

SATYA MICROCAPITAL LIMITED

Code of Conduct of Field Staff

Version 2.0

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1. Introduction & Objective

Satya MicroCapital Limited (hereinafter referred as “Company or SATYA”) enables economically active poor to build a better life and promote financial inclusion by providing range of financial services. SATYA is registered as a Non-Banking Financial Institution under section 45 IA of the Reserve Bank of India (RBI) Act, 1934. As per the registration granted to SATYA, it is currently classified as a Non-Banking Finance Institution that may not accept public deposits.

SATYA started its microfinance operations by adopting the “Joint Liability Group (JLG) Model” with adequate use of technology and new adaptations.

In terms of RBI Master Circular on Fair Practices Code for all Non-Banking Financial Companies (NBFCs) and Residuary Non-Banking Companies (RNBCs) RBI/2015-16/16 DNBR (PD) CC.No.054/03.10.119/2015-16 dated July 01, 2015, the NBFC-MFIs shall ensure that a Board approved policy is in place with regard to Code of Conduct by field staff and systems for their recruitment, training and supervision. In line of the same the SATYA has formulated Code of Conduct of Field Staff.

SATYA truly believes in the spirit of Professional Entrepreneurship. It is committed towards conducting business and dealing with all its stakeholders with highest ethical standards and in compliance with all applicable laws and regulations. All the Field Staff must therefore conduct themselves with integrity, honesty, in a professional manner and avoid inappropriate behavior.

This Code of Conduct covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide all Field Staff. They must refer to other organizational policies, guidelines, operational procedures, Terms & Conditions of their appointment letter, etc. for better understanding of the governance frameworks within the SATYA.

2. Applicability of the Code

The policy will become applicable from such date as approved by the Board of Directors. The Code of Conduct is applicable to all Field Staff of Satya MicroCapital Limited.

2A. Definition of Field Staff

Field Staff is defined as all branch staff including the Branch Head.

3. Sensitization of field staff

Company will ensure that all Field Staff are made aware of the Code of Conduct and other related policies. In order to promote better understanding, the SATYA shall, from time to time, conduct mandatory education programs in this regard; however, field staff are encouraged to familiarize themselves fully with the provisions of the code; and in case of any doubts, questions or clarifications, their Reporting Authority, to seek necessary guidance.

Any changes to the Code of Conduct will be updated to all field staff in a timely manner.

4. Field Staff's Accountability

Field staff is expected to:

- a) understand their responsibilities under the Code.
- b) complete all mandatory education programs in a timely manner.

5. Code of Conduct for Field Staff

Field Staff shall uphold the image and dignity of the institution. It is necessary that they keep in mind the objective of the Satya and conduct all dealings on behalf of the SATYA with appropriate behaviour, professionalism, honesty, integrity and high moral and ethical standards. They are expected to meet these standards while working in the premises of the SATYA, at offsite locations where the business is being conducted, at SATYA-sponsored business and social events, or at any other place where they act as representatives of the SATYA.

5A. Fair Practices with Borrowers

The Field Staff should convey in writing through fact sheet, as well as verbally to the borrower in the vernacular language as understood by the borrower the following terms of Loans:

- a) All the important terms and conditions of the loan agreement
- b) Rate of interest on declining balance method
- c) Processing fee
- d) Any other charges
- e) Security or any other deposit.
- f) Systematic advance collections
- g) Fact that no prepayment penalty will be charged
- h) Charges to be paid in case of delay in payment of installments (to change as per pricing policy)
- i) Total charges recovered for insurance coverage and risks covered
- j) Any other services rendered and charges for the same

The communication should be in writing through any/various of the following ways:

1. Sanction letter
2. Fact Sheet
3. Loan card
4. Loan schedule
5. Passbook
6. Through Group/Centre meetings

The communication should be in the language medium understood by the borrower.

5B. Avoiding Over-indebtedness

- a) Field Staff shall be trained to make necessary enquiries with regard to sources of Income (monthly and annual), household expenses, repayment obligations and existing debt (formal and

informal) of the borrowers.

- b) Due diligence shall be carried out to ensure the repayment capacity of the borrowers before making a loan.
- c) Make best efforts to ensure that the loans provided are within the customer's capacity to repay and avoid over-indebtedness.
- d) Must not exceed the total debt limit for any client, as prescribed by RBI.

5C. Appropriate interaction and collection practices

In line with regulatory framework and directives

- a) Field Staff must use courteous language, maintain decorum, and are respectful of cultural sensitivities during all interaction with clients.
- c) In the matter of recovery of loans, the Company and its employees should not follow coercive collection practices such as collecting at odd/late hours or during bereavement / sickness of customers, behaving rudely / aggressively, or use of muscle power during collection etc.
- d) Field Staff shall provide a valid acknowledgement / receipt for each and every payment received from the borrower.
- e) Training if any, offered to customers shall be free of cost. Field Staffs are trained to offer such training and also make the customers fully aware of the procedure and systems related to loan/other products.

The Recovery practices to be strictly avoided are as follows

- Persistently calling the borrowers or calling before 9:00 am and after 6:00 pm
- Harassing relatives, friends and coworkers of the borrowers
- Publishing names of the borrowers
- Use or threat of use of violence or other similar means to harm the borrower or borrower's family/ asset/ reputation
- Misleading the borrower about the extent of the debt or the consequences of non-repayment

5D. Privacy of client information

The Field Staff must 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 permission has been obtained in writing.
- b) The party in question has been authorized by the client to obtain client information from the Company.
- 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).

6. Recruitment

The Recruitment of field staff shall be as per the Recruitment Policy of the Company which is laid down in SATYA's Human Capital Policy.

- SATYA shall employ and retain qualified and experienced personnel to carry out its functions and shall ensure that employees derive satisfaction from employment by offering attractive remuneration, good working conditions, challenging assignments and opportunities for advancement. The recruitment process at SATYA is performed in a systematic, fair, unbiased and uniform manner.
- The policy of SATYA is to seek and employ individuals who are qualified by job related standards of age, education, vocational training and experience.
- The recruitment process should be completely neutral to the source of the candidates.
- There should be no discrimination on the ground of age, sex, caste, religion etc. on the recruitment front.
- SATYA is bound by the Sa-Dhan /other Self- Regulatory Organizations (SRO)/ MFN code of conduct in recruiting employees from other MFIs. When we hire an employee from another MFI, the below mentioned actions are taken.
- Complete reference check from the previous employer (applicable also for non-MFI). 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.
- SATYA ensures to respond, to the reference check request from another MFI within two weeks.
- SATYA does 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.
- SATYA honor notice period as contractually agreed between employer and employee subject to a minimum of one month for an outgoing employee.
- Whenever SATYA recruits from another MFI, at a level up to the Branch Head position, the said employee is not assigned to the same area he/she was serving at the previous employer, for a period of 1 year to avoid any conflict of interest.

7. Training and Induction

The Training and Induction of field staff shall be as per the Training and Induction Policy of the Company which is laid down in SATYA's Human Capital Policy, so as to promote a strong culture within SATYA and to systematically conduct activities/initiatives that develop a competent, motivated, and a well trained workforce so as to inculcate their appropriate behaviour towards borrowers without adopting any abusive or coercive debt collection / recovery practices. The Field Staff must abide by SATYA's Human Capital Policy.

8. Declaration

All Field Staff are required to affirm their having read and understood the Code of Conduct and confirm to abide by its provisions. Field Staff may be required to make such declarations on a periodic basis. Failure to read the Code or affirm the Declaration, does not excuse a Field Staff from compliance with

the Code.

9. Review of the Code of Conduct

SATYA may review and amend/ modify the Code of Conduct annually and from time to time, as deemed necessary and appropriate.

10. Violation of the Code

The violation of this Code of Conduct will lead to necessary disciplinary penalties and possible dismissal.