



## FMFB Work Ethics & Business Conduct

### **Introduction**

The First MicroFinanceBank (FMFB) is committed to conduct its business in full compliance with the laws, rules, regulations, customs and traditions of the community in which it operates; and in full alignment with its core values; and in full adherence to the highest ethical standards.

Thus FMFB expects, directs and enforces its employees to manage its business with the highest ethical standards of integrity, accountability and professionalism outlined in this Code of Ethics; with due diligence and proficiency; with full compliance with all legal and regulatory requirements; in full compliance with audit recommendations; and in a manner that reflects objectivity and transparency.

FMFB Code of Ethics lays down the principles; and sets the tone for proper conduct and ethical behavior in conducting business; and it paves ground for ensuring equity and diversity, establishing and maintaining a conducive organizational environment/culture where every one feels honored and empowered as an individual and a professional; and where there is no discrimination, harassment, exploitation prejudice, and bias; and where any employee can frankly express his/her ideas, suggestions, questions, concerns and grievances without any fear of reprisal. This is critical to the FMFB's effectiveness as a bank, as well as to its interests, reputation and public image.

The purpose of the FMFB Code of Ethics is to define the values which must be shared by all its employees and other stakeholders of its business and must underlie the performance, behavior and interaction of every individual associated with FMFB, irrespective of their status or position; and to establish a reporting and protection mechanism designed to ensure the strict application of the described principles.

A copy of the FMFB Code of Ethics must be given to every employee, who can read it, for studying and understanding; and it must be explained by the respective line manager to every employee who can not read and understand it. Every employee is required to sign a written confirmation that s/he has read, understood the FMFB Code of Ethics; or it is explained to him/her; and that s/he is obliged to comply with and adhere to it.

FMFB reserves the right to revise, amend, modify and change this Code of Ethics at any time to ensure its relevance and timeliness.

In case an employee requires additional information or explanation regarding a particular provision of the FMFB Code of Ethics, or if an employee needs guidance in a particular situation, s/he should contact immediate manager / supervisor or FMFB HR Department.

Every one of the bank customers and/or any other stakeholder of the FMFB business must have the bank's utmost assurance that they will not be subjected to any form of discrimination, harassment, bias, prejudice, and exploitation. Equally, each FMFB employee must have the opportunity to contribute to his/her full potential to the realization of the bank's vision and achievement of its objectives.

In that FMFB is an AKDN sister organization, it endorses the AKDN Code of Ethics for itself; it feels obliged to incorporate in its code of ethics the principles and the terms laid down in the AKDN Code of Ethics drafted by Aiglemont based AKDN/HR.

To fulfill these aims, the FMFB has established – and is committed to maintain – an FMFB Code of Ethics. The FMFB Code of Ethics encompasses in it the points its employees must consider; and the points they must refrain as FMFB employees.



## **THE FMFB CODE OF ETHICS CALLS UPON EVERY EMPLOYEE TO FIRMLY CONSIDER THE FOLLOWINGS:**

\* **RESPECT TO HUMAN DIGNITY:** FMFB affirms – and expects every employee to affirm – the human dignity of every shareholder, customer, staff member and any other stakeholder of its business.

\* **INTEGRITY:** FMFB believes in, and in practice enforces integrity, i.e. to be honest, accountable and trustworthy. Every FMFB employee has to remain honest and transparent in what s/he does and says.

\* **COMMITMENT:** FMFB strives to recruit and retain employees with demonstrated commitment. FMFB is – and expects every employee to be – resolute in the pursuit of the FMFB vision, mission and objectives.

\* **EXCELLENCE:** FMFB believes in, and in practice promotes and enforces excellence. It expects any of its employees to use excellence as a standard of performance, behavior and interaction. FMFB does not tolerate mediocrity to be the standard of its employees' performance.

\* **FAIRNESS:** The FMFB is – and expects every employee to be – fair and equitable when dealing with all stakeholders, as well as in the implementation of the bank internal policies and procedures; and decision-making at all levels.

\* **ACCOUNTABILITY:** Any FMFB employee must feel accountable on behalf of any thing s/he says, does or is in any way involved in. Employees will be individually and collectively held accountable for their understanding of, and adherence to the FMFB Code of Ethics and accountability to its customers and other stakeholders of its business.

### **\* RESPECTING CUSTOMERS**

Respecting customer is the call of FMFB core value of “Respect to Human Dignity” and the call of its business. Every FMFB employee has to respect customer by warm welcome, gentle interaction, saving his/her time, providing true and adequate information; assuring him / her we are here to serve him / her in a due manner; and maintaining the professional confidentiality of his/her account/business with FMFB. Every FMFB employee must achieve the highest levels of customer satisfaction.

### **\* MAINTAINING PROFESSIONAL FMFB OFFICE DECORUM**

Upon oral and/or written communication with another FMFB employee or any other stakeholder of its business, FMFB employee has to talk and write professional and collegial language and tone. Using threatening, abusive and irresponsible language and tone are strictly prohibited in the course of FMFB business as well as in its premises.

Also, employees are obligated to comply with the FMFB official work timings, be punctual and ensure that work commitments are not disrupted.

For the purposes of security; as well as reflecting professional and presentable appearance, all employees must display their FMFB ID cards at all times in the course of FMFB business. Also they have to be dressed the way the bank working environment and its public image call for.

FMFB employees should observe high standards of behavior, attitude, body language, politeness & optimistic approach. Clumsy / abnormal behavior and short-temperament should be avoided at all times. They are responsible for ensuring that their own work area / office surroundings are maintained neat and tidy.



## **\* NO DISCRIMINATION, HARASSMENT, EXPLOITATION, BIAS AND PREJUDICE**

In the context of this FMFB Code of Ethics, the following terms have the following meanings:

**DISCRIMINATION:** For the purpose of this Code of Ethics, DISCRIMINATION means exclusion of, dealing with, or taking an action against an individual based on race, color, religion, sex, age, marital status, national origin, ethnicity, language, disability, cast, creed, belief, social status, political affiliation, etc.

**HARASSMENT:** For the purpose of this Code of Ethics, HARASSMENT is a form of discrimination, and means any unwelcome comment or behavior that is offensive, demeaning, humiliating, derogatory, or any other inappropriate behavior that fails to respect the dignity of an individual.

**Sexual Harassment** is a yet more offensive and brutal form of Harassment. For the purpose of this Code of Ethics the term sexual harassment refers to committing any nasty behavior of a sexual nature including, but not limited to, commentaries on the victim's body, suggestive objects or pictures in the workplace, degrading words used to describe the victim, or proposition of a sexual nature. Sexual harassment also includes the threat or insinuation that lack of sexual submission will adversely affect the victim's employment, wages, advancement, assigned duties or shifts, academic standing or other conditions that affect the victim's personal and/or career aspirations or livelihood.

**EXPLOITATION:** Exploitation is using one's position of authority, power or control over resources, to pressure, force or manipulate someone to do something against his/her wishes. This includes threatening to stop business, make false claims about a person in public, or any other negative repercussions.

**PREJUDICE:** It refers to any injury or damage resulting to someone from another person's judgment or action of disregarding his rights or claims; or leaning adverse to anything without just grounds or before obtaining sufficient knowledge around it.

**BIAS:** It is close to prejudice and refers to a highly personal and unreasoned distortion of judgment.

FMFB believes in, and in practice promotes and enforces equity and diversity upon employment as well as offering services to its customers. Thus it strictly prohibits any form of discrimination, harassment, exploitation, bias and prejudice, and calls upon every employee to strictly refrain any say and any action that may give birth to discrimination, harassment, exploitation, bias and prejudice.

In addition to these, every FMFB employee must refrain subjectivity, misrepresentation, theft, fraud, lying, physical violence, giving receiving bribes as well as solicited gifts in day-to-day FMFB business. No individual may be subjected by colleagues or supervisors (direct or indirect) to acts of moral harassment that adversely affect their fundamental rights, dignity, physical or mental health or professional future, and also cause or result in a deterioration of working conditions.

No individual may be subjected by colleagues or supervisors (direct or indirect) to any kind of offensive or humiliating behaviour, language, gestures or contacts of a sexual nature.

FMFB ensures that no stakeholder of its business in any capacity (staff, volunteers, governance or external service providers) is subjected to any practices that infringe upon human dignity and that its business activities are conducted in accordance with the highest standards of honesty, integrity and professionalism.

All employees have a moral and contractual obligation to report to FMFB management any form of discrimination, harassment, prejudice, bias and exploitation, if they believe any of these offenses has been committed by any FMFB employee in the course of his/her duty in the bank. The report may be verbal or in



writing, and should provide details of what has happened, including date, location and the name/s of the witness/es.

The initial report and all subsequent information developed must be kept strictly confidential. However, it may be disclosed only on a need-to-know basis to very few concerned people in order to investigate and resolve the matter.

#### **\* MAINTAINING THE FMFB PROFESSIONAL CONFIDENTIALITY**

Employee must not disclose, knowingly or inadvertently, any information relating to the FMFB professional confidentiality without proper and written prior approval from the concerned bank authority. In official discussions with existing and potential clients, care should be taken to give information only on a need-to-know basis.

#### **\* REPRESENTING FMFB**

No employee has the right to represent FMFB in any set-up or forum unless and until s/he is authorized in advance in writing by the CEO/designate to do so. In case an employee is authorized in advance in writing by the CEO/designate to represent FMFB on any specific occasion in any specific forum for any specific purpose, s/he must confine FMFB representation within the limits defined to him/her. An employee must obtain the recommendation of Unit Head and approval of the CEO before submitting work for publication or making a public speech or appearing in a public interview.

Generally, approval will be granted if the writing or speech furthers FMFB's business interests and does not involve the disclosure of the bank's confidential information. It should be ensured that the public comments (either verbal or written) made in a private capacity are not attributed as official comments of the bank.

#### **\* PROTECTING BANK'S RESOURCES**

Every FMFB employee is responsible for the safekeeping and returning in good functioning conditions and order of all the FMFB property/assets/equipment that may be in his/her use, charge, or custody. An employee wishing to remove the FMFB equipment for use after working hours, to any place other than the initial place of its assignment, must obtain advance written approval from the respective FMFB authority.

Also every employee is responsible for safeguarding the customers' tangible and intangible assets including cash, securities, information and physical property and services.

Copying, selling, using and distributing information, software and other forms of FMFB and customer intellectual property are strictly prohibited.

The use of email, telephone, fax and computers are primarily for business purposes. Personal communication must be kept to a minimum. Stationery including letterheads is to be strictly used for business purposes only.

During an employee's tenure with FMFB, when required; and upon cessation of employment, an employees must return to the FMFB in good functioning manner all its assets, property, and equipment that might have been in their use, charge or custody; and all official files, documents, etc. produced in the course of their employment with the bank.

#### **\* CONSIDERING PROPER CHANNELS OF COMMAND FOR DOING FMFB BUSINESS**

Claims, requests and applications should be routed properly according to the procedures instituted by the Bank. No employee would present his/her case or application for any purpose directly to the CEO or his/her



authorized representative. The only exception to this is expressing a grievance which could directly be submitted to the CEO/designate, provided the grievance involves in any way the line and / or next level manager/s.

## **\* COMPLIANCE WITH THE IN FORCE FMFB POLICIES AND PROCEDURES**

Every FMFB employee must try to understand and implement the in force FMFB policies and procedure; and ensure alignment of his/her action, behavior and performance with the words as well as with the spirit of the bank policies, procedures and audit recommendations.

Also, an FMFB employee must ensure compliance/alignment with all the in force rules and regulation of Islamic Republic of Afghanistan (IRA) as well as the customs and traditions of the customers. FMFB prohibits any practices which prevents, restricts or distorts competition.

## **\* PROFESSIONAL RELATIONSHIPS**

Every FMFB employee must respect the fundamental rights - as set out in the international conventions of the United Nations and the International Labour Organisation - of all stakeholders of the FMFB business. All professional interactions, irrespective of hierarchical relationships, shall be based on integrity and mutual respect. FMFB employee must refrain from bringing in outside pressure or influence to attain personal gains within the organization.

Hierarchical authority shall not be used for any purpose other than ensuring that FMFB business is properly run. All individuals associated with FMFB, especially when s/he has managerial functions, should respect and adhere to the values upheld by the bank. His/her professional behaviour should not damage to the bank's business, interests or its public image.

## **\* REFRAINING CONFLICTS WITH FMFB INTEREST**

FMFB never requests an individual to undertake any work that could result in a conflict of interest. All FMFB employees, irrespective of their status or position, shall exercise the utmost objectivity and transparency; and avoid conflict of interest situations between their direct or indirect personal interests (including those of members of their immediate family) and the interests of FMFB.

Employees shall be deemed to have a conflict of interest or an apparent conflict of interest if they find themselves in a situation which may lead them, directly or indirectly, to choose between the interests of the institution where they work, its clients or suppliers, and their personal or business interests or the interests of a person with whom they are related by a blood/distant relationship, business partnership, etc. They may also be deemed to have a conflict of interest or an apparent conflict of interest if they find themselves in a situation which may affect their judgement or loyalty towards FMFB.

No FMFB employee, irrespective to their status or position, may buy or sell shares or other securities of a business undertaking, or give advice on the same, if they have access by reason of their professional activities to any non-public information about that business undertaking.

Any FMFB employee must notify direct supervisor or FMFB management, in writing, of any actual or potential conflict of interest situation. Even in case of doubt, the individuals concerned should consult their direct supervisor without delay. Failure to do so leads to taking the same disciplinary action against both, the one committing a conflict of interest; and the one who knows it and chooses not to report it to FMFB management.



## **\* REFRAINING CORRUPTION AND BRIBERY PRACTICES**

No FMFB employee, in any capacity should ever make or receive a corrupt payment or any other form of bribery in order to obtain, retain or direct business, or to acquire an advantage. All business transactions and payments must be properly documented. All FMFB contracts and agreements/protocols must be written.

In particular, the following practices are strictly prohibited: bid rigging; collusion or coercion by bidders; fraudulent bids; fraud in contract performance; product substitution; defective pricing or parts; cost/ labor mis-charging; bribery and acceptance of gratuities; travel/travel expenses fraud; theft and embezzlement; and professional expenses fraud.

Any suspicion or evidence of corruption practices within FMFB must immediately be reported to FMFB management.

## **\* REFRAINING POLITICAL ACTIVITY**

The FMFB employees are strictly prohibited from engaging in any form of sectarian or partisan political activity in the bank premises during official work hours. Political activity by the FMFB staff after official working hours is highly discouraged as it could easily be understood by others as an indicator of political activity or bias by the FMFB.

## **\* SMOKE FREE WORKING ENVIRONMENT**

In view of the health hazard posed by cigarette smoke, smoking is strictly prohibited within the FMFB office premises. This policy is also applicable to the use of any other item that is, or could be detrimental to the health of the user as well as others in the FMFB work premises.

## **\* GIFTS AND ENTERTAINMENT**

No individual associated with FMFB may give or solicit/accept gifts, entertainment, or any other personal benefit or privilege that could in any way influence, or appears to influence, their involvement in FMFB business.

This does not preclude giving or receiving gifts or entertainments which are customary and used as an indicator of respect and sincere; or acceptance of gifts of reasonable value that are related to commonly recognized events or occasions, such as a promotion, new job, wedding, retirement, birthday. FMFB employee must not give and/or receive any gift that might have not happened if s/he was not an FMFB employee.

## **\* MONEY LAUNDERING**

FMFB is committed to fully support the international drive against money laundering; and is committed to assisting the respective authorities to identify money-laundering transactions. FMFB employee must refrain involvement in any transaction that smells as money laundering; and must report to FMFB management suspicious activities such as, suspected insider trading, fraud, misappropriation of funds and money laundering.

In case an FMFB business unit smells money laundering, it must keep record of the concerned customer identification for at least five years after the account is closed; and of the concerned transactions for at least



five years after their completion, or longer if the local law requires. These documents should be available to the competent authorities in the context of relevant criminal investigations and prosecutions.

## **\* COPYRIGHTS**

FMFB employee must not make unauthorized copies of copyrighted materials / bank's proprietary information such as bank's documents, policies, manuals, instructions, computer programs etc. Any work that an employee undertakes for FMFB is the sole property of the bank and that should be kept secret and treated as copyright.

## **\* CONDUCTIVE WORKING ENVIRONMENT**

FMFB is committed to establishing and maintaining conducive working environment. In the context of this Code of Ethics, the term "conductive working environment" refers to an environment where every employee feels honored and empowered as a professional and as an individual; where every employee can express his/her feelings, questions, ideas, concerns and grievances freely and frankly without any fear of reprisal; and where there is no conflict of interest, discrimination, harassment, exploitation, bias and prejudice.

## **\* DRUG-FREE WORKPLACE**

FMFB is committed to providing a safe and healthy working environment and fostering the well-being and health of its employees. This commitment is jeopardized when an employee illegally uses drugs or distributes, or sells drugs in the workplace. This does not apply to the appropriate use of legally prescribed medication. Using alcohol or being drunk on the job is absolutely prohibited.

## **\* EQUAL EMPLOYMENT OPPORTUNITY**

FMFB is an equal opportunity employer. Upon hiring and promotion practices, and upon benefits and wages determination it firmly applies "equity" and "diversity". FMFB does not tolerate discrimination against any person on the basis of race, religion, color, ethnicity, sex, age, marital status, national origin, language, cast/creed, citizenship, disability (where the applicant or employee is qualified to perform the essential functions of the job), or any other basis prohibited by law in recruiting, promotion, or any other condition of employment.

## **\* NEPOTISM**

While a close relative (spouse, parent, son/daughter, brother/sister, aunt, uncle, cousin, and in-laws) of FMFB employee could be employed in the bank, the integrity of the FMFB employment process and the FMFB principle of "Equal Opportunity Employer" must be maintained.

Thus every FMFB employee must disclose to FMFB management any relationship s/he may have with any of the potential candidate; and in no way participate in, or influence the FMFB recruitment process. The same applies to staff retention, transfer, reassignment, promotion, etc.

## **\* FMFB DEFINED MAJOR OFFENCES/GROSS MISCONDUCT**

It is impossible to list all forms of behaviors that could be considered by FMFB as gross misconduct or unacceptable in the workplace. Examples of FMFB defined gross misconduct or major offences, which lead to immediate dismissal of those involved, are: theft; fraud; physical violence; giving/receiving bribe; breach of FMFB professional confidentiality; intentional discrimination, harassment and sexual



harassment; financial misrepresentation; falsification/doctored any documentation; committing a crime within or outside FMFB; continued and/or repeated unauthorized absence from duty; and any other vent that is detrimental to FMFB interests and business and damages the public image of the bank.

## **\* PORTING TO FMFB MANAGEMENT ANY OFFENCE COMMITTED BY ANY ONE**

This is the responsibility of every FMFB employee to report to FMFB management any event committed by any one that could be, or perceived to be, detrimental to FMFB business, its interests or its public image.

Any FMFB employee who smells any event of theft, fraud, corruption, embezzlement, discrimination, harassment, exploitation, bias, prejudice, and / or any other event that could be damaging FMFB's business, its interests, or its public image – must immediately report it to any member of the FMFB management board.

Anonymous calls will be accepted, provided they encompass in them sufficiently justified and proved allegations against FMFB employees.

When reporting, please be as specific as possible, including if possible:

- Nature of the wrongdoing being reported;
- Moment when it occurred;
- Specific location where it occurred;
- Manner in which the alleged wrongdoing was committed;
- Reason why the act is considered improper;
- Any existing documentation to corroborate the allegations;
- Details of any other witnesses to the alleged wrongdoing.

The FMFB management board member to whom the issue is reported must share it with the FMFB management board within 24 hours following the receipt of the information. FMFB management board will first conduct a preliminary enquiry to ascertain the accuracy of the allegation/s. If they are well-founded, a confidential and in-depth investigation must be carried out by the FMFB Internal Audit Team.

After preliminary measures have been taken, and investigation carried out by internal audit team, the person who is the subject of the enquiry will be dealt with in light of the FMFB HR policy on dealing with offences and the AKAM enforced policy on handling allegation against employees – whichever suits the case well.

## **\* PROTECTING WHISTLE-BLOWERS**

FMFB employee who reports to FMFB management any event committed by any one that could be, or perceived to be, detrimental to FMFB business, its interests or its public image – must be protected by FMFB against any perceived or overt reprisal that could potentially be carried out by any one within, or outside, the bank.

An FMFB employee who feels that s/he is being subjected to reprisal by colleagues or supervisors (direct or indirect) as a result of his/her declarations must notify the FMFB management board or any of its member who is easily accessible to him / her. The concerned management board member must immediately inform FMFB management board, which will immediately take steps to rectify the situation and, if necessary, will take disciplinary action, which may result in contract termination and/or exclusion from any further involvement in FMFB business, against the perpetrators.



## **\* SANCTIONS**

Employees who fail to comply with the terms laid down in this Code of Ethics will be subject to disciplinary action which may include termination of employment and/or exclusion from any further involvement in FMFB business.

## **\* RESPONSIBILITY AFTER LEAVING FMFB**

Staff must not use their position to advance their prospects for future employment, or allow their work to be influenced by plans for or offers of, external employment which would conflict or compromise in any way the best interests of the bank.

FMFB employee's professional duty is to maintain confidentiality; therefore, they must maintain the same professionalism and secrecy after leaving FMFB employment and not disclose any FMFB business related information to any party. Former members of staff should not use or take advantage of personal, confidential or official information; they may have obtained in their capacity as FMFB employee.