
AMBITION SERVICES PRIVATE LIMITED

Name of the Policy	Code of Conduct Policy
Policy Owner	HR & Admin Department
Policy Custodian	Legal & Compliance Department
Date of approval by the Board	08th March, 2024



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CODE OF CONDUCT POLICY

1. Introduction

Ambition Services Pvt Ltd (Ambition) recognizes the importance of maintaining good corporate citizenship while adhering to the regulatory guidelines that define the scope of the organisation's operations. As such, Ambition has established an organizational Code of Conduct. This policy takes into consideration the organization's full commitment to ethical operations, customer protection, industry best practices (those detailed by Sa-Dhan and MFIN), good governance, and compliance with The Companies Act and the Reserve Bank of India's (RBI) Fair Practices Code.

This Code of Conduct shall be effective from 01st April, 2023

2. Purpose

The purpose is to establish a standard set of rules and regulations for the employees. They must adhere to and adopt such rules and regulation as a standard code of conduct as it is meant to give employees the guidance necessary to apply Ambition's values through their day-to-day conduct.

Ambition has also adopted RBI's Fair practice code and Network codes of conduct which guide the overall operations of the organisation (**Annexure 5.1**).

3. Core Values

Ambition's overall corporate conduct has been determined against the organization's core values, a summary of these values and the actions to implement are as follows:

- *Teamwork*

We shall uphold the dignity of fellow employees and respect each other's views and work and thus foster a relationship based on cooperation. We should not be afraid to express our views professionally and we should never refuse to seek help from one another or extend help to a colleague. For these purposes, we at Ambition willingly accept constructive feedback for the collective development of all members. Individuals should work to achieve their highest potential by being creative, proactive, enthusiastic, and firm in their belief that teamwork achieves better results than that of an individual.

- *Integrity*

We will be an ethical, law-abiding institution. We will say what we do and do what we say. We will never over-promise or mislead our stakeholders.

- *Professionalism*

We ensure the satisfaction of our clients and hence believe in delivering services in a professional manner.

- *Transparency*

We will share all relevant information with stakeholders and make effort to disseminate our work to the wider world. Our work and actions will be honest and transparent.

- *Equity*

All people irrespective of race, age, gender, sexual orientation, religion, health and ability status or any other consideration should have equal dignity and opportunities. We do not indulge in discriminatory practices.

- *Empathy*

We will always support our clients with empathy during the challenging times by providing them with solutions and quality services.

- *Responsible practices*

We are committed to follow responsible practices to ensure that the services provided to our clients are not unethical and deceptive.

- *Accountability*

We believe in accepting the responsibility of our actions, meeting the quality standards, and maximizing the value for our clients.

4. Feedback Mechanism

Ambition follows an effective and efficient feedback mechanism therefore it encourages all staff, customers, and other key stakeholders to mail their queries, concerns feedback and suggestions to contact@ambiserv.in / hr@ambiserv.in or the same can be submitted in person at any of Ambition's branches or at the organization's head office:

HR Manager,

Plot No. 25, Second Floor, Sector-11, Dwarka, New Delhi-110075

Telephone: 1800-889-5319

Website: <https://ambiserv.in>

5. Annexure

5.1 Code of Conduct

1.1.1. Purpose

The annexure to Ambition's Code of Conduct is meant to define its commitment to the regulatory and network bodies which govern the organisation's overall operations.

1.1.2. Fair practices code

To conduct business operations and establish procedures in accordance with the RBI Guidelines, Ambition has adopted the Fair Practices Code as detailed below: -

RBI's Fair Practices Code	Ambition practices
<p>Applications for loans and their processing</p> <p>a) All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.</p> <p>b) Loan application forms should include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decisions can be taken by the borrower. The loan application form may indicate the documents required to be submitted with the application form.</p> <p>c) The NBFCs should devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of should also be indicated in the acknowledgement.</p>	<p>1) Ambition ensures that all communication with the borrower happens in the vernacular language, or a language as understood by the borrower</p> <p>2) JLG members must attend a continuous group training (CGT) for 2-3 days and then pass the Group Recognition Test (GRT) conducted by the Branch Manager for the group/centre</p> <p>3) For clients, Ambition's loan application form includes the systematic collection of primary details from the borrower along with Know Your Customer (KYC) norms as per the Company guidelines in the prescribed format. The same is checked with the Credit Bureau before further processing.</p> <p>4) The authorized staff verifies the loan application along with all the sureties and approvals, applicable as per the policies of the Company. The staff also ensures that the following information is filled completely:</p> <ul style="list-style-type: none"> • Date of application • Borrower identification particulars

RBI's Fair Practices Code	Ambition practices
	<ul style="list-style-type: none"> • Loan amount and product details • Applicable interest rate • Term of the loan • Repayment particulars • Details of indebtedness • Income details • Purpose of the Loan <p>5) Loan application forms provided by the Ambition includes necessary information required to draw a meaningful comparison with the terms and conditions offered by other NBFCs which helps the borrower in making an informed decision.</p> <p>6) The client who intends to access credit from Ambition must submit the following documents along with the application to obtain the loan from the Company-</p> <ul style="list-style-type: none"> • KYC document as prescribed by the RBI (for both ID Proof & Address Proof) • Income Proof (basic income-expense details are captured based on discussion with the loan applicant and her/his family members) • Joint Passport size photograph of the client & the spouse / Guardian. <p>7) SMS is sent to clients in digital login forms</p>
<p>Loan appraisal and terms/conditions</p> <p>a) The NBFCs should convey in writing to the borrower in the vernacular language as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record.</p>	<p>1) Ambition ensures that all clients are sufficiently educated regarding the product terms and conditions, both verbally and in writing.</p> <p>2) At the start of disbursement, borrower signs the JLG form and loan sanction letter. The designated staff of the Ambition conveys in writing to the borrower in the vernacular language as understood by the borrower by means of sanction letter or otherwise the following:</p> <ul style="list-style-type: none"> • The amount of loan sanctioned • The terms and conditions of the loan • Annualized rate of interest • Method of application of the annualized rate of interest • Processing Fees • Insurance Fees

RBI's Fair Practices Code	Ambition practices
<p>Disbursement of loans including changes in terms and conditions</p> <p>a) The NBFCs should give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. NBFCs should also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard should be incorporated in the loan agreement.</p> <p>b) Decision to recall / accelerate payment or performance under the agreement should be in consonance with the loan agreement.</p> <p>c) NBFCs should release all securities on repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim NBFCs may have against the borrower. If such right of set off is to be exercised, the borrower shall be given notice about the same with full particulars about the remaining claims and the conditions under which NBFCs are entitled to retain the securities till the relevant claim is settled/ paid.</p>	<ol style="list-style-type: none"> 1) Ambition furnishes a copy of the loan agreement containing all the terms and conditions attached to the loan in the vernacular language as understood by the borrower along with the copies of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans. 2) All disbursement of loans is done only at the branch office and more than one Employee is present at the time of loan disbursement. 3) The following documentation is completed at the time of disbursement of the loan wherever applicable: <ul style="list-style-type: none"> • Demand promissory note • Joint Liability Acceptance and loan Agreement • The acceptance of the terms and conditions by the borrower, rate of interest, processing charges, repayment terms and all other terms and conditions if any. 4) Authorized person keeps the acceptance of these terms and conditions by the borrower and all the other concerned documents on its record/safe custody 5) Loan passbooks are given to every borrower for each loan. The loan passbook contains the repayment schedule, effective interest rate and processing charges and Insurance premium and claim procedure details etc. 6) Ambitions takes a decision to recall/ accelerate payment or performance under the loan agreement as agreed with the borrower under intimation. 7) Ambition does not charge any penalty on delayed payments. The same has been mentioned in the Loan agreement in vernacular language as understood by the borrower. 8) Ambition issues a notice to the borrower in the vernacular language as understood by the borrower of any change in the terms and

RBI's Fair Practices Code	Ambition practices
	<p>conditions including disbursement schedule, interest rates etc.</p> <p>9) Ambition also ensures that changes in interest rates and charges are affected only prospectively.</p>
<p>General</p> <p>a) NBFCs should refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless information, not earlier disclosed by the borrower, has been noticed).</p> <p>b) In case of receipt of request from the borrower for transfer of borrowal 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.</p> <p>c) In the matter of recovery of loans, the NBFCs should not resort to undue harassment viz; persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. <u>As complaints from customers also include rude behavior from the staff of the companies, NBFCs shall ensure that the staff are adequately trained to deal with the customers in an appropriate manner.</u></p> <p>d) As a measure of customer protection and also in order to bring in uniformity with regard to prepayment of various loans by borrowers of banks and NBFCs, it is advised that NBFCs shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers, with immediate effect.</p>	<p>1) Ambition's staff have strict instructions to restrict their dealings with clients only on matters related to the services provided. While basic social graces are expected to be adhered to, staff members are barred from getting into any personal relationship with clients or their family members.</p> <p>2) Ambition ensures that its staff is adequately trained to deal with the customers in an appropriate manner without resorting to rude behaviour.</p> <p>3) Ambition instructs the Staff to not undertake any activity which can be construed as harassment of the clients. Further, in case of serious mishap with the client, staff allows the borrower to re-schedule their loan repayment.</p> <p>4) Ambition encourages its staff, customers, and other key stakeholders to mail their queries, concerns and other process or policy feedback and suggestions to contact@ambiserv.in or hr@ambiserv.in and the same can be submitted in person at any of the branches or at the Ambition's head office.</p> <p>5) Ambition has a Customer Grievance Redressal Management policy which ensures that not only are clients concerns being captured, but also sufficiently incorporated into the organization's processes going forward.</p>

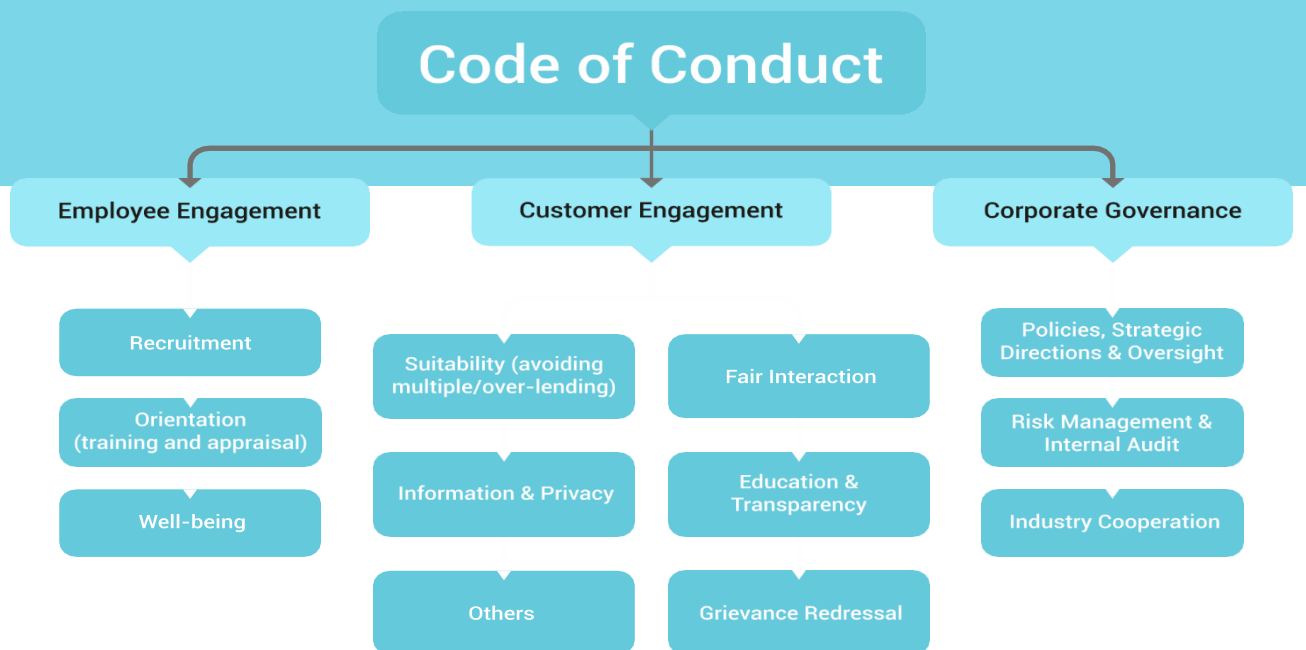
1.1.3. Network Codes of Conduct

Ambition understands the importance of industry code of conduct in guiding the scope of overall operations of the organisation. The Code for Responsible Lending (CRL), a self-regulatory mechanism has been put in place by Microfinance Institutions Network (MFIN) and

Sa-Dhan along with FIDC (Finance Industry Development Council). The CRL is sector specific and entity agnostic.

The five elements of CRL are fair interaction, suitability (avoiding multiple/over lending), education and transparency, information and privacy, grievance redressal. The CRL is designed to ensure that the regulatory guidelines on microfinance are adhered to (RBI Master Directions for NBFC-MFIs, RBI Fair Practice Code for Banks and NBFCs, Industry Code of Conduct and RBI Charter of Customer’s Rights in the context of micro-credit sector).

The Code of Conduct¹ guideline prepared jointly by MFIN and Sa-Dhan capture all five elements of CRL along with other critical components. Ambition is fully committed to adhere to CRL and industry COC in letter and spirit.



Employee Engagement

Recruitment

1. Ambition will not unfairly discriminate against a candidate for recruitment based on gender, religion, caste, marital status or sexual orientation etc.
2. Ambition will select candidates based on merit, ethics and integrity.
3. Ambition will recruit a candidate from other Provider based on satisfactory relieving letter or reference check only. Ambition will seek reference check from candidate's current employer only after an offer letter is issued to the candidate. However, if request for reference check is not responded to within 15 calendar days (from date of sending the request), Ambition will go ahead with the recruitment.
4. Ambition will respond to request from other Provider for reference check within 15 calendar days from receipt of such communication.
5. While recruiting from other Provider, Ambition will honour the notice period as mutually agreed between prospective employee and her/his current employer.

Orientation (training and appraisal)

1. Ambition will give comprehensive induction training to the employees on policies, processes, regulations, as well as Code of Conduct. Emphasis to be given on customer-interface aspect such as fair treatment, credit assessment, privacy of data, service quality, CGRM, relationship management and dealing with customer facing difficulty in repayment etc.
2. Ambition will regularly assess employees' understanding of the above elements and conduct refresher training to address the gaps in understanding.
3. Ambition will train their employees on understanding and dealing with gender issues including appropriate interaction with women colleagues and customers.
4. Ambition will necessarily orient their employees on professional conduct and integrity issues including expected behaviour and not indulging in any unlawful and anti-social activities.
5. Ambition will engage new employees in the branch-level business operations only after completion of the induction training.
6. Ambition will ensure that employees directly responsible for CGRM receive detailed training about the system, processes and soft skills for resolving the complaints.
7. Ambition will institute a transparent incentive and appraisal structure in such a way that it does not lead to perverse sales behaviour, factors for the service quality, incentivizes responsible lending, rewards compliance with the CoC and penalizes breach of the same.
8. Ambition will set targets for the branch-level employees based on a reasonable-objective criterion including understanding of micro-credit requirement and repayment capacity in that area.

Well-being

1. Ambition will ensure the well-being (for example, adequate remuneration, working hours, working conditions, leaves for personal reasons such as family commitments and emergencies) and security of employee is given due importance.
2. Ambition will have well-defined protocol to be followed by employee to handle risks arising from going to difficult area and cash-handling. Ambition will indemnify the employees for cases where protocol has been followed but mishap still occurred.
3. Ambition will not collect shortfalls in collections from employees unless in proven cases of frauds by employees.
4. Ambition will create conducive professional environment for both genders to work and grow.
5. Ambition will have an appropriate mechanism to hear and redress the grievances of the employees and provide counselling.
6. For routine cases², Ambition will complete the relieving formalities (including final settlement of pending dues, issuing no-objection certificate and relieving letter) of the employees within 45-60 calendar days from the last working day of the employee.
7. Ambition will respond to request from prospective employer for reference check within 15 calendar days from receipt of such communication.
8. Ambition will ensure that notice period is not more than 2 months for employees.

Customer Engagement

Fair Interaction

1. Ambition will ensure that customer is not unfairly discriminated against on grounds such as religion, caste, marital status, or sexual orientation etc.
2. Ambition will ensure that all employees and persons acting on its behalf:
 - a. Use respectful language, maintain decorum and are respectful of social and cultural sensitives
 - b. Do not use coercion of any sort to make recovery of loans and take recovery only at a central designated place. An employee can take recovery at the place of residence or work of the customer only if customer fails to appear at the central designated place on two or more successive occasions.
 - c. Do not intimidate or humiliate verbally or physically.
 - d. Do not contact customers at odd hours or at inappropriate times such as bereavements, illness, social occasions such as marriages and births.

Suitability (avoiding multiple/over-lending)

1. Ambition will assess customer's financial situation (income and expenses), credit requirement, repayment capacity and indebtedness based on information from the customer, Credit Information Report (CIR) and field level intelligence before disbursing a loan.
2. Ambition will use a valid³ CIR before sanctioning all loans including top-up loans, second and subsequent cycle loans.
3. Ambition will disburse the loan commensurate with the customer's ability to repay. Prior to sanctioning of loans, based on micro-credit loans captured in the microfinance section of the valid CIR, Ambition will ensure that:
 - a. It does not become the fourth lender to a customer if a customer has active loans from three(3) different Providers. In addition, it will also ensure that AMBITION does not become third NBFC-MFIs to lend to a customer⁴.
 - b. It does not breach the total indebtedness of Rs 1,25,000 per customer. AMBITION should verify the total indebtedness of customer factoring all unsecured micro-credit loans (individual as well as group) captured in the microfinance section of the CIR prior to sanctioning of the loan.
 - c. It does not sanction/disburse a loan to customer who has non-performing (delinquency > dpd 90 days) accounts with loan amount outstanding > Rs 1,000 with AMBITION or another Provider.

Education & Transparency

1. Ambition will provide following key information to the customer and include them in the loan documents such as loan application, loan sanction letter/loan agreement and loan card:
 - a) Identity and address of Ambition
 - b) Identity and address of the customer
 - c) Product details (loan amount, tenure, repayment frequency, annualised interest rate on reducing balance method, processing fee, any other charges or fees howsoever described, total amount payable, total charges recovered towards premium of credit-linked life insurance cover, coverage amount and risks covered, if applicable and other key terms and conditions)
 - d) Details of customer grievance redressal system (CGRM)
2. Ambition will communicate all the terms and conditions to customers in the official regional language or language understood by them. AMBITION will promptly communicate to the customers, any changes in terms and conditions.

3. Ambition will provide a receipt/written acknowledgement for every payment received from the customer.
4. Ambition will take measures (such as training, assessment, and periodic interactions with customers) to ensure that the customer fully understands the products, process and terms of the contract.
5. Ambition will give emphasis in educating customers on the importance of timely repayment for good credit history with the CICs, benefit, risks and necessary safeguards of digital financial transactions and grievance redressal mechanism including internal and external escalation mechanism⁵.
6. Ambition will educate customers against blind trust on group and centre leader and how any default in the fictitious loan (also referred to as ghost lending / pipelining taken by group/centre leader in customer's name) can ruin her credit records and access to credit in future. This to be part of the Compulsory Group Training (CGT)/Group Recognition Test (GRT) process.
7. Ambition will ensure customer attendance in the group meetings.
8. Ambition will disclose the reason to the customer if her loan is rejected. For this purpose, acknowledgment of loan application given to the customer, will have Ambition's CGRM number and Turn Around Time (TAT), so that the customer can reach out to it.

Information & Privacy

1. Ambition will obtain copies of Know Your Customer (KYC) documents from customers as per RBI norms
2. Ambition will upload accurate and comprehensive customer data with all RBI approved Credit Information Companies (CICs) as per the Uniform Credit Data Format on a weekly basis.
3. Ambition will promptly address any dispute raised by the customer about her data with CICs. This is to be done within 7 calendar days from receipt of such dispute.
4. Ambition will keep personal customer information strictly confidential. Customer information maybe disclosed to a third-party subject to any of the following conditions:
5. Such information is required to be provided under the law or it is provided for a mandated business purpose (for example, to CICs)
6. Customer has been informed about such disclosure and prior permission has been obtained in writing
7. The party in question has been authorized by the customer with intimation to Ambition, to obtain customer information
8. Ambition will take customer's consent for loan application, checking her CIR and her accepting terms and conditions of loan. For every product availed by the customer, credit as well as insurance or any other product, separate and explicit customer consent should be taken.

Grievance Redressal

1. Ambition will provide a robust customer grievance redressal system to address customer complaints in an effective and timely manner. It will provide easy access to CGRM to all customers through a dedicated phone-number or a staff assisted procedure at the branch to register grievances.
2. Ambition will clearly communicate the details of customer grievance redressal in branches, loan documents and other communication materials.
3. Ambition will have least one Grievance Redressal Officer (GRO) to over-see the CGRM and make his/her contact details (e-mail, phone number) accessible to customers.

4. Ambition will assure the customer that she will be treated fairly despite the grievance being lodged.
5. Monthly data consolidation at HO level and share the same with SRO.

Others

1. Ambition will charge the customers in line with relevant RBI Directions.
2. While offering any third-party sell (non-micro-credit product) to customer, Ambition will clearly disclose all necessary details of such product (pricing, benefits, warranties, exclusions).
3. Ambition will ensure that the customer is not forced to buy any such product as a pre-condition to access micro-credit or vice versa.
4. Ambition will make alternate arrangement to service the existing loans of the customers, in case of withdrawal of operations from an area. As an example, arrangement with an existing Provider can be worked out to receive loan repayments from customers.
5. Ambition will establish direct contact with the customers, avoiding influential unscrupulous intermediaries amongst group or centre leaders.
6. Ambition will regularly rotate their group/centre leaders to restrain the disproportional influence of leaders in the group.

Corporate Governance

Policies, Strategic Directions & Oversight

1. Ambition will align relevant policies such as Fair Practices Code (FPC), Product Development, Operational, Human Resources, CGRM, Internal Audit, Information & Technology etc to clauses stipulated in the CoC. Ambition will align processes with the updated policies.
2. Ambition will have clearly defined guidelines for employee interaction with customers, including policy to deal with aberrations from the guidelines.
3. Ambition will have a Board approved CGRM policy covering process to register, resolve and escalate the complaints, internal and external escalation mechanism, complaints categories and TAT, review/audit of CGRM and reporting to Board and top management.
4. Ambition will have a section in credit policy to deal with delinquencies at the customer level including rescheduling of loans for the customer who is facing difficulty in repayment of loans on account of loss of business assets, loss of earning members of the family, natural disasters or other emergencies.
5. Ambition will have a Board approved framework to deal with crisis arising from natural disasters, mass defaults, negative media, local-level hostility etc.
6. Ambition will have a policy to safeguard customer's data (capturing, transmitting, storing) covering the universally accepted principles of data protection as under:
 - a) Collection limitation
 - b) Purpose specification
 - c) Use limitation
 - d) Data minimisation
 - e) Preservation of data quality
 - f) Breach-notification
 - g) Incorporation of access controls
 - h) Encryption of data wherever feasible.
 - i) Incorporation of Data protection impact assessments to actively identify and mitigate threats to personal data and undertaken periodically.
7. Ambition will get all key policies and plans (encompassing aspects of customer acquisition, expansion, targets, operations, HR, CGRM etc) reviewed and updated

annually by the Board.

8. Ambition will assess its product offering through multi-dimensional lens including its impact on the well-being of customers (such as increasing income, access to assets, reducing drudgery, improving skills etc).
9. Ambition will develop its business plans based on both supply and demand side factors including current supply of micro-credit and need and repayment capacity of customers in an area. Data available from CICs to be used to understand the supply and repayment behaviour of a geographies (saturated, to be avoided or approached with utmost caution)
10. Ambition will conduct the annual assessment of its performance (adherence and well as lapses) vis a vis CoC, through an external agency and discuss the report at Board and top Management level. The reports must disclose the methodology used for evaluating the performance.
11. Ambition will record and analyse individual and aggregate level data for CGRM capturing nature of complaints, action taken and turn-around time. Report on grievances received, resolved and pending along with nature of complaints should be shared with the Board for review.

Risk Management & Internal Audit

1. Ambition will have a well-laid out risk management framework to identify key risks (such as credit and operational risks due to concentration, excess supply, political, people, natural disasters) and steps to mitigate them.
2. Ambition will audit the branches, customer, employees, process and system to check adherence to the elements described in CoC.
3. Ambition will internally probe persistent abnormally high performance with respect to assigned targets of branches and employees, as this may be an indicator of coercive sales practices.
4. Ambition will undertake regular audits on a reasonable sample to capture instances of lending breaching the norms on total indebtedness, lender count and lending to customer having a delinquent account with another Provider.
5. Ambition will develop specific internal controls to identify and avoid informal unscrupulous intermediaries in the lending process and system. For example, direct connect with customers, pre-disbursement confirmation calls to customers, loan utilization checks, regular rotation of group/centre leaders, and customer verification during internal audit.

Industry Cooperation

1. Ambition will share data and information required by the SROs to understand industry level practices, research etc. For this purpose, Ambition will identify a focal person to coordinate with the SROs.
2. Ambition will cooperate with other NBFC-MFIs to deal with industry-level issues.