



ARDCI MICROFINANCE, INCORPORATED

(Formerly: ARDCI NGO Group, Incorporated)

SEC Registration No. I1998-00277

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ARDCI MICROFINANCE, INCORPORATED

CODE OF CONDUCT AND ETHICS FOR

MEMBERS PROTECTION

Approved June 27, 2018 per Board Resolution No. 126 series of 2018

I. Background

ARDCI Microfinance, Incorporated (ARDCI), formerly known as ARDCI NGO Group, Inc. is a pioneer microfinance institution that has evolved since its establishment as basically a government-backed project through the Catanduanes Agricultural Support (CatAg) Programme under the auspices of the Department of Agriculture (DA). It was jointly funded by the Government of the Philippines and the European Union. It started as a five-year development program in 1995 with an overall objective to assist rural communities in Catanduanes to initiate and sustain increases in income from all economic activities thereby reducing poverty. With that, it had to establish the basis for a fully autonomous and viable rural financial institution of confederated Savings and Loans Systems (SLS), governed, controlled and managed by SLS members. Through time, CatAg's non-governmental arm, the Agricultural and Rural Development for Catanduanes, Inc. (ARDCI) was organized as an NGO on September 11, 1998 to give to the former a potential legal recipient of Project Assets at the close of CatAg Programme. It has achieved its new organizational shift as ARDCI NGO Group, Inc. by virtue of its filing of amended articles of incorporation under the company registration number 1199800277 as attested by Securities and Exchange Commission (SEC) on August 23, 2010. In Compliance with the Microfinance NGO Regulatory Council, under the Republic Act of 10693, it has then again changed its name to ARDCI Microfinance, Incorporated in 2017.

As a social-driven Microfinance Institution, ARDCI believes that protection of its members is of utmost priority. This Code of Conduct and Ethics is upheld to ensure that ARDCI is committed to protecting its members from potentially risky products and services, and ensure that they are treated fairly.

II. Purpose

The purpose of this Code of Conduct and Ethics for Members Protection is to develop and maintain a standard of conduct that is acceptable to the organization, its employees, and its members. This CoCE is introduced to enable ARDCI Board of Trustees and Employees to follow fair practices in line with expectations of the Government of the Philippines and other stakeholders, and to uphold ethical standards in all corporate activities.

III. Objectives

The key objectives of this CoCE are as follows:

- A. To develop a set of fair practices and ethical standards and guidelines for ARDCI Board of Trustees and employees
- B. To encourage members protection practices through transparent product information, affordable pricing, responsible sales, adequate grievance mechanisms, fair practices and member education
- C. To protect the reputation of ARDCI by encouraging ethical practices by its staff and members

IV. Code

All staff of ARDCI are required to follow all regulatory standards and members protection practices laid down in this code. In order to adhere to the core values of the organization, the following practices mentioned below must be abided by all staff of ARDCI.

A. INTEGRITY AND ETHICAL BEHAVIOUR

ARDCI's Mission is to service the entrepreneurial poor with its financial and non-financial products that are member-focused and designed to improve their socio-economic well-being, delivered in an ethical, transparent, and dignified manner. To uphold this mission, ARDCI shall:

1. Design appropriate policies and operating guidelines to treat the members and employees with dignity. ARDCI staff must implement the operating policies honestly and fairly in conducting the microfinance activities.
2. Conduct business by means of fair competition and not seek competitive advantages using illegal and unethical practices.
3. Ensure that all advertising and promotional materials are fair and reasonable, without any misleading content, and comply with all relevant codes, rules and legislation.
4. Incorporate transparent and professional governance system to ensure that employees are oriented and trained to the policies and this code.
5. Educate the members with this Code of Conduct and Ethics and its implementation during meetings.

B. TRANSPARENCY

ARDCI upholds the principle of transparency, and thus it shall:

1. Disclose to the members and potential members about all the terms and conditions for the financial services offered by ARDCI in the language easily understood by the members prior to the signing of any contract or disbursement, including information about the rate of interest charged on the loan on declining method, terms of repayment, and details about insurance premiums and benefits.
2. Maintain all records of transactions in accordance with all regulatory and statutory norms.
3. Share the complete members' data with at least one approved Credit Bureau
4. Have a dedicated process to raise members' awareness of the options, choices and responsibilities with regards the financial products and services available for them, information about the organization's policies and procedure to help them understand their rights as borrowers.

C. FAIR PRACTICES AND MEMBERS PROTECTION

ARDCI is committed to follow fair practices which are built on dignity, respect, fair treatment, and courtesy to members, always taking into consideration the respect for members' vulnerable situation, with reasonable pursuit of recovery of loans. Thus, to uphold this value, ARDCI shall:

1. Provide microfinance services to low income members irrespective of gender, race, religion or language.
2. Ensure that the products and services are delivered using the most efficient methods possible at reasonable cost.
3. Recognize the responsibility to provide financial services to members based upon their needs and repayment capacity. Employees shall act with proper due diligence as per internal credit policy in assessing the repayment capacity of the members.
4. Obtain copies of relevant documents from members. Additional documents required must be reasonable and necessary for completing the transaction.
5. Interact with the members in an acceptable language and dignified manner.
6. At all point in time, ARDCI Staff shall render services to members which are timely, accurate and in compliance to the laid down policies and procedures.
7. Maintain decency and decorum during the visit to the members' place for collection of dues.
8. Avoid making calls or collecting dues in inappropriate occasions such as bereavement in the family or other unfortunate occasions.
9. Avoid any unethical method of collection by contacting members or making phone call at odd hours.
10. Carefully avoid any demeanor that would suggest any kind of threat or violence to members.
11. Provide a valid acknowledgment receipt for each and every payment received from the member.
12. Safeguard personal information of members, only allowing disclosures and exchange of information to others who are authorized to see it, and with the knowledge and consent of members.

D. CONFLICT OF INTEREST

ARDCI's reputation for excellence is a key competitive advantage and must never be put at risk. Each employee must be sensitive to any activities, interests or relationships that might interfere with their ability to act in the best interests of ARDCI and our members. Thus, ARDCI employees shall NOT accept gifts or the conveyance of anything of value from current or prospective ARDCI members, suppliers or distributors. Employees shall never accept a gift under circumstances in which it could even appear to others that the business judgment may be compromised. Thus, it will be obligatory for every employee to declare any form of gift received by them in the course of their rendering day-to-day services to the members. Non declaration of any gift shall be treated as a breach of employment offense.

If giving any gift or entertainment could be seen as consideration for corporate or government business or for any favor, you must not give the gift or provide the entertainment. However, appropriate gifts and entertainment may be offered to members, solely by persons who are authorized by the Management of ARDCI to do so.

E. FEEDBACK/ GRIEVANCE REDRESS MECHANISM

ARDCI shall establish a dedicated feedback and grievance redress mechanism to correct any mistake and handle and receive complaints promptly and efficiently and provide opportunity to members to build confidence on the fair practices conducted by the organization.

F. INTEGRATING SOCIAL VALUES INTO OPERATIONS

ARDCI believes that high standards of governance, management, participation and reporting are critical to its mission of serving the society and to uphold core social values. Thus, all ARDCI employees shall strive to integrate the prevailing social values while rendering services to the members.

V. Implementation of Code of Conduct and Ethics for Members Protection

ARDCI shall have a dedicated committee which will oversee the implementation of this code. It is the duty of every employee to report instances of any violation of the code by other employee(s). Such matters should be reported to the Chair of the Committee in a confidential manner. Alternatively, matters of violation can also be reported directly to the Executive Director.

It may be noted that any breach of this code of conduct and ethics by any employee shall be viewed seriously and shall subject the defaulter to initiation of disciplinary proceedings.