Employee Code of Conduct & Ethics Framework

Document Control

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Background

Midland Microfin Limited operates across diverse geographies and socio-economic environments and is committed to maintaining the highest standards of integrity, ethical conduct, customer protection, and regulatory compliance. The Company seeks to prevent and detect fraud, misconduct, corruption, unethical practices, dishonesty, and non-compliance while safeguarding its reputation, customers, employees, assets, information, and business operations.

This Employee Code of Conduct & Ethics Framework establishes the standards of behaviour and professional conduct expected from all employees and promotes a culture of accountability, transparency, fairness, and responsible business practices.

Introduction

Midland Microfin Limited strives to maintain the highest standards of corporate governance, professional ethics, customer service, and regulatory compliance. The Company is committed to conducting its business with honesty, integrity, transparency, and respect for all stakeholders.

Compliance with this Code is a condition of employment and applies to all employees irrespective of designation, grade, location, or tenure. Employees are expected to uphold the Company's values and conduct themselves in a manner that protects the interests of customers, colleagues, shareholders, regulators, and the Company.

Core Values

Employees are expected to uphold the following values:

- Integrity – Acting honestly, ethically, and responsibly at all times.
- Accountability – Taking ownership of actions, decisions, and outcomes.
- Transparency – Ensuring openness and fairness in business dealings.
- Respect – Treating customers, colleagues, and stakeholders with dignity and fairness.
- Customer Centricity – Placing customer interests at the center of all business activities.
- Professionalism – Maintaining high standards of conduct, discipline, and behaviour.
- Compliance – Adhering to applicable laws, regulations, and Company policies.

Purpose

The purpose of this Framework is to:

- Establish standards of ethical behaviour and professional conduct.
- Promote integrity, accountability, transparency, and customer-centric practices.
- Prevent fraud, misconduct, corruption, conflicts of interest, and regulatory violations.
- Define employee responsibilities and expected workplace behaviour.
- Protect customers, employees, assets, information, and the Company's reputation.
- Provide a framework for reporting, investigation, and disciplinary action.
- Ensure compliance with applicable laws, RBI regulations, and Company policies.
- Foster a culture of ethical decision-making and responsible business practices.

Scope

This policy applies to all employees of Midland Microfin Limited. The disciplinary procedures outlined herein are not exhaustive, and the Company reserves the right to initiate appropriate action at any stage, based on the nature and severity of the situation, irrespective of the employee’s position or level.

Employee Responsibilities

Every employee is responsible for:

- Complying with Company policies, procedures, and regulatory requirements.
- Maintaining ethical conduct and professionalism in all dealings.
- Protecting Company assets, information, and confidential data.
- Reporting suspected misconduct, fraud, policy violations, or unethical practices.
- Cooperating with audits, investigations, inspections, and reviews.
- Participating in mandatory compliance, ethics, and training programs.
- Acting in the best interests of the Company and its customers.
- Escalating concerns where customer interests, regulatory requirements, or Company policies may be compromised.

Customer Protection & Fair Treatment of Customers

Employees shall:

- Treat all customers with dignity, respect, and fairness.
- Clearly explain loan terms, repayment obligations, charges, and applicable conditions.
- Ensure customers make informed financial decisions.
- Avoid misleading, coercive, deceptive, or unfair practices.
- Maintain confidentiality of customer information.
- Comply with RBI Fair Practices Code and Company customer protection standards.
- Promptly address and escalate customer grievances through prescribed channels.

Responsible Lending

Employees shall ensure responsible lending practices and shall not encourage over-indebtedness, multiple borrowing, or misrepresentation of customer repayment capacity. Customer assessments shall be conducted strictly in accordance with Company and regulatory guidelines.

Use of Company Assets & Resources

Company assets, facilities, systems, records, equipment, funds, and resources shall be used only for legitimate business purposes.
Employees shall not:

- Misuse, damage, or misappropriate Company assets.
- Use Company resources for unauthorized personal gain.
- Engage in activities that may expose Company assets to loss or misuse.

Any unauthorized use or negligence may result in disciplinary action.

Information Security & Data Protection

Employees must ensure:

- Secure handling of passwords, credentials, and system access.
- Protection of customer and Company information.
- Compliance with information security and cybersecurity policies.
- No unauthorized access, disclosure, copying, transfer, or storage of confidential information.
- Protection of customer KYC documents and sensitive information.

Any violation may result in disciplinary and legal action.

Fraud, Misconduct & Unethical Practices

Employees shall not engage in fraud, misconduct, corruption, unethical conduct, policy violations, regulatory non-compliance, or any act that may adversely affect the interests, reputation, customers, employees, assets, or operations of the Company.

This includes, but is not limited to:

- Misappropriation of funds, assets, or customer collections.
- Bribery, facilitation payments, or solicitation of personal benefits.
- Falsification of records, reports, attendance, or business data.
- Submission of false documents or misrepresentation.
- Unauthorized system access or misuse of information.
- Customer overcharging, unauthorized collections, or unfair practices.
- Harassment, discrimination, abusive conduct, or workplace misconduct.
- Violation of Company policies, RBI regulations, or applicable laws

Field Operations, Collections & Recovery Conduct

Employees engaged in field operations shall:

- Follow approved collection and recovery processes.
- Conduct customer interactions professionally and respectfully.
- Refrain from coercion, intimidation, harassment, threats, or abusive language.
- Respect customer privacy and dignity during field visits.
- Conduct customer interactions only during approved business hours.
- Immediately report any customer grievance, misconduct, or irregularity observed.

Any recovery practice inconsistent with regulatory requirements or Company standards is strictly prohibited.

Workplace Ethics & Behaviour

Non-Discrimination

The Company prohibits discrimination based on caste, religion, gender, age, disability, marital status, or any other legally protected characteristic.

Prevention of Sexual Harassment

The Company maintains a zero-tolerance approach toward sexual harassment and shall address such matters in accordance with its POSH Policy and applicable laws.

Respectful Workplace

Employees shall maintain professionalism, mutual respect, and courteous behaviour and shall refrain from any form of bullying, harassment, intimidation, or abusive conduct.

Social Media & Public Communication

Employees shall:

- Not make unauthorized statements on behalf of the Company.
- Not disclose confidential or sensitive information through social media or public forums.
- Use social media responsibly and in a manner that does not harm the Company's reputation.

Ensure personal opinions are not represented as Company views.

Integrity, Conflict of Interest & Gifts

Employees must:

- Avoid situations where personal interests' conflict with Company interests.
- Act honestly and objectively while performing official duties.
- Disclose any actual, potential, or perceived conflict of interest.
- Protect confidential information from misuse.

Gifts & Hospitality

Employees shall not offer, solicit, accept, or provide gifts, hospitality, entertainment, commissions, favours, or benefits that may improperly influence business decisions or create actual or perceived conflicts of interest, except as permitted under Company policies.

Customer Relationship & Financial Integrity

Employees shall not:

- Borrow money from customers.
- Lend personal funds to customers.
- Act as guarantors for customers.
- Solicit gifts, commissions, favours, or personal benefits from customers.
- Maintain undisclosed financial or business relationships with customers.
- Employees shall comply with all KYC, AML, customer protection, and information security requirements.
- Unauthorized access, copying, disclosure, or misuse of customer information is strictly prohibited.

Cash Handling & Financial Controls

Employees shall:

- Handle customer funds strictly in accordance with approved procedures.
- Issue receipts and acknowledgements wherever required.
- Deposit collections within prescribed timelines.
- Not retain customer collections beyond authorized limits.
- Immediately report any cash shortage, excess, or discrepancy.

Attendance, Reporting & Record Integrity

Employees shall:

- Accurately record attendance and field activities.
- Maintain truthful operational, business, collection, and customer records.
- Refrain from falsifying attendance, geo-location records, customer visits, or business data.
- Cooperate during audits, inspections, verification exercises, and investigations

Regulatory Compliance & Fair Practices

Employees shall comply with:

- Applicable RBI regulations and guidelines.
- Anti-Money Laundering obligations.
- Know Your Customer (KYC) requirements.
- Customer grievance redressal procedures.
- Internal policies, procedures, and compliance standards.

Employees shall fully cooperate with inspections, audits, inquiries, and investigations conducted by regulators, statutory authorities, auditors, or authorized Company representatives.

Reporting & Whistleblower Mechanism

The Company provides confidential and, where permitted, anonymous reporting channels for reporting fraud, misconduct, unethical conduct, policy violations, or regulatory concerns.

Employees and stakeholders are encouraged to report concerns in good faith without fear of retaliation.

Investigation Framework

All reported concerns shall be reviewed and investigated in accordance with established procedures.
Investigations shall be conducted based on:

- Fairness and impartiality.
- Confidentiality of information.
- Evidence-based decision-making.
- Principles of natural justice.
- Opportunity for explanation by the concerned employee.

Disciplinary Action

Violation of this Framework may result in disciplinary action, including but not limited to:

- Counselling or warning
- Show Cause Notice (SCN)
- Impact on increments or promotions
- Transfer or suspension
- Termination of employment
- Legal action, where applicable

The nature of disciplinary action shall depend on the severity and circumstances of the violation.

No Retaliation Policy

The Company strictly prohibits retaliation against any individual who, in good faith:

- Reports a concern or suspected violation.
- Participates in an investigation.
- Provides information during an inquiry.

Any act of retaliation shall itself be treated as serious misconduct and may result in disciplinary action.

Monitoring & Reporting

The Company shall monitor reported cases of misconduct, fraud, ethical violations, and regulatory breaches to identify trends, strengthen controls, and improve governance practices.

Employee Declaration & Compliance

Every employee is expected to read, understand, and comply with this Framework.

Failure to comply with any provision may result in disciplinary action, including termination of employment and legal proceedings where applicable.

Policy Administration, Review & Regulatory Supremacy

This Framework shall be administered and reviewed periodically by the Company to ensure continued alignment with applicable laws, regulatory requirements, and business needs. The Company reserves the right to interpret, amend, modify, or withdraw any provision of this Framework at its discretion, subject to applicable laws and regulations. In the event of any inconsistency between this Framework and any applicable law, regulation, or directive issued by the Reserve Bank of India or any other competent authority, the applicable regulatory requirement shall prevail.