



CREDIT GUARANTEE FUND AFGHANISTAN

Code of Conduct

ACGF – Afghan Credit Guarantee Foundation

May 2023



CREDIT GUARANTEE FUND AFGHANISTAN

Dear Colleagues,

Our mission at ACGF and SCSA (hereafter referred to uniformly as ACGF) is to improve access to finance for MSMEs in Afghanistan by providing Credit Guarantees, Technical Assistance (TA) and other support measures to Afghan MSMEs.

In the challenging economic and political environment of Afghanistan, ACGF strategically utilizes its funds to enhance and de-risk Afghan financial institutions' lending operations which increases their willingness and ability to lend to Afghan MSMEs. ACGF strives to create a wide-reaching and sustainable impact on the Afghan MSME landscape by improving access to finance, creating jobs, and developing skills by strengthening the country's financial sector.

ACGF combines the best of international best practice and local Afghan expertise. Through the close cooperation between the diverse experienced and highly skilled staff and long-term consultants mainly based in Germany and Afghanistan, ACGF provides tailored support to its Partner Financial Institutions (PFIs) for the benefit of MSMEs in Afghanistan.

Against this background, our customers and suppliers, as well as other stakeholders and business contacts value us as a reliable partner that complies with applicable laws, binding internal rules and the ethical values laid out in this Code of Conduct at all times and in all places. As a non-profit foundation, thematically close to the financial sector, with the participation of the German Federal Government and partnering with renowned organizations such as the World Bank and the KfW Group, we attach outstanding importance to compliance. Only in this way we can fully satisfy our responsibility, safeguard our good reputation, and sustainably increase the value of our work.

The topic of compliance is thus a particularly important part of our identity and self-conception. A strong awareness of the relevance of our rules for the reputation of our organization can however only be achieved if all managers, employees, and long-term consultants take compliance seriously and breaches of the rules are followed up consistently. The fulfilment of this role model function by the management, governing bodies, and managers is the prerequisite for a high level of acceptance of our rules by all employees and long-term consultants. Therefore, whether members of the management and governing bodies, managers, long-term consultants, or employees - each of us must constantly ask ourselves whether our conduct is in line with internal and external compliance requirements.

Yours sincerely

The Board of Trustees of ACGF

Bernt Hagenlocher, Ulrike Beine

Roger Peltzer

The Board of Directors of ACGF

Bernd Leidner CEO, Dirk J Thiesen CFO



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Managers, employees and long-term consultants work for ACGF in different functions and hierarchies. This Code of Conduct is binding for all groups of employees. The term employee used throughout this document thus explicitly includes managers and long-term consultants.

ACGF's values as foundation of our Code of Conduct

ACGF's Code of Conduct specifies the framework for doing business and supports its implementation by setting certain non-negotiable minimum standards of conduct in key areas. The values of ACGF serve as the foundation for the specification of this framework. It is therefore of major importance that all employees know, understand and live the values to which ACGF is committed.

Overall, ACGF is driven by the conviction that it creates meaningful impact for the people of Afghanistan. This is achieved by maintaining high standards of quality with a strong commitment to overall integrity in everything we do.

Further, we believe in the importance of diversity as our international team with different backgrounds, experiences and variety of opinions represents our strongest asset in tackling the challenges of our organization.

In the following, ACGF's values are further specified. They constitute the basis for the organizational culture of ACGF and shall provide guidance to all employees in their decision-making on a daily basis. The specification of the five core values of ACGF is by no means exhaustive but demonstrates what priorities ACGF has set in its value framework.

- **Meaningful impact:** Our goal is to help the people of Afghanistan in the best possible and sustainable way.
 - We aim to improve people's lives by enabling self-determined economic development through the creation of employment opportunities via the provision of financial services.
 - We prioritize our long-term commitment to support the Afghan MSME sector and the sustainability of our operations over short-term performance goals.
 - We adapt to the needs of our longstanding partners on the ground in order to generate a meaningful development impact.

- **Passion:** We care deeply about our work as we are convinced that our work creates meaningful impact.
 - We strongly identify ourselves with the philosophy and purpose of international development cooperation and see private sector development as a key to sustainable improvement of living conditions in Afghanistan.
 - Our development support is determined to empower the people of Afghanistan.
 - We contribute to the achievement of the Sustainable Development Goals by strengthening the private sector through enhanced access to finance in order to create more equal opportunities for all people in Afghanistan.

- **Excellence:** We operate in accordance with international best practices and are committed to delivering superior quality, added value, and services.
 - We demand the most of ourselves and maintain high standards of quality in everything we do.
 - We continuously adapt to our environment and are open to act in a flexible way to successfully serve our mandate.
 - We are committed to continuous improvement and think solution-oriented and perceive problems as challenges and opportunities.

- **Integrity:** We are trustworthy as well as transparent, take accountability for our actions and remain committed to strong ethical and moral principles.
 - We are driven by the principles of fairness, non-discrimination and respect.
 - We make sure that our actions are consistent with our values.
 - We remain a reliable partner to all our stakeholders and take ownership of our actions and decisions.

- **Diversity:** Our strength in tackling economic inequality is the diversity of our team.
 - We value the diversity of people and cultures and contribute to their interaction in a globalized world.
 - Our international team with different backgrounds, knowledge, experiences and opinions represents our strongest asset.
 - We value constructive criticism and enjoy open exchange with our colleagues and partners.

SCOPE

This Code of Conduct applies to all members of the management and governing bodies, and employees (including managers and long-term consultants) of ACGF. As such, everybody is obliged, within the scope of his or her entire business activity for ACGF and its subsidiary SCSA (hereinafter uniformly referred to as ACGF) to comply with the applicable laws and other relevant regulations, with the ethical values and the other contents of this Code of Conduct in order to maintain and promote our good reputation.

However, it is not always possible to address local laws and issues in the internal regulations. As far as SCSA has local legal or other requirements that differ or go beyond those requirements set in the applicable law for ACGF, SCSA management must ensure that all are aware of and conduct themselves in accordance with these different requirements.

WE ARE COMPLIANT

Competition Law

ACGF is committed to the rules of the market economy and free competition in its procurements and has issued appropriate regulations to ensure compliance with them.

ACGF requires everybody working for ACGF to refrain from unfair business acts. This includes, in particular, misleading business statements, undue influence on the business decisions of business partners and disparaging or untrue statements about competitors.

Prohibition of Corruption

ACGF does not tolerate any form of corruption.

Benefits in the business environment, such as gifts or invitations, can only be accepted within the framework of socially customary attention and hospitality and must be transparent. They must never lead to undue influence on a business decision or give the appearance of such influence. Our employees are always prohibited from demanding gratuities.

Further, our employees are not allowed to make gratuities to public officials. In the case of giving gifts and gratuities to other persons, we pay high attention to transparency and a socially customary and appropriate framework in order to avoid any appearance of corrupt behaviour.

Anti-Money Laundering

ACGF does not tolerate money laundering. It is our stated goal not to be abused for or contribute to money laundering or other illegal purposes.

Every employee must comply with anti-money laundering laws and report suspicious circumstances immediately to the Board of Directors.

Sanctions

ACGF complies with applicable sanctions laws and regulations. As such, no funds or economic resources are made available to embargoed countries or persons, entities or bodies listed on respective sanctions lists.

WE ARE FAIR, TRANSPARENT AND DIVERSE

Fair Working Conditions

ACGF recognizes its social responsibility in its work as a foundation and is committed to fair working conditions.

Trustful Cooperation

We promote an open, constructive feedback culture and idea management. Every employee has the opportunity to develop professionally and personally.

We respect the right to freedom of expression and the protection of personal rights and privacy. However, every employee should be aware that they are also perceived as a representative of our organization in his or her private life. Therefore, every employee is called upon to maintain our good reputation through his or her public appearance - especially in the (social) media.

We always behave fair, transparently, honestly and upright towards our customers, suppliers and other business partners and stakeholders and treat them with respect, as we do in all business activities within our organisation. The same applies to authorities and public officials.

In return, we also expect all our business partners, especially customers, suppliers, financing partners and consultants, to behave in a lawful, legal and ethical manner. Therefore, we only maintain business relationships with business partners whose business activities are in line with the requirements of this Code of Conduct at the beginning of the business relationship and on an ongoing basis.

Prohibition of Discrimination and Harassment

We do not tolerate discrimination or harassment and treat all people equally - regardless of, for example, their:

- ethnic origin and nationality,
- religion and belief,
- gender and sexual identity,
- age,
- disability and illness,
- political or trade union activity,
- social views.

Respectful and tolerant interaction with each other in the course of our daily work is very important to us and represents an essential factor in our cooperation with colleagues and business partners.

We see the diversity of our employees and the multicultural working environment as the core strength in our business operations. Our international team with different backgrounds, experiences and opinions supports diverse ideas, perspectives and skills that improve the quality of our work and thus ensure our long-term success.

WE ARE COMMITTED

Sustainability

Sustainable environmental and climate protection as well as resource efficiency are important goals for us. We therefore comply with the applicable laws, regulations and other rules of environmental protection. Every employee is encouraged to assume the responsibility of contributing to the protection of the environment and climate through his or her individual behaviour.

Further, we prioritize our long-term commitment and the sustainability of our operations over short-term performance goals.

Prevention of Conflict of Interest

We expect our employees to be loyal to our foundation.

Every employee must avoid situations in which his or her private interests - including the interests of persons close to him or her - conflict with our foundation's interests. Business decisions must not be influenced by private interests. Unless prior written consent has been obtained from the Compliance Officer¹, the following activities are particularly prohibited:

- Participation in business decisions despite the existence of a conflict of interest,
- Economic participation in competitors or business partners,
- Entering into business relationships with competitors or business partners outside the scope of employment with ACGF (competitive situations),
- Engaging in sideline activities (including the assumption of honorary offices) to the extent that these lead to conflicts of interest or objectives, and
- Using a policy, procedure or the position a person holds for any personal or family gain or benefit.

Should an actual or potential conflict of interest exist, the respective employee is obliged to report this immediately to his/her supervisor and the Compliance Officer.

Handling of Property and Assets

We expect every employee to treat ACGF's property and assets - including intellectual property - properly and with due care at all times. Each employee must protect our property and assets from loss, damage, misuse, theft, misappropriation and destruction.

The extensive use of ACGF's property and assets for personal use by employees during working hours is not allowed without permission from a manager.

All employees must use the IT devices provided by ACGF responsibly and in compliance with the regulations in the IT Policy Manual. Private use of IT devices is permitted within the framework of the rules of the IT Policy Manual.

¹ Please note that the Compliance Officer function is currently covered by ACGF's CFO.

Confidentiality and Data Protection

Much of the business information entrusted or made available to ACGF's employees is confidential information that is subject to non-disclosure. Disclosure of such information is only permissible if management authorization has been granted or if this is mandatory by law.

The duty of confidentiality applies in particular to our intellectual property, such as contracts, policies and manuals, but also to technical data, business and marketing plans, business papers, salary data and all other non-published business information.

Compliance with applicable data protection regulations is a high priority for us. Therefore, all personal information about employees, customers, suppliers, other business partners and other third parties may only be used and treated confidentially in full compliance with the applicable data protection regulations.

Reporting Fraudulent Activities and Compliance Violations

Our employees are obliged to report fraudulent activities and corresponding suspicious cases - whether by colleagues, members of the management, service providers, customers or other persons or institutions - to the Board of Directors.

Every report will be treated confidentially and will only be made accessible to persons who are involved in the investigation of the reported facts. ACGF investigates every reported matter without prejudice and with due regard to the presumption of innocence. ACGF also actively follows up on tips and involves the competent authorities for cooperation if necessary.

ACGF uptakes the responsibility to take steps to protect the employee from detrimental treatment or dismissal, if they report on (potential) fraud or (potential) compliance violations in good faith.

TRANSPORTING THE VALUES TO OUR EMPLOYEES

All employees of ACGF will be asked to sign a statement certifying that they have received, read, understood, and shall abide by ACGF's Code of Conduct.

Guidelines are an integral part of our Compliance Management System. Thus, ACGF has developed an Organisational Guideline in which all relevant guidelines are listed and provides employees with an overview of which guidelines are particularly relevant for all employees or the respective areas. All guidelines are summarised in one folder accessible to everybody.

Mandatory training on comprehensive compliance topics is conducted on a regular basis. Employees must certify their completion of the training.

The Compliance Officer supports ACGF and all employees by identifying new developments in compliance issues and assists in their implementation and optimization.

DISCIPLINE

Any employee who violates compliance obligations has to face consequences in the fields of

- labor law (e.g., admonition, warning, dismissal),
- criminal law (e.g., fines and imprisonment) as well as
- civil law (e.g., liability for damages with private assets towards ACGF or third parties).

CONTACT PERSONS FOR COMPLIANCE

If you have any questions or suggestions regarding compliance at ACGF, you can contact your supervisor, the Compliance Officer or the Local Compliance Officer at SCSA at any time. They are also available to you for reports and information on (possible) compliance violations and corresponding cases of suspicion.

- Compliance Officer (ACGF):
 - Maximiliana Zabunova
 - Phone number: +49 221 962 633 07
 - Email: m.zabunova@acgf.de
- Local Compliance Officer (SCSA):
 - Sayed Idrees Sadat
 - Phone number: +93 (0) 705 006 006
 - Email: i.sadat@scsa.af