensitive to the situations and circumstances of the people with whom we are dealing and provide them support to the best of our abilities.
- **ACCOUNTABLE:** We shall be accountable for all our deeds, actions, and words.
- **TRANSPARENT:** We shall provide full disclosures, to all our clients, in terms of the services and fees. We shall make our financial statements, reports, and accounts as clear and as comprehensive as possible.
- **EFFICIENT:** We shall be punctual, disciplined in all transactions with our stakeholders, strive towards reducing operational costs and thereby provide services to our customers in a cost-effective manner.

##### **Whistle Blower Policy:**

- The whistle blower policy encourages employees to report to the management, concerns about unethical behaviour, actual or suspected fraud or violation of the Codes of Conduct or policy and also provides for adequate safeguards against victimization of employees & directors by giving them direct access to the Chairman of the Audit Committee in exceptional cases. The policy encourages all the Whistle Blowers to voice all their genuine concerns which shall include but not limited to the following:
  - a. Abuse of authority
  - b. Breach of trust
  - c. Breach of confidentiality
  - d. Any unlawful act, whether criminal (e.g. theft) or a breach of the civil law (e.g. slander or libel)
  - e. Manipulation of Company data/records
  - f. Breach of any Policy or Manual or Code adopted by the Company.
  - g. Financial irregularities, including fraud, or suspected fraud.
  - h. Deliberate violation of law/regulation
  - i. Misappropriation of Company assets/funds; and
  - j. Any other unethical or improper conduct.
- Who should you raise concern to?

Contact CA GRAMEEN Grievance department by writing to [vigil@cagrameen.in](mailto:vigil@cagrameen.in)

### **Organisational commitments:**

#### ➤ **Equal employment opportunity free of discrimination and harassment:**

CA GRAMEEN believes in Equal employment opportunity. At CA GRAMEEN, we strive to provide a work environment free of discrimination and harassment. Our employment decisions are based on merit and business needs. Every employee in CA GRAMEEN will be given roles and responsibilities based on his or her position for which he/she has been recruited. The compensation of the employee will be determined based on industry standards, keeping in view, the statutory norms currently in practice. We are committed to following fair employment practices that provide equal opportunities to all employees. We do not discriminate or allow harassment based on race, colour, religion, disability, gender, national origin, sexual orientation, gender identity, gender expression, age, genetic information, military status, or any other legally protected status. At CA GRAMEEN, we value diversity and believe that a diverse workplace builds a competitive advantage.

#### ➤ **Respect for Individuals and fair employment practices:**

A respectful workplace is one that encourages trust, responsibility, accountability, mutual respect, open communication and embraces the dignity and diversity of individual. CA GRAMEEN is committed to creating such an environment that fosters the full potential in all employees, which, in turn, contributes directly to the success of the company.

CA GRAMEEN is committed to providing a workplace that is free of discrimination of all types and from abusive, offensive, or harassing behaviour. Any employee who feels harassed or discriminated can freely report the incident to his or her manager or to human resources department. Harassment is defined as any unwanted conduct or comment that is intimidating, hostile or offensive in the work environment.

#### ➤ **Speak Up**

If you believe that you have been discriminated against, harassed or have not been given equal opportunities at work, you are encouraged to submit a complaint to:

- Your manager
- Your Skip-level manager
- Human Resources department

### **Role of Managers and supervisors:**

#### **At CA GRAMEEN, Managers and supervisors lead by example and are expected to:**

- Serve as models of integrity and acting in accordance with CA GRAMEEN's code of conduct and follow all other policies and processes w.r.t their respective functions.
- Take responsibility for their actions and for ensuring that their team's objectives are reached.

- Promote, make decisions and document fair and factual assessments of the performance of the staff members under their supervision regardless of internal or external pressures.
- Encourage an open and ongoing dialogue surrounding ethical conduct issues and allowing staff to express their concerns and needs.
- Encourage the reporting of instances of wrongdoing such as fraud, negligence, or disrespectful behaviour and immediately address misconduct once reported or observed.
- Ensure that internal systems, policies, and procedures are applied consistently.
- Support staff members who raise an ethical concern and fulfil their commitment for protection against retaliation as stated in the policy on whistleblowing and protection against retaliation.
- Foster a healthy team atmosphere and environment based on mutual trust.
- Encourage staff to further their understanding of ethical and professional conduct.
- Care about staff wellbeing and listen to them effectively without prejudice.
- Undertake relevant available management training courses to develop management skills.
- Be aware that they set the tone and remain courteous even in difficult situations.
- Ask views of staff on decisions that affect them.
- Communicate candidly and credibly to those who need to hear and understand an administrative decision (i.e. affected staff).
- Provide constructive feedback when required, e.g. using tools such as performance reviews, and encourage staff who perform well.

**Managers and supervisors apply rules and procedures consistently in particular by:**

- Ensuring that staff recruitment, selection, recognition, and career development processes are fair and transparent.
- Encouraging and supporting staff to fulfil their potential.
- Promoting collaboration across the organization.
- Recognizing and rewarding staff for their contributions based on ability and merit.
- Providing fair access to opportunities for career growth and advancement.
- Promoting diversity at all levels of the organization

**The role of all staff:**

- Contribute to a respectful workplace by being self-reflective and being mindful of how their own behaviour may be perceived by others (colleagues, government officials, and other partners).
- Treat all people in the workplace with courtesy and respect.
- Always conduct themselves in a professional manner.
- Recognize when they or others are being subjected to disrespectful behaviour and address/report it accordingly.
- Ensuring prompt attendance and timekeeping. If employee is unable to report to work for any reason, they must contact their supervisor before the start of work period.
- Staff should not indulge in any activity with colleagues, customers, external stake holders which will cause damage to the image of the organisation and set a wrong precedence among other staff.

**Few Examples of activities to be avoided:(This is a set of examples and not an exhaustive list. In case of doubt, always seek views from the HR team in writing):**

○ Financial dealings, Gambling
○ Bidding, Chit Business
○ Chain/Multi-level Marketing
○ Sharing of passwords
○ Sharing personal information

- Staff must also ensure that they never verbally or physically mistreat others or engage in offensive behaviour, and they do not tolerate those who do. This includes harassing, bullying, abusive or intimidating treatment, inappropriate language or gestures, disorderly conduct, violence, sexual harassment and any other conduct that interferes with a co-worker’s ability to do his or her job.

**Examples of behaviours that are disrespectful:**

○ Spreading rumours or malicious untruths to slander someone’s reputation (gossip)
○ Shouting
○ Criticizing, ridiculing, or dismissing achievements
○ Degrading someone in front of other people (public humiliation)
○ Inappropriate sarcasm
○ Speaking in a condescending or belittling way
○ Swearing at or insulting another person
○ Dismissive or negative gesturing when someone else is speaking
○ Refusing to speak to someone about work related matters
○ Discounting the person’s thoughts or feelings (“Oh, that’s silly”) in meetings
○ Making continuously negative comments about work without substantiating or complaining without actively seeking to be involved in the solution.
○ Adopting an uncooperative or domineering behaviour
○ Actively undermining work and authority by destroying the good will between colleagues.

**A Safe Place to Work:**

To work effectively, all of us need a healthy and safe work environment. Prohibition of the following forms may please be strictly adhered to by all means:

- All forms of substance abuse
- Use or distribution of drugs, smoking and alcohol while at work/at all times in our workplace
- Possession and / or use of weapons / firearms or ammunition while on business of the Company is prohibited.
- Using abusive and foul language with internal and external stakeholders



- All of us should be safe at our place of work. Employees must strive to keep their own workplace and surroundings clean and hygienic. Should you observe any unsafe situations at work, please reach out to the Human Resources Department.

### **Internet usage: Cyber security; corporate email; social media**

CA GRAMEEN recognizes that use of the Internet and e-mail is necessary in the workplace, and employees are encouraged to use the Internet and e-mail systems responsibly, as unacceptable use can place CA GRAMEEN and others at risk. Employees must understand that all systems provided by the company are continuously monitored for misuse. All emails, accesses given to employees to various systems and applications etc., are constantly tracked for ensuring the security of our IT systems.

#### **➤ Employees must abide and adhere to the following measures:**

- Any employee who abuses the company-provided access to e-mail, the Internet, or other electronic communications or networks, including social media, may be denied future access and, if appropriate, be subject to disciplinary action up to and including termination.
- All technology provided by CA GRAMEEN, including computer systems, communication networks, company-related work records and other information stored electronically, is the property of CA GRAMEEN and not the employee/s.
- The use of the company's technology systems and electronic communications should be job-related and not for personal convenience. CA GRAMEEN reserves the right to examine, monitor and regulate e-mail and other electronic communications, directories, files, and all other content, including Internet use, transmitted by, or stored in its technology systems.
- Where an employee uses his personal device and connects to the company's network/or the company reimburses the charges for use of personal devices like mobile phone for official use, the company reserves the right to inspect or take possession of such devices when there is reasonable evidence that the said devices could have been used inappropriately resulting in threats to the IT systems/reputation of the company. The same maybe returned to the employee within a reasonable timeframe unless there is concrete evidence to prove the involvement of the said device in such threats and the company needs the same for further evaluation of the threat.
- Internal and external e-mail, voice mail, text messages and other electronic communications are considered business records and may be subject to discovery in the event of litigation. Employees must be aware of this possibility when communicating electronically within and outside the company.
- Employees are expected to use technology responsibly and productively as necessary for their jobs. Internet access and e-mail use is for job-related activities
- Employees must not use CA GRAMEEN's Internet, e-mail or other electronic communications to transmit, retrieve or store any communications or other content of a defamatory, discriminatory, harassing or pornographic nature. No messages with derogatory or inflammatory remarks about an individual's race,

age, disability, religion, national origin, physical attributes, or sexual preference may be transmitted. Harassment of any kind is prohibited.

- Disparaging, abusive, profane, or offensive language and any illegal activities—including piracy, cracking, extortion, blackmail, copyright infringement and unauthorized access to any computers on the Internet or e-mail—are forbidden.
- Employees may not use CA GRAMEEN's computer systems in a way that disrupts its use by others. This includes sending or receiving excessive numbers of large files and spamming (sending unsolicited e-mail to thousands of users).
- Employees are prohibited from downloading software or other program files or online services from the Internet without prior approval from the IT department. All files or software should be passed through virus-protection programs prior to use. Failure to detect viruses could result in corruption or damage to files or unauthorized entry into company systems and networks.
- Every employee is responsible for the content of all text, audio, video or image files that he or she places or sends over the company's Internet and e-mail systems. No e-mail or other electronic communications may be sent that hide the identity of the sender or represent the sender as someone else. CA GRAMEEN's corporate identity is attached to all outgoing e-mail communications, which should reflect corporate values and appropriate workplace language and conduct.
- Don't share passwords or other access credentials with any other person or group, and don't use another person's password.

## **Confidentiality Procedures:**

### **1. Confidential Information:**

For CA GRAMEEN, its confidential information is an asset and all employees and consultants of the Company must protect it. Confidential information includes all non-public information. It also includes personal information of customers (regardless of its source) that we obtain during business. We must take care that all confidential information is used for the company's business purposes only and in case of personal information, in addition, it must be processed on instructions from the Company in accordance with laid out policies, procedures and guidelines and as per applicable privacy laws and regulations.

Upon joining CA GRAMEEN, all employees sign a Confidentiality and Nondisclosure Agreement which details their confidentiality obligations to the Company. As employees, we have access to significant amounts of company information that may not be available to the public, and we should preserve the confidentiality of information obtained in the Company's service. Information of a confidential, private and sensitive nature must be used responsibly and controlled and protected to prevent its prohibited, arbitrary or careless disclosure.

Unless the Company has provided its specific consent, which should preferably be in writing, or there is a legal or professional right or duty to disclose, we are prohibited from disclosing confidential Company information. Confidential or proprietary information about clients, our organization, or other parties, which has been gained

through employment or affiliation with CA GRAMEEN, may not be used for personal advantage or for the benefit of third parties.

Employees are required to maintain the confidentiality of all confidential information that they receive or become privy to in connection with the Company's business, except when disclosure is authorized or legally mandated.

## **2. Securities Transactions and Confidential Information:**

The Employees shall comply with the provisions of Code of Conduct for Prevention of Insider Trading framed by the Company. The sale of shares has been made in contravention of the code for Prevention of Insider Trading of the Company.

According to the Prevention of Insider trading rules, employees are supposed to take a clearance from the Company Secretary of the company before transacting in the company shares in the Market. By not taking any clearances, it will be treated as contravening specific rules and guidelines of the said policy.

## **3. Restriction on Communications and Trading:**

Communication or procurement of unpublished price sensitive information (UPSI):

- a. No insider shall communicate, provide, or allow access to any UPSI, relating to securities of the Company to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- b. No person shall procure from or cause the communication by any insider of UPSI, relating to securities of the Company except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- c. Notwithstanding anything contained in this Code, UPSI may be communicated, provided, allowed access to or procured, in connection with a transaction that would,
- d. Entail an obligation to make an open offer under the takeover regulations where the board of directors of the Company is of informed opinion that sharing of such information is in the best interests of the Company; Not attract the obligation to make an open offer under the takeover regulations but where the board of directors of the Company is of informed opinion that sharing of such information is in the best interests of the Company and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected as the Board of Directors may determine to be adequate and fair to cover all relevant and material facts.

For the purpose of (c) & (d) above, the Board of Directors shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential,

except for the purpose of (c) above, and shall not otherwise trade in securities of the Company when in possession of UPSI.

- e. Trading by Insiders including promoters, non-individual insiders when in possession of unpublished price sensitive information shall be governed by Regulation 4 of the Regulations.
- f. Preservation of "Price Sensitive Information"
- g. Directors and Designated Persons shall maintain the confidentiality of all Price Sensitive Information. Directors / Designated Persons shall not pass on such

information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities of the Company. Board of Directors of the Company shall ensure that the following practices are followed in

this regard. Board of Directors shall also ensure that such information has been circulated to Compliance Officer to disclose in Public/Stock Exchange within prescribed time.

#### **4. Providing Information to the Media:**

To protect our confidential information from misuse and to ensure that only accurate information about the Company is disclosed, we have designated our Corporate Communications team to handle exchanges with the media. Additionally, our Managing Director & Chief Executive Officer, Chief Business Officer, and Chief Financial Officer are the official Company spokespeople for financial matters. All inquiries or calls from the press and financial analysts should be referred to the Corporate Communications team. We must not post or discuss information concerning the Company's services or business on the Internet unless we are authorized to do so. Neither must we create a perception that we are speaking or posting on behalf of the Company. Remember that your online

posts will be available for a long time, so think carefully prior to posting any information that could affect our Company.

#### **5. Lobbying:**

If our work includes meetings with government, elected officials, all of which might be construed as 'lobbying', we must be aware that such activities are regulated. We should not claim to represent our Company at such meetings unless we are specifically designated by the Company to do so. As in all other spheres of our activity, any meetings of this sort should be carried out with high integrity.

#### **6. Gifts and Entertainment:**

In connection with certain holidays and other occasions, it is customary in many parts of our country to give gifts of nominal value to customers, government officials and other parties who have a business relationship with the Company.

However, we should adhere to the following guidelines:

- It is not done to obtain or retain business or gain an improper advantage in business.
- It is not in the form of cash.

- They are not inappropriately lavish or excessive.
  - The gifts are not frequent and do not reflect a pattern of frequent acceptance of gifts from the same person or entity.
  - The gifts do not create the appearance of an attempt to influence business decisions, such as accepting gifts or entertainment from a supplier whose contract is expiring in the near future.
  - The employee accepting the business gift would not feel uncomfortable discussing about the gift with his or her manager or co-worker or having the courtesies known by the public.
- 
- Employees with questions about accepting business courtesies should talk to their managers or the Human Resources department.
  - Employees should not be involved in any act that could be interpreted as seeking, receiving, or dispensing a bribe, kickback or questionable payment.
  - Employees should strictly abide by the Company's Anti-bribery and Anti-corruption policy.

## 7. Conflict of Interest:

When the interests or benefits of one-person conflict with the interests or benefits of the Company, a conflict of interest is said to occur. Determining whether a conflict of interest exists is not always easy to do. Employees with a conflict-of-interest question should seek advice from management. Before engaging in any activity, transaction or relationship that might give rise to a conflict of interest, employees must seek review from their managers or the HR department. These include:

### ➤ Outside Employment:

- If you take part in any activity that enhances or supports a competitor's position or accept simultaneous employment with any other company or business entity, it is considered outside employment and a conflict of interest. This includes performing services as an employee, agent, consultant or contractor for a customer, supplier, or any other entity.
- Hiring or supervising family members or closely related persons.
- No employee is allowed to take up another job/business/consulting etc during the employment with CA GRAMEEN which has a remuneration without explicit approval from the MD & CEO. This covers both full time and part time occupation.
- Serving as a board member for an outside commercial company or organization without explicit approval from the MD & CEO.
- Placing company business with a firm owned or controlled by a family member.
- Employees should disclose the employment of relatives at the beginning of their employment with CA GRAMEEN and whenever a relative is recruited by CA GRAMEEN or whenever employees become relatives by way of marriage.

### ➤ Relationships in the workplace:

Personal or romantic involvement with a competitor, supplier, customer or another employee of the Company might affect your ability to exercise good judgment on behalf of the Company. This could lead to conflict of interest. Personal relationships and romantic liaisons between employees who are in a manager-employee reporting structure may lead to team management challenges and reduced morale. Such relationships must be disclosed to the HR manager immediately, who will advise appropriate corrective action.

➤ **Outside Directorships:**

It is a conflict of interest for employees to serve as a director of any company. Any such directorship should be taken up only with explicit written approval from the MD & CEO.

➤ **Related Party Transactions:**

- You should also avoid conducting Company business with a relative, or with a business in which a relative is associated in any significant role. Relatives include spouse, siblings, children, parents, grandparents, grandchildren, aunts, uncles, nieces, nephews, cousins, step relationships, and in-laws.
- Material transactions, particularly those involving the Company's directors or executive officers, must be reviewed, and approved in writing in advance by the Company's Audit Committee. As a listed entity, the Company is subject to certain legal obligations to report such material related party transactions to regulators and it is important that all such transactions be fully disclosed, conducted at arm's length and with no preferential treatment.

**8. Credit Discipline:**

All employees of CA GRAMEEN are expected to keep a good credit discipline. No CA GRAMEEN employee can be a defaulter with any financial institution. In case of any breach to this condition due to unavoidable circumstances, the employee must inform the same to the HR team and seek their guidance on the same. The company reserves

the right to check the bureau records of employees periodically and reserves the right to take appropriate actions (including termination) in case any employee is found to be at default with any financial institution.

**9. Disclosure of Records:**

➤ **Accurate Public Disclosures:**

- We will make certain that all disclosures made in financial reports and public documents are full, fair, accurate, timely and understandable. This obligation applies to all employees, including all financial executives, with any responsibility

for the preparation for such reports, including drafting, reviewing, and signing or certifying the information contained therein. No business goal of any kind is ever an excuse for misrepresenting facts or falsifying records.

- Employees should inform Management and the Human Resources department if they learn that information in any filing or public communication was untrue or misleading at the time it was made or if subsequent information would affect a similar future filing or public communication.

➤ **Corporate Recordkeeping:**

- We create, retain, and dispose of our company records as part of our normal course of business in compliance with all CA GRAMEEN policies and guidelines, as well as all regulatory and legal requirements.
- All corporate records must be true, accurate and complete, and company data must be promptly and accurately entered in our books in accordance with CA GRAMEEN's and other applicable accounting principles.
- We must not improperly influence, manipulate or mislead any unauthorized audit, nor interfere with any auditor engaged to perform an internal independent audit of CA GRAMEEN books, records, processes or internal controls.

**10. Breach / Violation of code – Disciplinary actions:**

**If you violate our Code, CA GRAMEEN will take appropriate disciplinary action:**

The matters covered in this Code are of the utmost importance to the Company, its shareholders, and its business partners, and are essential to the Company's ability to conduct its business in accordance with its stated values. We expect all our employees to adhere to these rules in carrying out their duties for the Company.

We take violations of this Code, Company policies and applicable laws seriously. Where appropriate, the Company takes prompt corrective action, up to and including termination of employment. We strive for consistency and fairness in discipline for Code violations. Discipline may include a verbal or written warning; suspension with or without pay; loss or reduction of bonus or stock options; or, for the most serious offenses or repeated misconduct, termination of employment.

Any disciplinary action depends on the nature, severity, and frequency of the violation. It may vary depending upon local law. Please understand that those who violate the laws or regulations mentioned in the Code could expose themselves and the Company to substantial civil damages and criminal penalties.

Corrective action may be taken if you:

- Violate the Code, Company policies and procedures, or applicable laws.
- Direct others to violate the Code, Company policies and procedures, or applicable laws.
- Are aware of a violation or potential violation and fail to report it.
- Fail to effectively monitor the actions of people you manage.
- Do not cooperate in a Company audit or investigation.
- Fail to participate in required training.

- 
- Retaliate against someone for reporting a concern in good faith or for participating in an investigation of such a report.
  - Disclose information learned during an internal investigation.



## **Part B**

### **CODE OF CONDUCT FOR THE MICROFINANCE INDUSTRY**

#### **CORE VALUES OF MICROFINANCE**

##### **PART I**

**The Core Values of Microfinance which guide the microfinance institutions are as follows:**

#### **I. INTEGRITY**

- To provide low-income clients - women and men - and their families, with access to financial services that are client focused, designed to enhance their wellbeing, and delivered in a manner that is ethical, dignified, transparent, equitable and cost effective.

#### **II. QUALITY OF SERVICE**

- To ensure quality services to clients, appropriate to their needs, and delivered efficiently in a convenient and timely manner.
- To maintain high standards of professionalism based on honesty, non-discrimination and customer centricity.

#### **III. TRANSPARENCY**

- To provide complete and accurate information to clients regarding all products and services offered.
- To create awareness and enable clients and all other stakeholders to understand the information provided with respect to financial services offered and availed.

#### **IV. FAIR PRACTICES**

- To ensure that clients are protected against fraud and misrepresentation, deception or unethical practices.
- To ensure that all practices related to lending and recovery of loans are fair and maintain respect for client's dignity and with an understanding of client's vulnerable situation.

#### **V. PRIVACY OF CLIENT INFORMATION**

- To safeguard personal information of clients, allowing disclosures and exchange of relevant information with authorized personnel only, and with the knowledge and informed consent of clients.

#### **VI. INTEGRATING SOCIAL AND ENVIRONMENTAL VALUES INTO OPERATIONS**

- To ensure high standards of governance and management focused on not only financial performance but also social and environmental impact of business.
- To monitor and report social, environmental as well as financial data.

- To assess the social and environmental performance and relevance of the institution from time to time.

## **VII. FEEDBACK & GRIEVANCE REDRESSAL MECHANISM**

- To provide clients formal and informal channels for feedback and suggestions.
- To consistently assess the impact of services in order to enhance competencies and serve clients better.
- To provide a formal and easy to access grievance redress mechanism for clients.

## **CODE OF CONDUCT FOR MICROFINANCE INSTITUTIONS**

### **PART II**

All Microfinance Institutions, regardless of form of organisation, are required to follow all regulatory norms as well as consumer protection practices (specifically, RBI's Guidelines on Fair Practices issued for NBFCs as mentioned in Part V) laid down by the government and the regulators in both letter and spirit. This Code of Conduct lays down additional requirements to enhance and improve sector practices. The code of conduct is to be followed by all MFIs and CA GRAMEEN follows these guidelines in its true spirit and meaning.

### **APPLICATION OF THE CODE**

This Code applies to the following activities undertaken by CA GRAMEEN, in line with the MFIN guidelines:

1. Providing financial services to clients, individually or in groups either on its own or as an agent.
2. Recovery of credit provided to clients.
3. Collection of thrift from clients, wherever permitted by law.
4. Providing insurance, pension services and remittance services, or any other related products and services.
5. Formation of any type of community collectives including self-help groups, joint liability groups and their federations.
6. Livelihood promotion services and Business development services including marketing of products or services made or extended by the eligible clients or for any other purpose for the welfare and benefit of clients.
7. Finance Plus services provided by CA GRAMEEN such as health, financial literacy, vocational training etc.

CA GRAMEEN agrees and abides with the MFIN rules in providing the following:

1. Promote and strengthen the Microfinance movement in the country by bringing low income clients to the mainstream financial sector.
2. Build progressive, sustainable, and client centric systems and practices to provide a range of financial services (consistent with regulation) to clients.
3. Promote cooperation and coordination among themselves and other agencies in order to achieve higher operating standards and avoid unethical practices – including competitive business practices - in order to serve clients better.

CA GRAMEEN adheres to the core values of Microfinance and abides by the Code of Conduct, as mentioned in the following paragraphs.

## **I. Integrity and Ethical Behaviour**

- CA GRAMEEN has designed appropriate Board approved policies and operating guidelines to treat clients and employees with fairness and dignity.
- CA GRAMEEN has incorporated transparent and professional governance system to ensure that our staff and persons acting on their behalf are oriented and trained to put this Code into practice.
- The incentive structure for the staff aims at promoting good business and service practices towards our customer.
- We educate our clients on the Code of Conduct and its implementation.

## **II. Transparency:**

1. CA GRAMEEN discloses all terms and conditions to the client, in a form and manner that is understandable, for all services offered. Disclosure/s are made prior to disbursement in accordance with the Reserve Bank of India's (RBI) Fair Practices Code(Refer Part C) through the following documents.

- a. Individual sanction letter
- b. Loan card
- c. Loan schedule
- d. Passbook

Further, disclosure/s are made through Group/Centre meetings for securing clients' informed consent. (Details are printed on a paper and provisions are made for all borrowers to sign on the same as acknowledgement of their acceptance).

2. We communicate all the terms and conditions for all products/services offered to clients in the official regional language or a language understood by them.
3. We disclose the following terms:
  - a. Rate of interest on a reducing balance method
  - b. Processing fee
  - c. Any other charges or fees howsoever described.
  - d. Total premium recovered for insurance coverage and risks covered.
4. CA GRAMEEN communicates in writing, charges levied for all financial services rendered. Fee on non-credit products/services will be collected only after prior declaration to the client.
5. CA GRAMEEN declares all interest and fees payable as an all-inclusive Annual Percentage Rate (APR) and equivalent monthly rate.
6. CA GRAMEEN follows RBI's guidelines with respect to interest charges and security deposit.
7. Formal records of all transactions are maintained in accordance with all regulatory and statutory norms, and borrowers' acknowledgment/acceptance of terms/conditions must form a part of these records.
8. Where a loan is not sanctioned against an accepted application, CA GRAMEEN discloses the reasons for rejection.

9. CA GRAMEEN Places in public domain, the assessment reports on code of conduct compliance
10. CA GRAMEEN uploads its annual reports and annual financial statements in public domain (our website) immediately after approval of their Board/AGM.

## I. **Client Protection**

### A. **Fair Practices / Anti-Competitive Practices**

1. CA GRAMEEN ensures that the provision of micro finance services to eligible clients is as per RBI guidelines.
2. CA GRAMEEN offers only financial products and services that have been approved by the concerned regulatory authority to their customers (even when acting as agents of other financial institutions).
3. CA GRAMEEN obtains copies of relevant documents from clients, as per standard KYC norms. Additional documents sought must be reasonable and necessary for completing the transaction.
4. CA GRAMEEN takes decision on loans within a reasonable time. We indicate the time limit within which customers can expect a decision on their application and if sanctioned, the time taken for disbursement of loan.
5. CA GRAMEEN does not practice bundling of products (Bundling in this context means making purchase of a product or service conditional for provision of another product or service). The only exceptions to bundling may be made with respect to credit life, life insurance & livestock insurance products, which are typically offered bundled with loans. The terms of insurance should be transparently conveyed to the client and must comply with RBI & Insurance Regulatory and Development Authority (IRDA) norms. Consent of the client must be taken in all cases.

### B. **Avoiding Over-indebtedness:**

1. CA GRAMEEN conducts proper due diligence as per our internal credit policy to assess the need and repayment capacity of our client/s before making a loan and makes loans commensurate with the client's ability to repay.
2. If a client has loans from 2 separate MFIs, then irrespective of the source of the loans, CA GRAMEEN shall not be the third lender to that client. This is validated by the Credit Bureau Report prior to extension of the loan.
3. CA GRAMEEN, do not under any circumstance, breach the total debt limit for any client, as prescribed by RBI. This is validated by the Credit Bureau Report prior to disbursement of the loan.
4. After due verification of credit bureau reports, CA GRAMEEN ensures that loans given on the basis of joint liability of group of borrowers (JLG loan) is restricted to Rs 1,25,000 per borrower. We will not be the third NBFC-MFI (if a customer has taken loan from one NBFC-MFI, we will be the second NBFC-MFI) lender or overall fourth lender to the customer.(If the customer has taken loan from NBFC-MFI, small banks and banks, then we will not be the fourth lender)
5. Where the loan to a specific borrower exceeds Rs 1,25,000, or the total debt of the borrower including proposed loan exceeds Rs 1,25,000, such a loan may be given as an individual loan without involving the JLG. CA GRAMEEN will take necessary steps to have appropriate systems and staff with required competencies to deal with individual loans.

6. CA GRAMEEN carries out test checks of efficacy of their processes relating to avoidance of over-indebtedness through additional credit bureau reports on select sample of clients after loan disbursement. The result of this verification will be reviewed by the Board periodically.

**C. Appropriate interaction and collection practices:**

1. CA GRAMEEN has clearly defined guidelines for employee interactions with clients.
2. CA GRAMEEN ensures that all staff and persons acting on behalf of the MFI.
  - a. Use courteous language, maintain decorum, and are respectful of cultural sensitivities during all interaction with clients.
  - b. DO NOT indulge in any behaviour that in any manner would suggest any kind of threat or violence.
  - c. DO NOT contact clients at odd hours, as per the RBI guidelines for loan recovery agents.
  - d. DO NOT visit clients at inappropriate occasions such as bereavement, etc., to collect dues even if two or more successive repayments are not received.
3. CA GRAMEEN provides a valid receipt (in whatever form as decided by the CA GRAMEEN) for each and every payment received from the borrower and record the payment in the loan passbook/loan card with the client.
4. CA GRAMEEN has detailed Board approved process for dealing with clients, at each stage of default.
5. CA GRAMEEN does not collect shortfalls in collections from employees and our HR policies categorically denounces this practice. However, in proven cases of frauds by employees CA GRAMEEN can recover the money from employees.

**D. Privacy of client information:**

CA GRAMEEN ensures to keep personal client information strictly confidential. Client information may be disclosed to a third party subject to the following conditions:

- a. Client has been informed about such disclosure and prior permission has been obtained in writing.
- b. The party in question has been authorized by the client with intimation to the MFI to obtain client information from the MFI.
- c. It is legally required to do so.
- d. This practice is customary amongst financial institutions and available for a close group on reciprocal basis (such as a credit bureau) provided that the:
  - i. clients' prior consent has been obtained and the receiver of such information is also bound by these conditions to keep the client information confidential.

**II. Governance:**

CA GRAMEEN has incorporated a formal governance system that is transparent and professional, and adopts the following best practices of corporate governance:

1. CA GRAMEEN observes high standards of governance by inducting persons with good and sound reputation as members of Board of Directors/Governing body and seek to comply with the best standards stipulated in Companies Act, RBI regulations and the Stock Exchange regulations for listed companies (even though the MFIs may not be companies or listed in a stock exchange).

2. CA GRAMEEN endeavours to have independent directors to the extent of 1/3rd of the Governing Board.
3. CA GRAMEEN has a Board approved debt restructuring product/program for providing relief to borrowers facing repayment stress.
4. CA GRAMEEN has appointed an audit committee of the Board with an independent director as chairperson.
5. CA GRAMEEN ensures transparency in the maintenance of books of accounts and reporting/ presentation and disclosure of financial statements by qualified auditor/s.
6. CA GRAMEEN puts in best efforts to follow the Audit and Assurance Standards issued by the Institute of Chartered Accountants of India (ICAI).
7. CA GRAMEEN places before the Board of Directors, a compliance report indicating the extent of compliance with this Code of Conduct and the functioning of the grievance redressal mechanism at various level of management, specifically indicating any deviations and reasons therefore, at regular intervals, as may be prescribed by Board.

### **III. Recruitment:**

The code covers all MFI staff.

1. As a matter of free and fair recruitment practice, there will be no restriction on hiring of staff from other MFIs by legitimate means in the public domain like general recruitment advertisements in local newspapers, web advertisements, walk-in interviews, etc.
2. Whenever CA GRAMEEN seeks to recruit an employee from another MFI, it is mandatory to seek a reference check from the current employer. The reference check will be sought from current employer only after an offer is made and an offer letter is issued to the prospective employee.
3. CA GRAMEEN responds to the reference check request from another MFI within two weeks.
4. CA GRAMEEN honours notice period as contractually agreed between employer and employee subject to a minimum of one month for an outgoing employee.
5. CA GRAMEEN shall not recruit an employee of another MFI, irrespective of the grade/level of the employee, without the relieving letter from the previous MFI employer. An exception can however be made in instances where the previous employer (MFI) fails to respond to the reference check request within 20 days. All MFIs must provide such relieving letter to the outgoing employee in case he/she has given proper notice, handed over the charge and settled all the dues towards the MFI, except in proven cases of fraud or gross misconduct by the employee.
6. Whenever CA GRAMEEN recruits from another MFI, at a level up to the Branch Manager position, the said employee shall not be assigned to the same block where he/she was serving at the previous employer, for a period of 1 year.

### **IV. Client Education:**

1. CA GRAMEEN has a dedicated process to raise clients' awareness of the options, choices and responsibilities vis-à-vis financial product and services available.

2. New clients are informed about the organization's policies and procedures to help them understand their rights as borrowers.
3. CA GRAMEEN ensures regular checks on client awareness and understanding of the key terms and conditions of the products/ services offered / availed. Customer feedback should be gathered, as part of internal audit systems or through some other regular monitoring such as a system of calls to random sample of customers. The feedback from such monitoring should be reported to the board periodically.

#### **V. Data Sharing:**

1. CA GRAMEEN shares complete client data with all RBI approved Credit Bureaus, as per the frequency of data submission prescribed by the SRO.
2. CA GRAMEEN provides the data and information called for by all supervisory and regulatory bodies including the SRO.

#### **VI. Feedback/ Grievance Redressal Mechanism:**

1. CA GRAMEEN has established dedicated feedback and grievance redressal mechanisms to correct any error and handle/receive complaints speedily and efficiently. The minimum standards required of the GRM are.
  - i. an easy procedure for recording a complaint over phone - with details of phone numbers printed on loan cards,
  - ii. a staff assisted procedure at the branch for recording complaints/ grievances,
  - iii. acknowledgement for receipt of the complaint
  - iv. a time limit for resolution of the complaint,
  - v. a clear appeal procedure in case where customer is not satisfied with the solutions offered by CA GRAMEEN,
  - vi. nodal staff in the branch to guide customers to lodge grievance with RBI or SRO,
  - vii. assurance to customers that they will be treated fairly despite the complaint/grievance being lodged.
2. CA GRAMEEN informs clients about the existence and purpose of these mechanisms and how to access them.
3. CA GRAMEEN designates at least one grievance redressal official to handle complaints and/ or note any suggestions from the clients and make his/ her contact numbers easily accessible to clients.
4. CA GRAMEEN displays contact number and address of SRO (as applicable) nodal official and details of the grievance redressal system of the SRO.
5. CA GRAMEEN has an appropriate mechanism for ensuring compliance with the Code of Conduct.
6. Where complainants are not satisfied with the outcome of the investigation conducted by the concerned MFI into their complaint, they shall be notified of their right to refer the matter to the grievance redressal mechanism established by the SRO, as applicable.
7. CA GRAMEEN prepares a monthly report on grievances received, resolved and pending for a senior management review and periodic reports to the board.

### **PART III**

#### **CLIENT PROTECTION GUIDELINES FOR MICROFINANCE INSTITUTIONS (CPG)**

The CPG states that all MFIs, regardless of their form:

Shall display the Client Protection Code in all branches and offices in English and the local language, in plain view.

1. Shall endeavour to provide micro finance services to all eligible clients, as per RBI guidelines.
2. Shall educate clients, staff, and any person, acting on their behalf on the Code of Conduct and its implementation.
3. Shall disclose all terms and conditions to the client for all products/services offered, prior to disbursement, in accordance with the Reserve Bank of India's (RBI) fair practices code through the following documents.
  - a. Individual sanction letter
  - b. Loan card
  - c. Loan schedule
  - d. Passbook
4. In addition, disclosure should be made through Group/Centre meetings for securing clients' informed consent. (Details can be printed on a paper and all borrowers can sign on the same as acknowledgement of their acceptance).
5. Shall communicate all the terms and conditions for all products/services in the official regional language or a language understood by clients.
6. Shall disclose the following terms:
  - a. Rate of interest on a reducing balance method
  - b. Processing fee
  - c. Any other charges or fees howsoever described.
  - d. Total charges recovered for insurance coverage and risks covered.
7. Shall communicate in writing, charges levied for all financial services rendered.
8. Shall not collect fee on non-credit products/ services without prior declaration to the client.
9. Shall declare all interest and fees payable as an all-inclusive APR and equivalent monthly rate.
10. Shall follow RBI's guidelines with respect to interest charges and security deposit.
11. Shall obtain copies of relevant documents from clients, as per standard KYC norms. Additional documents sought must be reasonable and necessary for completing the transaction.
12. Shall disclose reasons for rejection of loans to applicants.
13. Shall indicate the time limit within which applicants/customers can expect a decision on their application and if sanctioned, the time taken for disbursement of loan.
14. Shall not bundle products, except for credit life, life insurance & live-stock insurance products. The terms of insurance should be transparently conveyed to the customer and must comply with RBI & IRDA norms. Consent of the client must be taken in all cases.
15. Shall conduct proper due diligence to assess the need and repayment capacity of client before making a loan and must only make loans commensurate with the client's ability to repay.



16. Shall not be the 3rd lender to a client if the client has loans from 2 other lender (irrespective of the source of loan).
17. Shall not breach the total debt limit for any client, as prescribed by the RBI or Central/ State Government or SRO
18. Shall ensure that all employees follow company guidelines for interaction with clients.
19. Shall ensure that all staff and persons acting for the MFI or on behalf of the MFI:
  - a) Use courteous language, maintain decorum, and are respectful of cultural sensitivities during all interaction with clients.
  - b) DO NOT indulge in any behaviour that in any manner that would suggest any kind of threat or violence to clients.
  - c) DO NOT contact clients at odd hours, as per the RBI guidelines for loan recovery agents.
  - d) DO NOT visit clients at inappropriate occasions such as bereavement, sickness, etc., to collect dues.
20. Shall provide a valid receipt (in whatever form decided by the MFI) for each and every payment received from the borrower and record the payment in the loan passbook/loan card with the client.
21. Shall follow approved company procedure to deal with client default sensitively.
22. Shall follow the debt restructuring mechanism adopted by the MFI for borrowers under liquidity stress.
23. Shall keep personal client information strictly confidential.
24. Shall disclose client information to a third party only under the following conditions:
  - a) Client has been informed about such disclosure and permission has been obtained in writing.
  - b) The party in question has been authorized by the client to obtain client information from the MFI.
  - c) It is legally required to do so.
  - d) This practice is customary amongst financial institutions and available for a close group on reciprocal basis (such as a credit bureau) provided that the i) clients' prior consent has been obtained and ii) the receiver of such information is also bound by these conditions to keep the client information confidential.
25. Shall follow board approved process to raise clients' awareness of the options, choices, and responsibilities vis-à-vis financial products and services available.
26. Shall inform all new clients about the organization's policies and procedures.
27. Shall inform clients about the existence and purpose of feedback mechanisms and how to access them.
28. Shall get an assessment of compliance with the code of conduct carried out by an agency approved by the SRO, once in every 12 to 18 months and place the assessment report in public domain.

## **PART IV**

### **INSTITUTIONAL CONDUCT GUIDELINES FOR MICROFINANCE INSTITUTIONS (ICG)**

The ICG states that all MFIs, regardless of their form:

1. Shall have an appropriate mechanism for ensuring compliance with the Code of Conduct.
2. Shall have appropriate policies and operating guidelines to treat clients and employees with fairness and dignity.
3. Shall maintain formal records of all transactions in accordance with all regulatory and statutory norms, and borrowers' acknowledgement/acceptance of terms/ conditions must form a part of these records.
4. Shall have detailed board approved process for dealing with clients, at each stage of default.
5. Shall not collect shortfalls in collections from employees except in proven cases of frauds by employees.
6. MFIs should ensure that their competitive practices are fair and customer friendly.
7. MFIs should avoid geographies where there is a large presence of other MFIs with significant business volumes.
8. Shall have a Board approved debt restructuring product/program for providing relief to borrowers facing repayment stress.
9. Shall seek a reference check from previous employer for any new hire.
10. Shall provide within 20 days the reply to the reference check correspondence for another MFI.
11. Shall honour notice period as contractually agreed between employer and employee subject to a minimum of one month for an outgoing employee.
12. Shall not recruit an employee of another MFI without the relieving letter from the previous MFI employer except where the previous employer (MFI) fails to respond to the reference check request within 20 days.
13. Shall not assign a new employee recruited from another MFI to the same area he/she was serving at the previous employer, for a period of 1 year. This restriction applies to positions up to the Branch Manager level.
14. Shall have a dedicated process to raise the client's awareness of options, choices, rights and responsibilities as a borrower and shall conduct regular checks on client awareness and understanding of the key terms and conditions of the products/ services offered / availed.
15. Shall agree to share complete client data with all RBI approved Credit Bureaus, as per the frequency of data submission prescribed by the SRO.
16. Shall establish dedicated feedback and grievance redressal mechanisms to correct any error and handle/receive complaints speedily and efficiently.
17. Shall designate an official to handle complaints and/ or note any suggestions from the clients and make his/ her contact numbers easily accessible to clients.
18. Shall undertake remedial measures in respect of deficiencies found in COC observance during assessments carried out.

### **CA GRAMEEN'S COMMITMENT TO CUSTOMERS**

#### **CA GRAMEEN's Commitment to Customers**

We, as part of the Microfinance Industry promise the customers that we will:

1. Provide micro finance services to all eligible clients in complete compliance with RBI guidelines.
2. Educate clients on the Code of Conduct and its implementation.
3. Disclose all terms and conditions to the client for all products/services offered, prior to disbursement, in accordance with the Reserve Bank of India's (RBI) fair practices code (refer Part V) through the following documents.
  - a. Individual sanction letter
  - b. Loan card
  - c. Loan schedule
  - d. Passbook
4. In addition, disclose the terms and conditions in local language through Group/Centre meetings and secure their consent. (Details can be printed on a paper and all borrowers can sign on the same as acknowledgement of their acceptance).
5. Communicate all the terms and conditions for all products/services in the official regional language or a language understood by clients.
6. Disclose the following terms of loans:
7. Rate of interest on a reducing balance method
  - a. Processing fee
  - b. Any other charges or fees howsoever described.
  - c. Total charges recovered for insurance coverage and risks covered.
8. Declare all interest and fees payable as an all-inclusive APR and equivalent monthly rate communicate in writing, charges levied for all financial services rendered.
9. Not collect fee on non-credit products/ services without prior declaration to the client.
10. Follow RBI's guidelines with respect to interest charges and security deposit.
11. Obtain copies of relevant documents from clients, as per standard KYC norms. Any additional documents we ask for will be reasonable and necessary for completing the transaction.
12. Disclose reasons for rejection of loans to applicants.
13. Indicate the time limit within which applicants/ customers can expect a decision on loan application and if sanctioned, the time taken for disbursement of loan.
14. Not bundle products, except for credit life insurance, life insurance & live-stock insurance products. The terms of insurance will be transparently conveyed to the customer and will comply with RBI & IRDA norms. Consent of the client will be taken in all cases.
15. Conduct proper due diligence to assess the need and repayment capacity of customer before making a loan and must only make loans commensurate with the client's ability to repay.
16. Not be the 3rd lender if the customer already has loans from 2 other lenders (Irrespective of the source of loan).
17. Not breach the total debt limit for any client, as prescribed by the RBI or Central/State Governments.
18. Ensure that all our employees follow company guidelines for interaction with customers.
19. Ensure that all staff and persons acting on our behalf:
  - a. Use courteous language, maintain decorum, and are respectful.
  - b. DO NOT indulge in any behaviour that in any manner that would suggest any kind of threat or violence to clients.
  - c. DO NOT contact clients at odd hours, as per the RBI guidelines for loan recovery agents.
  - d. DO NOT visit clients at inappropriate occasions such as bereavement, sickness, etc., to collect dues.
20. Provide a valid receipt (in whatever form decided by the MFI) for each and every payment received from the borrower.

21. Follow approved company procedure to deal with any default sensitively.
22. Follow the debt restructuring mechanism approved by our board for borrowers under liquidity stress.
23. Keep the collected client information strictly confidential.
24. Disclose client information to a third party only under the following conditions:
  - a. Client has been informed about such disclosure and permission has been obtained in writing.
  - b. The party in question has been authorized by the client to obtain client information from the MFI.
  - c. It is legally required to do so.
  - d. This practice is customary amongst financial institutions and available for a close group on reciprocal basis (such as a credit bureau) provided that the i) customer's prior consent has been obtained and ii) the receiver of such information is also bound by these conditions to keep the client information confidential.
25. Follow board approved process to raise customers' awareness of the options, choices, and responsibilities vis-à-vis financial products and services available.
26. Inform all new clients about the organization's policies and procedures.
27. Inform clients about the existence and purpose of feedback mechanisms and how to access them.

### **Customers' Rights**

As a customer you have the following rights to:

1. Ascertain the terms and conditions of the loan from the field officer or the branch staff – either orally or in writing
2. Ascertain the balance outstanding, amount of loan and interest repaid and other information relating to an existing loan or a loan that has been closed not earlier than 12 months back – either orally or in writing.
3. Receive a loan sanction letter or loan card indicating all the terms of the loan.
4. Get a passbook in any suitable for indicating the periodic loan instalments repaid and the balance outstanding.
5. Get a receipt for any payments including loan instalments made to the staff of MFI.
6. Access the officials indicated in the loan card or other material of the MFI for making complaints, registering grievances – this can be done in writing or over phone.
7. Receive assistance from a designated staff of the MFI in the branch for lodging a complaint or grievance.
8. Receive an acknowledgement of a complaint or grievance lodged by you with a time limit indicated for resolution.
9. Receive a reply to your complaint/grievance within the prescribed time limit – which will be informed to you by the MFI when you lodge the complaint.
10. Appeal to a higher level in case you are not satisfied with the response or the solution provided on your complaint. Appeal to the nodal officer of RBI if any case is not resolved within the acceptable timelines.

## **PART C**

### **Guidelines on Fair Practices Code for NBFC-MFIs**

The organization is governed by balanced team of learned, experienced practitioners and professionals. To bring total transparency in the working of CreditAccess Grameen the following 'Code of Fair Practices' are recommended to be adopted by the Board.

#### **Loan Applications and processing**

1. We shall communicate with all our members/ borrowers in vernaculars
2. We shall collect all necessary documents to comply with KYC norms of RBI in respect of the borrowers.
3. We shall provide all necessary details of the loan product along with terms and conditions before taking the loan application. The product details and terms & conditions shall be displayed on our website and branch premises prominently. The loan application shall contain documents required for availing the loan.
4. We shall record all Loan Applications received in the minute books maintained at the Groups/Kendra's on the day of such applications. We shall dispose of all the loan applications within 3 weeks from the date of loan application.

#### **Loan Appraisal and terms/ conditions**

1. We shall train and equip all our Kendra Managers/ Credit Officers to conduct proper due diligence to understand the repayment capacity of the borrower and the details of existing debt if any so that the loan sanctioned is adequate for the purpose and repayable without much strain on the part of the borrower.
2. The Loan sanctioned along with the detailed terms and conditions shall be communicated by means of a Sanction Letter in local language and obtain the consent of a borrower by getting the signature of the applicant affixed on the copy of the Sanction Letter to be maintained with the branch as a record.
3. The Loan agreement shall encompass the following details.
  - i. The interest rate to be charged on annualized basis, the processing fee shall not exceed the RBI prescribed limits and the insurance premium applicable for member and spouse life cover.
  - ii. We shall always adopt interest rate model taking into account relevant factors such as cost of funds, margin & risk premium, and regulatory cap etc., duly approved from Board. We shall disclose rate of interest for different set of products through formal communications, display in all our office premises and our website. We shall communicate the rate of interest explicitly in the sanction letter.
  - iii. We shall not levy any penal rate of interest on delayed payment/ pre-payment charges to any of the borrowers and shall not stipulate any Security Deposit/ Margin.
  - iv. We shall stipulate that the borrower must not be a member of more than one SHG/JLG.
  - v. We shall provide a minimum moratorium of one instalment between the grant of loan and due date of the first instalment.
  - vi. We shall assure the privacy of borrower's data except for sharing the same with agencies AKMI (Association of Karnataka Microfinance Institution), MFIN, Sa-

- Dhan, Credit Bureau, Lenders to CreditAccess Grameen, Regulator, Govt. Agencies, and such organizations working in the sector.
- vii. Loan Agreement shall include the decision to recall / accelerate the repayment whenever the borrower commits a gross deviation of any of the terms and conditions of the loan giving a notice of 7 days to pay off the advance.
  - viii. Loan Agreement shall also contain a clause to release all securities and repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim we may have against the borrower. Under such conditions when the right of set off is to be exercised, we shall serve a notice period of 7 days about the same with full particulars about the remaining claims and the conditions under which we are entitled to retain the securities till the relevant claim is settled/ paid.
  - ix. We shall declare our accountability for any inappropriate staff behaviour and timely Grievance Redressal of the borrowers. Grievance redressal channels shall be available on the loan cards issued to the borrowers, as well as at all GF SPL branches.
  - x. We shall give options of repayment frequency to all customers to choose between weekly, biweekly or monthly depending on their cash flow.

While all the terms and conditions shall be provided to the customers by way of sanction letter and Loan Card, a copy of the Loan agreement shall also be made available to those borrowers who make specific request for the same. This decision is as a part of the ideology of "GO GREEN", saving enormous quantity of paper.

### **Disbursement of Loans**

1. We shall serve notice to borrowers in local language of any change/s in terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. We shall also effect such changes only prospectively.
2. We shall organize all sanctioning and disbursement of loans to happen at the branch location and more than one official shall be involved in this function. We shall have close supervision of the disbursement function by our senior officials through random checks.
3. We shall issue loan card containing following information.
  - i. Borrower's identity and the relevant information.
  - ii. All the entries in the loan card shall be in the local language.
  - iii. Annualized rate of interest charged & all the fees if any.
  - iv. Salient terms and conditions of the loan.
  - v. Our acknowledgements for the repayments including instalments received and final discharged.
  - vi. We shall prominently display our Grievance Redressal System including the Toll-free no.1800-425-0205 and designation of the nodal officer apart from Branch address and telephone number of the branch.
  - vii. We shall detail the non-credit products namely Health Care Cover wherever applicable and obtain the consent of the beneficiaries under the scheme.

### **Non-Coercive Methods of Recovery**

1. We shall collect all our recoveries at the central designated place namely Kendra Meetings. Only in the case of borrower fails to attend at Kendra Meeting on 2 or more

- occasions and also fails to repay, our field staff shall visit to the place of residence or place work of the borrower for recovery.
2. We shall ensure that a uniform systems and procedure approved by Board as a policy in the matter of staff recruitment, training and supervision. Our policy shall be to train field staff through training programs to inculcate appropriate behaviour towards borrowers without adopting any abusive or coercive debt collection / recovery practices.
  3. We shall not have any incentives for the number of loans mobilized and the rate of recovery. We shall have a policy of appraisal of field staff, where the compliance of code of conduct and customer satisfaction shall be the parameters for appropriate compensation.
  4. We shall initiate necessary disciplinary action against staff who abuses any of the items under Code of conduct.
  5. We shall not engage/outsourced any recovery agents for recovery.

### General

1. We shall refrain from interference in the affairs of the borrower/ member except for the purposes provided in the terms and conditions of the loan agreement (unless the borrower/member declared/ disclosed earlier false information which comes to our notice on a later date).
2. We shall oblige the request for transfer of borrower account, the consent or otherwise i.e. objection of the NBFC, if any, should be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
3. We shall lay down effective Grievance Redressal Mechanism by way of installing complaint boxes at all our offices, arrange for the **Toll-Free Number 1800-425-0205 and designate a senior level officer as Grievance Redressal Officer.** We shall provide the address / telephone no. of the Ombudsman working at the office of Association of Karnataka Microfinance Institutions and such other Grievance Redressal offices being made available at different states we are working.
4. We shall provide 5 days' time to redress grievance of any member at the branch level failing which the borrower will escalate the matter through the **Toll free number 1800-425-0205 to Grievance Redressal Cell at Head Office** which shall resolve the grievance within 7 days. If the borrower still not satisfied can escalate the matter to the Ombudsman, Association of Karnataka Microfinance Institutions. We shall submit the periodical consolidated review report of the Grievance Redressal Committee to the Board of Directors for their review and approval.
5. We shall display our Fair Practices Code in local languages in all our office premises. Also, the following informative displays shall be organized at branches and our web site.
  - i. Loan products with salient features
  - ii. Dos and don'ts for field staffs.
  - iii. Grievance Redressal Mechanism detailing Branch Manager's name and contact number, Area Manager's name and contact number, **Toll Free number 1800-425-0205** and nodal officer designation, Ombudsman's address and contact number and availability of complaints box.
  - iv. Sa-Dhan-MFIN Code of conduct
  - v. We shall bring out a statement in local language articulating our commitment to transparency and Fair Lending Practices and the same shall be displayed in the office premises and loan cards.

6. We shall provide training and refresher courses to all our members/ borrowers at annual interval at free of cost so as to bring about the awareness of all the changes that might have occurred during the period. We shall train our field staff to enable them to render such training to borrowers. Also, we shall cover a minimum of 5 % of our borrowers/ members to be contacted to study the borrowers' feelings about our systems and procedures, quality of loan products and any other deficiencies so as to bring about necessary changes for their utmost convenience.
7. Our field staffs shall not call on the borrowers before 6 am and after 8 pm and shall not visit their residence or workplace on days of festival, marriage etc., or any mourning occasions for the purpose of recovery.
8. We shall create awareness amongst the borrowers and support them by giving loans to adopt hygienic equipment like improved smokeless stove, water purifier, solar lights, sanitation, education, health care, etc. for their day-to-day requirements. This would go a long way in bringing about the green effect.
9. We shall ensure that the procedure for application of loan is not cumbersome and loan disbursements are made as per pre-determined time schedule driven through the well-defined process.
10. The details of insurance product, the terms and conditions of the policy, claim settlement, nomination, etc. shall be advised in detail in local language and necessary consent is obtained from the applicant.

### **Internal Control System**

We shall constitute a Fair Practice Code Compliance Committee to review the implementation at Quarterly intervals and furnish feedback on the same to the Board of Directors at their review at half-yearly intervals. We shall incorporate verification and checks for compliance of all the practices through the specific designed officials in the hierarchy and through effective internal audit/ periodical inspections.

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