

Our expectations...

- **Honesty and integrity:** Each employee is expected to adhere to the highest standards of conduct in their dealings with colleagues, clients and the general public.
- **Fair and just treatment:** All clients and staff have the right to fair and just treatment irrespective of their race, colour, gender, language, political or religious conviction, national origin or culture, marital status, sexual orientation, or disability.
- **No discrimination or harassment:** The group has a zero-tolerance approach to such behaviour and is committed to taking any action necessary to prevent and resolve incidents of harassment or discrimination.
- **Gender diversity:** Because decisions on recruitment and promotion are based on values, engagement and professionalism, gender diversity, at all levels of the organisation, including senior management, is simply a fact and not a goal.
- **Promotion of diversity:** As a group involved for many years in different countries and drawing on different and complex cultural and historical backgrounds, the acceptance of cultural diversity has become a simple fact, based especially on the recognition that each individual deserves respect as a human being. Going far beyond mere acceptance, we should actively acknowledge and make the most of diverse educational and professional backgrounds. We are also expected to promote the diversity of opinions, freedom of speech and different ways of thinking.

...in practice:

- Conduct prohibited by this policy may include, but is not limited to, verbal or physical conduct that denigrates or shows hostility or aversion toward individuals because of their race, religion, age, colour, sex, national origin or ancestry, sexual orientation, gender expression or identity, disability etc. Specific examples of prohibited conduct include, but are not limited to: disparaging remarks, jokes, slurs, negative stereotyping, threats, intimidation, hostile acts, and denigrating or hostile written or graphic material posted or circulated in the workplace.
- Decisions on staff will be based on merit only. We will avoid any bias caused by any form of discrimination or any form of past or current friendship.
- If an employee is working negligently or improperly, colleagues are to address the issue instead of covering it up.
- Being under the influence of or unlawfully using, possessing, selling, or consuming prescription drugs, controlled substances or alcohol on ProCredit premises or during working hours is strictly prohibited.
- The working environment should be free from harassment. Besides direct harassment, any person who encourages, instructs or permits another person to engage in harassment is equally contravening this principle.



- The working environment should be free from any form of preferential treatment on the part of managers or colleagues.
- Managers must not use their position to induce undesirable behaviour or to circumvent policies or procedures.
 - Situations in which employees behave differently towards managers than towards other colleagues should be addressed.
 - We will be open and willing to discuss constructively any idea, viewpoint, thought or proposal even if it differs from our own personal ideas or opinions.





PROFESSIONALISM

*Feeling responsible for the quality of our work
and striving to grow professionally =*

Professionalism

Sense of personal responsibility towards tasks and projects

Our expectations...

We are expected to care about the end results of the projects and tasks we are involved in, regardless of the person ultimately in charge of the project. We should not simply perform our tasks as described in our job descriptions and hope that others perform theirs; rather, we should take an active interest in the institution's projects and tasks and strive to contribute to them.

...in practice:

- Our responsibility for a task does not end with passing it on to a colleague (the “I’ve sent them an e-mail” attitude is not enough); it includes regular proactive follow-up if an answer is not received within a reasonable time.
- We are responsible for both the quality and the outcome of our work; but, in case of conflict between the two, we shall talk to our supervisor in order to ensure the right balance is achieved. In other words, the pressure to achieve certain results cannot be an excuse for compromising on the quality of the work or the way the results are achieved.
- Employees and managers endorse the decisions taken within the institution, particularly in their communications with clients and with colleagues, even if they initially argued against the decision and in favour of an alternative. To simply transmit a decision and report that it was made by “them” or “the institution” is not enough.
- We are expected to share our knowledge, best practices and experiences with other colleagues.
- It is the responsibility of all employees (experienced and new) to make sure that new colleagues are successfully integrated and coached in their new position.
- We are responsible for proactively giving relevant feedback on processes and organisational issues which can help to optimise the functioning of the institution.
- We are expected to take full responsibility for our duties, and will not defer this responsibility to other employees.
- We are expected to think critically in all situations, including those involving supervisors. In other words, excuses such as “this is the way it has always been done” are insufficient explanations for unacceptable behaviour, an illegal or unethical act.
- Delegating a task means entrusting authority to others to carry it out; however, it does not mean absolving oneself of responsibility for that task. Rather, responsibility is shared by both the person delegating the task and the person to whom authority has been entrusted.

Personal responsibility
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Knowledge of policies and accuracy of information
.....

Internal control
.....

Respect for company property
.....

Use of the ProCredit name
.....

Confidential information
.....

Inside information and insider trading
.....

Outside activities
.....

Corruption and fraud

Knowledge of group policies and rules, and accuracy of information

Our expectations...

The ProCredit banks proactively promote compliance with internal policies and procedures, as well as applicable laws and regulations. We are all expected to know, understand and fully apply the group policies and rules corresponding to our areas of responsibility and strive both to provide correct, complete and timely information to our colleagues or clients and to ensure that our skills and competences are up-to-date with developments in the group and in the markets. We should regularly update our knowledge of policies and procedures on our own initiative (through self-training).

...in practice:

- We have to regularly check the most recent versions of the internal regulations – including policies and standards – that are relevant to our areas of responsibility, and ask questions if anything is unclear.
- We have to be aware of the rationale behind the internal regulations (e.g. regarding client protection, compliance with external regulations, fraud prevention, etc.). It is not enough to tell a client or a third party that “it is simply the procedure”.
- We are expected to check the correctness of the data or information used as input for our own work as well as that produced as the output of our work.
- We must not falsify information, whether verbal or written.
- Mistakes are never to be covered up, but shall be disclosed in full immediately and corrected.

Internal control

Our expectations...

We are all expected to actively comply with our responsibilities regarding the internal control system, as it is a key mechanism for preventing procedural errors and irregularities. It is important for the group to have an efficient system in place to ensure that accounts and records are accurate and reliable, that transactions are properly authorised and that assets are adequately safeguarded.

...in practice:

- Dual control is mandatory for transactions of a sensitive nature. Employees are not permitted to verify the correctness of operations they have performed themselves.
- Checking operations means making sure that they are correct, and signing off on them as controller.
- Passwords must never be shared, not even temporarily or in case of absence. Protect your password from other eyes. Ensure that “passive” sharing is not possible: if your password is stolen because others can see it as you type it, then you are equally responsible for the operations performed using your stolen password. In the event of fraudulent operations, you will be held liable under applicable law.

- Documents and messages (whatever the form) must be signed by the author.
- Alterations to documents are to be signed by the author of the alteration.
- Signing a document means accepting full responsibility for the content and consequences of such a document. When we sign the yearly confirmation of the Code of Conduct, it means that we have read the Code of Conduct carefully and are aware of the consequences of deviating from it!
- We are expected to report if we notice that certain processes are not adequately covered by internal controls, and we should suggest improvements, either to cover the process more fully or to review the controls in cases where the process has changed.

Company property

Our expectations...

We are expected to protect and conserve ProCredit's company property and to use it only for its intended purpose. Company property includes tangible and intangible property, cash, clients' property, customer records, employee and applicant records, proprietary software, studies and marketing materials, communication tools and all messages and files generated or handled by such tools. The ProCredit institutions comply with the applicable restrictions on the use of copyrighted and other protected proprietary material, including software.

We are also expected to use company resources in a cost-conscious manner. This applies especially to travel costs (hotels, taxis, restaurants, etc.).

...in practice:

- Any acts of vandalism, defacing, unauthorised removal of or damage to company facilities, equipment or furnishings will result in disciplinary action. The same applies to clients' property and assets.
- We are all expected to contribute to the maintenance of a clean working environment and are responsible for ensuring that desks, tables, files and all surrounding work areas are kept as tidy as possible at all times, in both front and back office areas.
- Company vehicles that are exclusively used for professional needs are fitted with GPS, allowing all journeys to be monitored.
- If an employee violates copyright or licensing restrictions and ProCredit has to make a payment to a copyright holder or incurs other expenses as a result of such a violation, the employee responsible may be required to reimburse the institution for the expenses incurred and the employee may be subject to disciplinary action under applicable law.
- During our employment with ProCredit, we may create, originate, conceive, discover, design, develop or produce works to which intellectual property rights may be attached. All intellectual property rights to works produced during the course of our employment with ProCredit belong to the company, not only during our period of employment but also afterwards, as provided for under applicable law.
- The company provides various electronic communication tools (fixed and mobile phones, personal computers, USB sticks, email, internet access, etc.) for employees to

conduct company business, and we must use them in accordance with the institution's internal rules and regulations. ProCredit reserves the right to monitor all electronic communication tool use and to access and disclose the content of employees' messages, including attached files, which may be used as evidence in various processes including disciplinary action if necessary. E-mail may be monitored, for example in cases where it appears that the use of these systems violates criminal or civil law, violates ProCredit policy, or may have an adverse effect on the institution or its employees. Examples include but are not limited to emails containing sexual innuendo or other inappropriate or offensive jokes; chain letters; downloading, copying or sending confidential information to an unauthorised party; excessive or unauthorised personal use that violates company policy; or other use that may be harmful. Electronic communication tools (such as e-mails) are to be used solely for the transmission of business-related information. Personal use of these tools may only be made in cases of emergency. Should additional expenses be incurred due to personal use, the employee concerned shall be required to reimburse those costs.

- We must not use the company's electronic communication tools for personal gain (i.e. running a business) or for any illegal or criminal activity. Violations of this principle will be dealt with by the institution in accordance with the internal rules and with the applicable laws.
- We must not undertake any private work during our working hours for ProCredit. During this time, we are expected to devote our whole time, attention, skills and abilities to the performance of our duties for the company.
- When using communication tools, we must not attempt to bypass normal access or management controls.

Use of the ProCredit name

Our expectations...

We are expected to protect the name and reputation of ProCredit. This is the case even after our employment with the ProCredit group is over. The use of the name and the logo is limited to authorised entities and is subject to a formal licence agreement. The authorisation body for the use of the logo is the legal department of ProCredit Holding together with Group Communications. The approval authority for the use of the logo in a particular country lies with the person in charge of marketing at each ProCredit entity. This applies to all internal and external use. Details regarding the use of the logo are specified in the Corporate Design Manual. Agreements for co-branding publications are to be documented in a written form. This is why employees are not entitled to use the logo in a non-authorised context and we shall report all abuse by third parties to the legal unit of our institution. The legal unit will evaluate and co-ordinate potential action with the licensee, ProCredit Holding. We are expected to be aware of the risk of posting comments or participating in discussions in social networks or elsewhere on the Internet, and to refrain from participating in discussions and posting comments in our capacity as employees or in discussions about ProCredit and its positioning in the banking sector in general, unless otherwise authorised by the management.

...in practice:

- Outside of the bank or office environment, we should be aware that we can still be regarded as ProCredit employees and expressing any attitude that is contrary to our values can be potentially damaging to the reputation of the institution.
- We must not forget that when we drive a ProCredit-branded car and violate traffic laws (e.g. exceeding the speed limit, not respecting pedestrians or running a red light) or behave disrespectfully (e.g. playing loud music with the windows open), this negatively affects the reputation of ProCredit.
- Social posts or comments are not anonymous and can negatively affect ProCredit's reputation.
- Setting up user groups within social networks using the name of the company or the logo is subject to prior formal approval by the management.
- Only employees authorised by the management may talk to the media.
- Make sure you have the relevant authorisation from the management or from the person in charge of marketing if you are invited to present ProCredit at an external event.
- Only authorised employees (e.g. the marketing unit) can develop documents with the logo, or may send the logo to third parties.

Confidential information*Our expectations...*

The ProCredit institutions protect all confidential information about the company, its clients and employees from unauthorised access and disclosure. In performing our job, we may have access to information that is not generally available to the public or is considered confidential. This may be information related to the ProCredit institutions themselves, clients, suppliers, employees or other third parties. It is imperative never to discuss such information with anyone outside the institution or with other staff members who do not need to know, unless specifically authorised by the supervisor. We must not use such information for any purpose other than company business.

...in practice:

- Confidential information must not leave the company's premises. The only exceptions are:
 - (1) when visiting a client for business analysis or monitoring – but only in accordance with the bank's internal policies and procedures
 - (2) when an employee needs to work with the information outside of the office – but only if this is in the interests of the bank and the prior written approval of a supervisor has been obtained
 - (3) when such information is requested by a court or other public institution entitled to require disclosure – but even in such cases, disclosure is subject to internal coordination with the management

In all other cases, disclosure of confidential information is subject to prior written approval by a member of the management. In such cases we must take the necessary steps to ensure that no third parties can gain access to the information.

- We shall not send information to our private email address, not even in order to be able to work from home or outside of the office.
- We shall not exchange any confidential work-related information with authorised bank employees in public environments (airports, cafes, restaurants, etc.), as communication in such locations always involves the risk of unwanted eavesdropping by third parties.
- We shall not discuss bank information with family members or acquaintances, including former staff members, either directly or indirectly.
- If we receive a request for information, we shall always make sure to identify the person making the request. If confidential client information has to be given to a third party (even when requested by the police or other public authority), either the agreement of the client or the prior approval of a member of the management must be obtained, unless otherwise defined by national law. This can be done through the legal unit or in accordance with the institution's internal policies and procedures.
- Any disclosure of ProCredit's business strategy, client data, any confidential data or practices or disclosure of policies, procedures and rules to persons outside the organisation or to unauthorised persons inside the organisation is considered to be a breach of confidentiality and can lead to disciplinary action, including dismissal.
- When we leave our workstation at the end of the day or during the day, we shall ensure that no confidential information is left accessible. Documents shall be locked away and computers switched off or code protected. The clean desk policy must be adhered to. Even during conversations with clients, all confidential information on the computer must be kept out of view. Documents must also not be left in cars, as they are very visible and can be stolen.
- We shall not use USB sticks unless expressly authorised to do so by our institution, and only in accordance with its internal policies and procedures. USB sticks, like documents, are to be locked away or code protected.
- We must obtain specific authorisation before accessing confidential data or duplicating, copying or disseminating such data, whether through email, USB sticks, mobile phones, photographs or any other electronic means (including voice recordings). Any violation of this rule can lead to disciplinary action, including dismissal.
- Our duty not to release confidential information remains in force even after the end of our employment with ProCredit.
- Disposal of hard copy documents or other data carriers containing confidential information shall be done in a way which prevents unauthorised users from accessing the data.

Inside information and insider trading

Our expectations...

ProCredit institutions adhere to the applicable laws on inside information and insider trading. As employees of ProCredit, we may be exposed to inside information, which is defined as undisclosed information regarding any of the ProCredit institutions that could significantly influence the share price of ProCredit Holding and thus also influence investors' decisions if it were to become public. It is prohibited by law to trade shares based on inside information. We need to be aware of that and act accordingly – we can prevent potential abuse by safeguarding insider information from unauthorised access. Furthermore, if we have access to such information, we are not to take advantage of it for personal gain or for the benefit of anyone close to us or for any acquaintances.

... in practice

- Inside information includes, for example, information about possible restructuring, material changes, important contracts, legal proceedings or other events that could have a material impact on the operations of a ProCredit institution.
- Management is aware of the risks and takes responsibility for ensuring that no inside information is accessible to unauthorised staff members.
- In dealing with company information that could be considered inside information, we must take measures to ensure that it is not made accessible (e.g. by picking up documents at the printer in a timely fashion and locking our computer screens whenever we leave our work stations). Furthermore, we are to treat all undisclosed potentially price-relevant information with the utmost caution.
- In cases of doubt or questions regarding inside information, management shall be consulted. The management of each ProCredit entity is obliged to report any instance of potential inside information to PCH.ad-hoc@procredit-group.com immediately upon becoming aware of it. If we notice that this kind of information has not been handled with due caution, we are to speak out in order to raise awareness.
- Insider trading and unauthorised dissemination of inside information are criminal offences and will not be tolerated.
- If we hold ProCredit shares, we are to check the laws in place and are aware of the trading guidelines on buying and selling ProCredit shares made available to shareholders.
- We do not use insider information for our personal gain or for the benefit of people close to us.
 - We do not engage in trading shares based on inside information.
 - We do not discuss any information that could be considered inside information with relatives, friends, acquaintances or other people.
 - We do not advise people to buy or sell shares based on inside information, regardless of how this information has been obtained.

Outside activities

Our expectations...

As staff members of ProCredit, our activities outside the institution should not harm its reputation, nor should they interfere with our work duties.

...in practice:

- Before engaging in a private business or secondary employment, we shall seek approval from a member of the management board.
- We shall not engage in politics or teaching activities in case of potential conflict of interests. For that reason, we shall inform our supervisor and the management before engaging in such activities.
- Volunteer activities outside of work (e.g. community service, charity, etc.) that obviously do not contradict and which are in the spirit of the principles of this Code of Conduct do not require approval.
- New and existing employees, as well as participants in the ProCredit Entry Programme, are expected to inform ProCredit about any outside activities that might interfere with the reputation of the group or the work duties.
- Public political activities are permitted as long as the independence of ProCredit in the political sense is not compromised. You may not engage in political activity while on duty or on company premises. Your association with ProCredit must not be publicised in connection with any political activity.
- We shall not solicit or accept any monetary contributions on behalf of any political candidate, party or organisation.
- We shall avoid situations in which our comments or opinions could be interpreted as standpoints of ProCredit. For example, when asked to comment as an “expert”, we shall stress that our viewpoint is a personal one, and when signing documents relating to outside activities, we shall not state the position we hold at ProCredit.

Corruption and fraud prevention

Our expectations...

We do not tolerate bribery or corruption in any form. ProCredit will not tolerate any behaviour in which employees improperly and unlawfully enrich themselves or those close to them, or induce others to do so, by misusing their positions. We operate in countries with relatively high levels of informality and tolerance of corruption, combined with relatively low levels of experience with banks and strong social networks outside of public or private institutions. Fraud and corruption are a real risk that we need to address in the strictest way, not only by complying with any anti-bribery and corruption laws that might exist but also by having a robust system to manage this risk and highly competent and aware staff.

...in practice:

- We do not accept bribes from our clients, or from candidates for employment. Employees or affiliated parties receiving remuneration from clients or third parties will be immediately dismissed and if appropriate, legal action will be taken against them. Clients or suppliers engaging in such practices will no longer be seen as potential partners.
- Using a position of trust in order to obtain personal benefit (e.g. favouring a supplier, securing approval of a loan to a related party) is strictly forbidden.
- We do not offer or accept any bribery, kickbacks¹ or any other form of questionable payments, including facilitation payments of any kind, either to suppliers or to government officials.
- We fully respect the freedom of the press and therefore do not pay journalists to influence their messages to the public.
- We keep accurate accounting books and record any payments in an honest way.
- We undertake business with a thorough due diligence procedure towards our clients, partners and suppliers. For example, suppliers to the institution must not be chosen on the basis of a personal relationship.
- We refrain from entering into business relationships when the other party is known to be involved in corruption and/or fraud.

¹ Defined as a percentage of income paid to a person of influence for having made this income possible, or a rebate provided (secretively) by the seller to the buyer for having made the sale possible.



SOCIAL RESPONSIBILITY

*Aiming to have a positive impact on society
and the environment through our relationships
with clients, employees and business partners =*

Social responsibility

Customer relationships

Our expectations...

We want to build long-term relationships with our clients by offering them sound and well-founded advice based on detailed and relevant information in order for them to take the most suitable decision regarding their financial needs. We also want to ensure that our clients respect our ethical business practices and share to a reasonable extent the values of the ProCredit group. We do not promote consumer loans but actively promote savings.

...in practice:

- Before offering loans to our clients, we assess their economic and financial situation, their business potential and their repayment capacity in order to avoid over-indebtedness and to provide appropriate financial services to help them grow as a sustainable business. We make sure that our clients understand our decisions.
- We are committed to treating all customers with fairness and respect, regardless of their origin, colour, language, gender, sexual orientation or religious beliefs.
- Saying NO to a potential client is acceptable. No services are provided to enterprises or individuals if they are suspected of making use of unsafe, environmentally harmful or morally objectionable business and labour practices, in particular child labour. We exclude all clients that might be engaged in activities listed in the exclusion list (see p. 34), regardless of the potential forgone income that could have been generated for the bank.
- A comprehensive exclusion list has been introduced at all ProCredit institutions and the banks do not provide services to, or engage in other business activities with, companies and clients that engage in antisocial, environmentally and morally harmful or hazardous practices, that do not comply with health and safety legislation, or that have a negative impact on the community.

Anti-Money Laundering

Our expectations...

We take the fight against money laundering and terrorist financing very seriously. ProCredit does not tolerate any fraudulent activities or questionable behaviour from its clients, its own employees, its service providers or its suppliers. It is the responsibility of each employee to help to ensure full compliance with the institution's anti-money laundering policies and with all regulatory requirements concerning money laundering and terrorist financing. In order to do so, each of us is required to immediately report to the institution's AML Officer or the Group AML Officer all suspicious activities encountered at work. This also applies to any information on the potential involvement of clients, staff or related parties in suspicious activities which might come to our attention outside of work.

Customer relationships:
ethical business practices, no
discrimination
.....
Anti-Money Laundering
and "Know your client"
.....
Environmental awareness

...in practice:

- ProCredit banks do not maintain anonymous accounts or accounts held in obviously fictitious names.
- “Know your client” is a basic principle underlying our banking operations. We undertake due diligence measures, including verifying the identity of our customers when establishing customer relationships, when carrying out individual transactions and when there is suspicion about the veracity or completeness of previously obtained customer identification data.
- Any relevant information about potential or actual misuse of ProCredit’s services must be shared with the AML Officer of the institution or the Group AML Officer, regardless of the source of this information.
- Special attention must be given to the identification of the beneficial owners, even if these are not personally in evidence in our business relationship with the clients.
- We intend to build long-term relationships with our clients and strive to recognise the emergence of questionable business practices at an early stage.
- We are expected to pay special attention to all complex, unusual or large transactions, as well as unusual patterns of transactions, which have no apparent economic purpose or readily discernible lawful purpose. The background of these transactions shall be examined and findings submitted in writing to the relevant authorities.

Basically, it is necessary to consider, from the viewpoint of general experience and professional expertise, whether a circumstance is unusual or conspicuous and if it may indicate the possibility of money laundering or terrorist financing. The following clues can help strengthen a suspicion, but the list is by no means exhaustive:

- The client’s claimed business activity does not exist.
- The line of business seems to be incongruous with the client or his or her apparent financial circumstances (the volumes of money channelled through the account may be massively inconsistent with the client’s supposed income or profession).
- A client has stopped all personal contact with ProCredit staff, for no apparent reason.
- A client wishes to remain anonymous, or appears to be trying to conceal his or her true identity.
- The client is using a company structure that is particularly unusual, inappropriate or implausible for the claimed business activity.
- A client regularly takes advantage of tax havens, in that the company is partly or fully registered there, or the beneficial owners are based there, or financial transactions are conducted regularly to or from such jurisdictions.
- There is doubt about the authenticity of documents (this can apply to total forgeries as well as manipulated original documents).
- The client withdraws an application when the bank asks more questions or demands additional information about the business activities.
- The client has changed or corrected details about his or her identity, or those of the beneficial owners, or about the payment methods, more than once for no plausible reason.
- The client’s business dealings with the bank are atypical or make no economic sense.
- A client completely repays a loan within a short period of time, well before the agreed maturity date, without giving any plausible reason.

- The collateral for a large loan consists solely of sight deposits.
- A client has difficulties explaining the reasons behind conspicuous transactions or sudden changes in investment plans.
- The client acts as a front for an unidentified third party, which is “pulling the strings” in the business relationship. (However, we shall keep in mind that some of our banks legitimately maintain escrow accounts.)

These are just a few of the signs which can indicate that something improper is going on. Additionally, other circumstances or peculiarities can, and should, also lead to a business relationship being critically scrutinised.

Environmental awareness

Our expectations...

Each employee is expected to support ProCredit’s efforts to protect the environment and reduce our ecological footprint by conserving resources and promoting measures to contain climate change. Therefore, we are all expected to adhere to and actively engage in the implementation of the Environmental Management System (EMS), a three-pronged approach aimed at improving the internal and external environmental performance of the institution. The EMS comprises three pillars related to (i) internal environmental performance, (ii) managing the environmental and social risk of lending and (iii) promoting investments in energy efficiency and renewable energy technologies as well as projects with a positive environmental impact. The environmental aspects stemming from this system are integrated to the greatest possible extent into all of the ProCredit banks’ operational processes and documents.

...in practice:

- We are expected to contribute to the internal environmental management efforts to conserve resources and reduce emissions by monitoring the use of energy, paper, water and waste output, as well as by supporting the implementation of technical measures and behaving conscientiously when making use of such resources.
- ProCredit banks are careful in selecting their suppliers as well as other business partners and service providers, and have integrated clear environmental aspects into the criteria for choosing their partners.
- ProCredit banks do not finance businesses that apply socially and morally objectionable labour conditions, engage in harmful or hazardous health, safety and environmental practices, or have a negative impact on the community. The banks examine the existing and recently financed activities of their clients for negative environmental effects and encourage them to undertake corrective or mitigating measures to reduce or eliminate such negative impacts. This analysis and discussions with the client about the results and possible impacts of the client’s behaviour are of key importance in the customer relationship.
- Each investment by a client is assessed in order to determine whether it has a “green” purpose, and each employee gives clients appropriate information about the possibilities of investments in energy efficiency and renewable energy technologies or projects with a positive environmental impact, with the aim of promoting energy and resource conservation, environmental protection and the sustainable use of resources.

Exclusion list

last updated June 2020

No business relationship shall be established or maintained with clients engaged in any of the following activities:

Unethical practices and labour conditions:

- a) Production or activities involving harmful or exploitative forms of forced labour/harmful child labour¹, discriminatory practices, or practices which prevent employees from lawfully exercising their rights of association and collective bargaining;
- b) Production or trade of narcotics²;
- c) Production or trade in weapons (including hunting weapons) and munitions³;
- d) Gambling (including online gambling), casinos and equivalent enterprises⁴;
- e) Issuance of cryptocurrencies or operation of cryptocurrency exchange platforms;
- f) Prostitution and any business for which the primary business activity is related to pornography;
- g) Reproduction clinics and other medical institutions engaged directly or indirectly in surrogacy⁵ (e.g. through intermediation or other systematic facilitation) or other ethically questionable medical treatment, including genetic material modification and manipulation or mitochondrial replacement therapy⁶ and practices commodifying human organs.

Activities detrimental to health, safety and the environment:

- h) Production or trade in or use of un-bonded asbestos fibres or asbestos-containing products⁷;
- i) Production or trade in products containing polychlorinated biphenyls⁸;
- j) Production or trade in pharmaceuticals, pesticides/herbicides and other hazardous substances subject to international phase-outs or bans⁹;
- k) Production or trade in radioactive materials (including storage and treatment of radioactive wastes), business or activities relating to the nuclear industry or nuclear materials¹⁰;
- l) Drift net fishing in the marine environment using nets in excess of 2.5 km in length;
- m) Shipment of oil or other hazardous substances in tankers which do not comply with International Maritime Organization (IMO) requirement¹¹;
- n) Activities involving the release of genetically modified organisms into the natural environment without approval being given by competent authorities or where the relevant authority has declared itself as GMO free¹²;
- o) Trade in wildlife or wildlife products regulated under CITES¹³;
- p) Transboundary movements of waste prohibited under international law¹⁴;
- q) Construction of (mini-)hydro cascades without appropriate environmental assessment;
- r) Production or trade in ozone-depleting substances subject to international phase-out¹⁵;
- s) Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forest, production and trade in wood or other forestry products other than from sustainably managed forests¹⁶;
- t) Exploitation of diamond mines and commercialization of diamonds, when the host country has not adhered to the Kimberley agreement (KPCS) or other similar international agreements on extractive resources;
- u) Underground mining to extract metals, coal, oil shale and other minerals;
- v) Charcoal making with other methods than retort method (use of sealed metal containers).

Activities having a negative impact on the community:

- w) The production or trade in any product or activity deemed illegal under host country (i.e. national) laws or regulations or international conventions and agreements, including without limitation, legislation or conventions relating to the protection of biodiversity resources¹⁷ or cultural heritage;
- x) Activities within, adjacent to, or upstream of land occupied by indigenous peoples and/or vulnerable groups, such as lands and watercourses used for subsistence activities such as livestock grazing, hunting or fishing;
- y) Activities which may affect adversely sites of cultural or archaeological significance;
- z) Activities involving involuntary resettlement.

Clients engaged in any of the following activities shall not be financed:

- Major production or trade in alcoholic beverages (excluding beer and wine)¹⁸;
- Major production or trade in tobacco¹⁹;
- Activities within, adjacent to, or upstream of designated protected areas classified under IUCN Category I – IV²⁰.

- ¹ This includes any activity related to human trafficking. Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty. Harmful child labour means the employment of children that is economically exploitative, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development. For further guidance refer to: IFC (see IFC/MIGA Joint Policy Statement on Forced Labour and Harmful Child Labour); the ILO Declaration on Fundamental Principles and Rights at Work, and the principles enshrined in the following conventions: ILO conventions 29 and 105 (forced and bonded labour), 87 (freedom of association), 98 (right to collective bargaining), 100 and 111 (discrimination); 138 (minimum age); 182 (worst forms of child labour); Universal Declaration of Human Rights.
- ² The term "narcotics" refers to all illegal natural and synthetic narcotic drugs and psychotropic substances. For further reference please refer to UN Single Convention on Narcotic Drugs (1961) as well as the Yellow List of the International Narcotics Control Board (INCB).
- ³ Security companies which buy small arms and their munitions for own use and without the purpose of reselling them, are excluded from this provision.
- ⁴ This provision excludes charity lotteries, which exclusively invest their proceeds in charitable activities for the general benefit as well as those persons or entities which make less than 25% of their turnover by offering gambling.
- ⁵ Whereby a woman (the surrogate mother) agrees to bear a child for another person or persons, who will become the child's parent(s) after birth. The ProCredit group subscribes to the German Civil Code, Section 1591, by which the mother of a child is the woman who gave birth to it.
- ⁶ A special form of in vitro fertilisation in which some or all of the future baby's mitochondrial DNA comes from a third party and may include maternal spindle transfer (MST), pronuclear transfer (PNT) and polar body transfer (PBT).
- ⁷ This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is <20%.
- ⁸ Polychlorinated biphenyls: group of highly toxic chemicals likely to be found in oil-filled electrical transformers, capacitors and switch-gear dating from 1950-1985.
- ⁹ A list of products that are subject to phase outs or bans is available from IFC or EBRD. Reference documents include EU Regulation (EEC) No 2455/92 Concerning the Export and Import of Certain Dangerous Chemicals, as amended; UN Consolidated List of Products whose Consumption and/or Sale have been Banned, Withdrawn, Severely Restricted or not Approved by Governments; Convention on the Prior Informed Consent Procedures for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention); Stockholm Convention on Persistent Organic Pollutants; WHO Classification of Pesticides by Hazard.
- ¹⁰ This does not apply to the purchase of medical equipment, quality control (measurements) equipment and any other equipment where the radioactive source is trivial and/or adequately shielded.
- ¹¹ This includes: tankers which do not have all required MARPOL SOLAS certificates (including, without limitation, ISM Code compliance), tankers blacklisted by the European Union or banned by the Paris Memorandum of Understanding on Port State Control (Paris MOU), and tankers due for phase-out under regulations 13G and 13H of Annex I of MARPOL. No single hull tanker over 25 years old should be used.
- ¹² For EBRD countries of operation: activities involving the release of GMOs into the natural environment need to be referred to EBRD and benchmarked against the applicable performance requirements.
- ¹³ CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora. A list of CITES listed species is available from IFC or EBRD. To find out which species are on the list, visit <http://www.cites.org> or access the CITES species database at <http://www.cites.org/eng/resources/species.html>
- ¹⁴ Reference documents are: Regulation (EC) No 1013/2006 of 14 June 2006 on shipments of waste; Decision C(2001)107/Final of the OECD Council concerning the revision of Decision C(92)39/Final on the control of transboundary movements of wastes destined for recovery operations; Basel Convention of 22 March 1989 on the control of transboundary movements of hazardous wastes and their disposal. For further information and a simplified guide to the Basel Convention visit <https://www.basel.int>
- ¹⁵ Ozone Depleting Substances (ODSs): chemical compounds which react with and deplete stratospheric ozone, resulting in the widely publicised 'ozone holes'. The Montreal Protocol lists ODSs and their target reduction and phase-out dates. A list of the chemical compounds regulated by the Montreal Protocol, which includes aerosols, refrigerants, foam-blowing agents, solvents, and fire-protection agents, together with details of signatory countries and phase-out target dates, is available from IFC or EBRD.
- ¹⁶ Sustainably managed forests have to be certified (international and national certifiers) if available or should be in accordance with the bank's policy for financing logging.
- ¹⁷ Relevant international biodiversity conventions include, without limitation: Convention on the Conservation of Migratory Species of Wild Animals (Bonn Convention); Convention on Wetlands of International Importance, especially as Waterfowl Habitat (Ramsar Convention); Convention on the Conservation of European Wildlife and Natural Habitats (Bern Convention); World Heritage Convention; Convention on Biological Diversity.
- ¹⁸ This does not apply to clients/enterprises who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to the client's primary operations. Exemptions can be made with approval of IFC.
- ¹⁹ The same as previous.
- ²⁰ Activities within any other protected area as specifically mentioned have to be assessed case by case. Other protected areas can be e.g. classified under IUCN Category V & VI, UNESCO Natural World Heritage Sites, Ramsar Sites (Convention on Wetlands of International Importance), Emerald Sites (Bern Convention), Natura 2000, Key Biodiversity Areas. Activities in official human settlements within protected areas that do not have significant, adverse and irreversible impact on the environment and improve the environmental and/or social conditions, documented in an expert opinion thereof may be exempt from exclusion. According to OECD definition, "human settlement" comprises: (a) physical components of shelter and infrastructure; and (b) services to which the physical elements provide support, that is to say, community services such as education, health, culture, welfare, recreation and nutrition (source: OECD Glossary of Statistical terms).



OPEN COMMUNICATION

*Exchanging information fully, fairly, constructively among colleagues
and with clients and dealing with conflicts in a professional manner =*

Open communication

Internal and external communication

Our expectations...

We are all expected to communicate fully, fairly and professionally with our clients and with each other. Employees and managers are expected to foster a working environment in which open communication is simply the reality. Open communication is not only useful in creating a constructive working environment, it is also key to the institution reaching its objectives effectively and efficiently.

All communication, whether verbal or written, should be conducted professionally and should adhere to ProCredit's ethical standards. What we say, write and do should reflect a clear understanding of the company's ethical values and expectations and should demonstrate sound personal judgment. That means being clear, truthful, accurate and respectful.

...in practice:

- We strive to provide good service to our clients by listening to their needs and providing them with a clear and complete view of our approach as a partner bank. As part of our advisory role, we also share with them the outcome of our analysis.
- ProCredit managers commit to an “open door policy” whereby employees are encouraged to stop by whenever they feel the need to meet and ask questions, make suggestions, and address problems or concerns with management. If it is noticed that any employee is exchanging information on a selective basis only, in a calculated way or is even failing to share information with colleagues who need it, the matter will be specially addressed.
- ProCredit managers and supervisors engage in regular feedback talks with their team members, who in turn accept and work on the feedback given by their supervisors or senior management.
- If a problem occurs within the institution, it shall be resolved in a way which ensures full communication with all relevant parties and not only by the immediately affected colleagues or peers in an attempt to avoid negative assessment or critical feedback.
- Employees and managers are expected to communicate directly with one another and not to hide behind emails. Direct open communication is an opportunity to build better relationships with one another.
- Write emails as you would any other letter that may become a formal, written record that could be used publicly at a later stage. Be respectful, clear, truthful, and accurate. Try to avoid any misinterpretation. Avoid any style or formulation that you would feel embarrassed to see being repeated later.

Internal and external
communication
.....
Conflicts of interest
.....
Speaking out

Conflicts of interest

Our expectations...

ProCredit employees are expected to identify and deal with situations in which a set of circumstances creates a conflict of interest, leading to a risk that the professional judgment of staff (whose first interest should be to conduct banking business according to the values and mission of ProCredit) can be unduly influenced by other factors. Such factors include the prospect of personal financial gain, the desire for professional advancement or the wish to favour family and friends. We should avoid any situations that may cause embarrassment to ourselves, our colleagues, the company or the shareholders. This is especially important in the way we build and maintain business relationships with our clients and with our suppliers.

...in practice:

- Each employee is responsible for avoiding any situations that would result in a conflict of interest or even in the appearance of a conflict of interest.
- Situations in which conflicts of interest might occur:
 - affiliations of any nature with suppliers, customers or public officials
 - serving or working with relatives
 - involvement in the selection process if a friend or relative is a candidate
 - an intimate relationship with another employee
 - a business decision by the bank involving a relative's business
 - accepting gifts or invitations from suppliers or clients
- A conflict of interest that cannot be avoided shall be reported immediately to the direct supervisor or to the HR department.
- You and your relatives may not accept gifts, meals, favours, services or entertainment, or anything else of monetary value from any person or organisation that seeks to influence a ProCredit bank, does business with or seeks to do business with the bank.
- Acceptance of refreshments (such as a coffee or a soft drink) or of advertising or promotional materials (such as pens or note pads) of reasonable value provided in the context of normal business relationships can be considered an exception to the general rule prohibiting acceptance of items of value.
- Each employee must disclose any interest, indebtedness or activities involving another organisation that may result in a conflict of interest. When they are hired, all employees must complete and sign a form disclosing information on entities in which they or, depending on the applicable law, a family member or relative has a financial interest and on affiliations or employment with outside organisations and creditors. Each employee shall ensure that this form is updated as and when their situation changes, as provided for under applicable law.
- Employees must not take advantage of their position to profit personally from information, corporate property, services, or other business opportunities.

Speaking out


Our expectations...

Each of us is expected to raise concerns when we experience or witness unlawful, fraudulent or unethical behaviour, or any violation of laws, policies and procedures. We accept that raising a concern about someone else's behaviour can be difficult, but we should all recognise that in such situations our credibility – towards our clients, our working environment and our colleagues – as well as our financial performance, and ultimately our strength as a group are all at stake, which is why such incidents should be reported.

All concerns raised by employees in such a context will be kept confidential by the institution to the extent possible. ProCredit prohibits retaliation for reports made in good faith.

...in practice:

- If we have concerns or questions, we shall follow the institution's internal policy and procedure on whistleblowing, or approach our direct supervisor or any other manager we feel comfortable with (in the branch network or head office), any member of the support functions such as HR, internal audit, internal control, or compliance, or any member of the management.
- If we think that a concern is best raised directly to ProCredit Holding (at the group level) then we are encouraged to report it in the same manner as if reporting at the local bank level. We can also report concerns or ask questions at the group level through the dedicated email address: PCH.ourcode@procredit-group.com
- It is expected that any employee who becomes aware of actual or attempted fraudulent or unethical behaviour shall report this. In cases of material fraudulent or unethical behaviour, i.e. situations that lead to severe damages for the company, the obligation to report also exists under applicable law, which, if not respected, can lead to dismissal.



TRANSPARENCY

Disclosing relevant information in a clear and accurate way =

Transparency

Our expectations...

We are expected to ensure that the information delivered to clients and colleagues is correct, complete and understandable in all circumstances.

...in practice:

- To ensure transparency in our communication with our clients and the general public, we use plain language when drafting all relevant documents which relate to our clients, such as the General Terms and Conditions, contracts, price lists, etc.
- We ensure that such documents are complete and straightforward so that they can be understood by non-experts.
- We publish information which might be of relevance to the general public, such as the General Terms and Conditions, price lists, the banks' shareholder structures, the banks' charters and other founding documents. This information is made available on the banks' websites and at their business units.
- We offer straightforward financial services that are easy to understand.
- We explain the contents of the price list, contract clauses, etc. and make sure that everything is understood by our counterpart.
- We engage in financial education in order to raise public awareness of the dangers of non-transparent financial offers.
- Employees have access to all relevant information, such as their institution's policies and procedures, salary structure, terms of employment, etc.
- When dealing with employees, managers strive to provide them with clear, unbiased and complete feedback, regularly and whenever necessary.
- The salary structure and framework for salary reviews and professional development are fully explained to all employees by the management.



Clear business
conditions
.....
Clear HR structures

