

# Conflict of Interest Policy

Svasti Microfinance Pvt Ltd (Svasti)

## Document Control Section

<b>Document Name</b>	Conflict of Interest Policy	<b>Version No.</b>	1/2022
<b>Next Review Date</b>	July 2023	<b>Date of Last Review</b>	-
<b>Abstract</b>	Conflict of interest policy ensures the legal and ethical integrity of Svasti's decision-making and contains provisions to make clear that no organization or individual benefits inappropriately because of a relationship with either staff, partners or Board Members of Svasti.		

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## **Conflict of Interest Policy**

### **1. Preamble**

- a. The staff of Svasti aspires to the highest levels of ethical conduct in all of their work for the organization.
- b. Svasti strongly believes that its work in providing financial services for the low income and financially excluded population benefits from having members of its staff with current and past experience in the banking, investments, microfinance, not-for-profit sector and in the substantive fields in which Svasti works. Given the broad experience and interests of Svasti's staff, from time to time, staff may serve as officers, employees, directors, trustees, or consultants to an organisation under consideration for Svasti's support or for provision of financial products or services. Consequently, transactions may arise during the ordinary course of Svasti's work where conflicts of interest are present.
- c. Svasti has adopted a conflict-of-interest policy to ensure the legal and ethical integrity of its decision-making and to make clear that no organization or individual benefits inappropriately because of a relationship with either staff, partners or Board Members of Svasti.

### **2. Scope and applicability**

Applies to employees, Board members and contractors employed by Svasti from time to time.

### **3. Prohibited Transactions**

While initiating partnership, appointing consultants and entering into other services agreements the organization shall be driven by the following (where financial involvement exists):

- a. We shall not engage in partnership with any organization or individual where the concerned official of Svasti is a board member of that organization, or respective Svasti official is related to any of the board members/management team members of that organization or that individual.
- b. Due care needs to be exercised in the appointment of consultants so that it does not cause conflict of interest. We shall not appoint any consultant or service provider who is affiliated (member of board/staff member) with an organization where a Svasti official is also a board member of any such organization.
- c. This principle will apply for all consultancies and services, small, long term and large.
- d. We shall also not appoint any consultant and other services provider who is a close relative of either a Svasti staffer or of Svasti's Board members and partners.

### **4. Procedure for Related Party Transactions**

- a. If we have to involve financially with any related party under any exceptional circumstance, then the Board of Directors will give a formal approval.
- b. Formal approval will involve submission of a note to the Board of Directors describing the nature of involvement and relationship, explanation on exceptional circumstances, task, financial involvement and period of transactions.

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**5. Disclosure of Related Party Transactions**

- a. Our year end statutory accounts will disclose related party transactions as per the generally accepted accounting and auditing standards.

**6. Disclosure of Existing Related Party Transactions**

- a. All Svasti staff will have to disclose their all existing related party transactions at the time of joining the organization or as soon as it is known. This disclosure should include-nature of involvement and relationship, circumstances, task, financial involvement and period of transaction. This disclosure note must be submitted to Managing Director.

**7. Definition of Relative**

For the above purpose of this policy relative means:

- i. Spouse/parents of the individual;
- ii. Brother or sister of the individual or their children;
- iii. Brother or sister of the spouse of the individual or their children;
- iv. Brother or sister of either of the parents of the individual or their children;
- v. Any lineal ascendant or descendant of the individual;
- vi. Any lineal ascendant or descendant of the spouse of the individual;
- vii. Spouse of the person referred to in clauses (7.i) to (7.vi).

**8. Communication to staff**

The Policy will be communicated to new staff during the initial induction training, for existing staff by way of circular, to the Board during the Board meeting where it will be presented for approval. The policy will be shared with the external contractors or consultants at the time of signing the contract. A copy of the policy will be made available on the company website.

**9. Monitoring and Reporting**

The HR Committee shall monitor the effectiveness and review the implementation of this Policy, regularly considering its suitability, adequacy, and effectiveness. If any employee stakeholder as defined under this policy have any concerns about any issue or suspicion of malpractice, the same should be reported by following the procedure set out in “Whistle-Blower” policy.

**10. Disciplinary action**

Any non-compliance to this policy shall attract disciplinary action as per the disciplinary procedures mentioned in the HR policy.