Avanti Finance Private Limited

Policy on Child Protection and PSEAH (Protection from Sexual Exploitation, Abuse and Harassment)

This Policy was:

Drafted by	Reviewed by	Committee approval date	Board approval date
Mr Manish Thakkar, COO	Mr. Rahul Gupta, Director & CEO	January 23, 2025	January 24, 2025

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1. INTRODUCTION

1.1. Avanti Finance Private Limited (hereinafter referred to as "**Company**" or "**we**"), a Non-Banking Financial Company ("**NBFC**") registered with the Reserve Bank of India, believes in the fundamental right of all people to be free from exploitation and abuse. The Company is committed to ensuring child safeguarding mechanisms are in place for all aspects of its operations. How we protect the most vulnerable among us is an outward expression and evidence of the Company's core values of commitment to the poor, humility, integrity, respect, transformation and stewardship.

1.2. The protection of human rights and fundamental freedoms is a top priority for the Company - a commitment which is codified and enforced through the Company's own Code of Conduct accessible at: *https://www.avantifinance.in/policies#avanti-finance-code-of-conduct-policy* ("**Code**"); Prohibition of Child and Forced Labour Policy accessible at: https://www.avantifinance.in/policies#anti-child-labour-and-forced-labour-policy ("**Anti-Child Labour Policy**") and its Environment and Social Governance Policy accessible at: https://www.avantifinance.in/policies#environment-and-social-governance-policy ("**ESG Policy**").

1.3. Child abuse and exploitation is a global problem that affects both boys and girls. Children are vulnerable to being abused physically, sexually, emotionally, and through neglect. Children are at risk of being forced to endure the most hazardous forms of child labour, including sweat shops and prostitution. The Company recognises that the abuse and exploitation of children happens in all countries and societies across the world. Children living in poverty, from ethnic minorities, indigenous, or living with disabilities, are particularly vulnerable to the risk of child abuse and exploitation.

1.4. The Company does not engage in or tolerate any forms of child abuse, child labour or forced labour. Through this Child Abuse and Forced Labour Policy, the Company affirms its commitment to eliminate child abuse, child labour and forced labour from all its business-to-business ("B2B") relationships at the institutional level i.e., with another company or a self-help group or trust or society to whom we extend institutional loans (hereinafter referred to as "**Institutional Entities**").

1.5. Company is committed to the safety and wellbeing of children and to their protection from abuse and exploitation. Company promotes an organisational culture which protects children and upholds the rights of children to grow up safely and enjoy a childhood protected from harm. Company believes that child protection is both a corporate and an individual responsibility and recognises the shared and collective responsibility of all adults to prevent child exploitation and abuse. It is the responsibility of Company, its staff, contractors, and partners to create and maintain protective environments for children.

1.6. This policy on protection of children ("**Child Protection Policy**" / "**Policy**") seeks to protect children by providing clear standards of behaviour in relation to children, a clear process for reporting suspected incidents and a sound basis on which disciplinary action will be conducted.

2. OBJECTIVE

2.1. The goal of this Policy is to:

a. create and maintain protective environments for children during its engagement and/or delivery of Company's operations and programs.

b. protect children from exploitation and abuse of all kinds and forced labour in the delivery of Company's operations and programs.

c. provide an operative framework for addressing instances where child labour or forced labour is identified and lay down strategies for its prevention.

3. RELATIONSHIP BETWEEN COMPANY'S ESG, ANTI-CHILD LABOUR POLICY AND THIS POLICY

3.1. The Company is committed to compliance with its ESG Policy which sets out the guidelines for environmental stewardship, social risk due diligence and mitigation based on internationally recognised standards along with compliance with its Anti-Child Labour Policy which codifies prohibition of child labour and forced labour.

3.2. The purpose of this Policy is to address the protection of children in greater depth and rigour than in the ESG Policy and Anti-Child Labour Policy. This Policy provides the background information and is to be read and operationalised in conjunction with the ESG Policy and Anti-Child Labour Policy.

4. SCOPE

4.1. Protecting children from harm is the responsibility of all those who engage in the work of the Company. This Policy applies to:

a. Company's Board of Directors;

b. Company's employees, including full-time, part-time, international, and national staff;

c. Company's volunteers, including interns, work experience students, and ambassadors; and

d. Company-funded / outsourced organizations and contractors engaged to perform any part of an activity that involves contact with children.

5. POLICY PRINCIPLE

5.1. The Policy is guided by the following principles:

a. Zero tolerance of child exploitation and abuse: Any form of child abuse and exploitation is unacceptable and will not be tolerated by the Company. Child exploitation and abuse will attract criminal, civil and disciplinary sanctions.

b. The Company will not knowingly engage — directly or indirectly — anyone who poses an unacceptable risk to children.

c. The Company works to minimise the risks of child exploitation and abuse associated with its operations and its programs, and trains its staff on their obligations under this Policy.

5.2. **Assess and manage child protection risk and impact:** While it is not possible to eliminate all risks of child exploitation and abuse, careful management can identify, mitigate, manage or reduce the risks to children that may be associated with the Company's operations and programs.

5.3. **Sharing responsibility for child protection:** To effectively manage risks to children, Company requires the commitment, support and cooperation of every person who shares in the work of Company —including volunteers, interns, contractors, partners and supporters— to take every precaution to protect children within the context of that work. Company will ensure that all staff and relevant stakeholders are made aware of their responsibilities outlined in the Child Protection Policy. Adherence to the Child Protection Policy is mandatory for all contractors and partners engaged by Company.

5.4. The Company shall make all relevant board members, staff, volunteers, interns, contractors, investors, donors, and partners aware of the Child Abuse and Forced Labour Policy and take appropriate steps to ensure compliance within their roles. Adherence to this Policy is required for those directly involved with the Company's operations.

5.5. The Company will adhere to this principle when responding to concerns or allegations of child exploitation and abuse.

5.6. India is a signatory to the United Nations Convention on the Rights of the Child (UNCRC) 1989, and the Company recognizes the rights and obligations under this convention. As per Article 19 of the UNCRC, "State Parties shall… protect the child from all forms of physical and mental violence, injury or abuse, neglect or negligent treatment, maltreatment, or exploitation, including sexual abuse." In alignment with the provisions of the UNCRC and India's own legal framework, including the Juvenile Justice (Care and Protection of Children) Act, 2015; Child and Adolescent Labour (Prohibition and Regulation) Act, 1986; and the Protection of Children from Sexual Offences (POCSO) Act, 2012, the Company is committed to upholding the fundamental rights of children and ensuring that they are protected from any form of harm, exploitation, or abuse.

6. RISK-BASED APPROACH

6.1. Company takes a risk-based approach to the management of child protection in its business activities.

6.2. Programs or activities that involve contact with children or working with children require an assessment of child protection risk to be conducted. Relevant risk and decision-making processes and documents must reflect this assessment. This does not need to be a standalone process and can be incorporated into existing activity planning and risk management processes, such as project risk assessments and project appraisal processes. Regular monitoring for any change in risk and reporting on the effectiveness of the management of child protection risk must also occur.

6.3. WORKING WITH CHILDREN

6.3.1. Working with children means being engaged in an activity with a child where the contact would reasonably be expected as a normal part of the activity and the contact is not incidental to the activity. Working includes volunteering or other unpaid work.

6.3.2. If the program or activity is determined to involve 'working with children', then the minimum child protection standards are to be applied, as follows;

(i) Child Protection Policy in place;
(ii) Documented reporting procedure in place;
(iii) Personnel trained in child protection;
(iv) Child Protection Policy includes a commitment to preventing a person from working with children if they pose an unacceptable risk to children;
(v) Child Protection Policy is reviewed at least every five years;
(vi) Risk assessment is undertaken to identify and mitigate the risk of any child being harmed as a result of operations or activities;
(vii) Employment contracts contain provisions for suspension or transfer to other duties of any employee who is under investigation and provisions to dismiss any employee after an investigation;
(viii) Robust recruitment screening processes for all personnel including board members, contractors, volunteers, and interns in contact with children. Recruitment process includes declarations by all potential employees of any charges, convictions, and other outcomes of an offence relating to child

exploitation and abuse. In addition, recruitment involves criminal record checks before engagement and verbal referee checks; and

(ix) Code of Conduct in place that outlines standards for acceptable and unacceptable behaviour in relation to children.

6.4. CONTACT WITH CHILDREN

6.4.1. Contact with children means working on an activity or in a position that involves, or may involve, contact with children, either under the position description or due to the nature of the work environment.

6.4.2. If the program or activity is determined to involve 'contact with children', then the following is required:

(i) An assessment of child protection risks must be undertaken to identify risks to children and, depending on the level of risk identified, the appropriate minimum child protection standards applied to manage the risk;

(ii) Personnel must be trained in child protection awareness and understand their obligation to protect children when carrying out their work; and

(iii) A clear internal reporting mechanism or procedure must be in place for personnel to report concerns.

7. COMPANY FUNDED PARTNERS

7.1. All Institutional Borrowers and Partners are required to act in accordance with the Policy principles outlined in this Policy. Non-compliance with the minimum child protection standards where required may lead to suspension or termination of funding / credit program, and non-renewal of agreements with such Institutional Borrowers. Child Protection Policies and processes are mandatory for establishment of new partnerships.

7.2. All Institutional Borrowers and Partners that work with children must meet the minimum child protection standards listed above. Also, these entities that have contact with children are obliged to develop and implement their own child protection policy or formally adopt Company's Child Protection Policy. Company provides capacity building to implementing partners to strengthen their child safeguarding practices.

8. SUB-CONTRACTORS

8.1. The requirement to develop and implement a child-safe approach also applies to all downstream personnel, partners and subcontractors who are engaged by Institutional Entities to perform any part of Company-funded activity where working with or contact with children is involved. The Institutional Entities must ensure the downstream organisation or individual contractor complies with the relevant child protection standards.

9. EMPLOYEE RECRUITMENT

All employees are required to sign an employment contract which contains provisions for dismissal, suspension or transfer to other duties for any employee who breaches Company's Code of Conduct.

10. CHILD EXPLOITATION AND ABUSE REPORTING PROCESS

10.1. Company has internal procedures for handling reports related to child exploitation and abuse as well as non-compliance with its Child Protection Policy and Code of Conduct, and notifies relevant law enforcement agencies as appropriate. These procedures outline obligations and responsibilities of employees, directors, contractors, partners and supporters for reporting on and managing concerns about malpractice, illegal acts or failures to comply with recognised standards of work, including concerns about a child's safety and wellbeing or unacceptable behaviour by personnel.

11. Company is committing to ensuring victims/survivors of child safeguarding incidents are treated with dignity and respect. The needs and interests of the child are the primary priority for all cases.

12. Company protects the privacy of clients and/or community members and staff involved in safeguarding concerns. Company employs a victim/survivor-approach for reporting Child Exploitation and Abuse incidents, balancing thorough information gathering with prioritisation of the victim/survivor's wishes.
When to Report: Any suspicion or allegation of exploitation, abuse, harassment or other safeguarding breaches.
How to Report: Use the established channels (boardline, email or in-person reporting).
Response Process:
Acknowledge reports within 24 hours.
Investigate and address the concern promptly, with confidentiality and fairness.
Provide support to survivors, including counselling or legal assistance if required.

12.1. When responding to allegations, Company and its partners have a responsibility to ensure their staff are treated fairly, and that the rights of individuals are respected during an investigation and any applicable disciplinary process.

12.2. Reporting procedure for Company's operations are as follows:

(i) Concerns or allegations of child exploitation and abuse, and Policy non-compliance relating to Company's operations should be raised immediately with the Chief Compliance Officer by emailing at compliance@avantifinance.in who is responsible for dealing with concerns raised under this Policy and ensuring that an investigation is conducted.

(ii) Alternatively, if a disclosure is about a Director or the Chief Compliance Officer , concerns can be reported directly to Chief Risk Officer who will decide how the investigation should proceed. Chief Risk Officer can be contacted by emailing at nagaraj.s@avantifinance.in;

(iii) All allegations or incidents reported will be investigated in line with Company procedures. Following investigations, possible outcomes for Company staff may include dismissal, suspension or transfer to other duties for any employee who breaches the Child Protection Policy or Code of Conduct; and

(iv) If an incident is suspected of being a criminal offense, it will be reported to the local enforcement authorities unless it is at odds with the wishes or welfare of the child or their parent, or it would pose a threat to the life or safety of another individual.

12.3. Reporting process for Company-funded implementing partners are as follows:

(i) Company-funded implementing partners including Institutional Entities are required to report any suspected or alleged instances of child abuse, exploitation, harm or non-compliance with the Policy to Company as soon as possible after becoming aware of an incident. Partners can report the incident to the Company and the Company will report the same to the Board of Directors of the Company or to the Chief Risk Officer via appropriate modes

(ii) The Chief Risk Officer will record all reported incidents in the safeguarding misconduct register using deidentified information and inform the Company Secretary and CEO so they can inform the Company Board.

13. USE OF CHILDREN'S IMAGES

13.1. Company will portray children in a respectful, appropriate and consensual way.

14. APPROPRIATE USE OF COMMUNICATION SYSTEM

14.1. Using Company systems to access child exploitation material or to engage in online grooming is prohibited and will be dealt with promptly, including reporting of the incident to relevant law enforcement agencies, as appropriate. Company personnel who are aware of child exploitation material on a work computer or other piece of technology can report this to the Chief Risk Officer. Any inappropriate material should not be discussed, forwarded or deleted without the express agreement of Chief Risk Officer.

15. DEFINITIONS AND TERMS

15.1. "**Abuse**" includes:

- (i) **physical abuse**—the use of physical force against a child that results in harm to the child. Physically abusive behaviour includes shoving, hitting, slapping, shaking, throwing, punching, kicking, biting, burning, strangling and poisoning;
- (ii) **neglect**—the failure by a parent or caregiver to provide a child (where they are in a position to do so) with the conditions that are culturally accepted as being essential for their physical and emotional development and wellbeing;
- (iii) **emotional abuse—**refers to a parent or caregiver's inappropriate verbal or symbolic acts toward a child or a pattern of failure over time to provide a child with adequate non-physical nurture and emotional availability. Such acts have a high probability of damaging a child's self-esteem or social competence;
- (iv) **sexual abuse**—the use of a child for sexual gratification by an adult or significantly older child or adolescent. Sexually abusive behaviours can include fondling genitals, masturbation, oral sex, vaginal or anal penetration by a penis, finger or any other object, fondling breasts, voyeurism, exhibitionism and exposing the child to, or involving the child in, pornographys; and
- (v) **ill-treatment—**disciplining or correcting a child in an unreasonable and seriously inappropriate or improper manner; making excessive and/or degrading demands of a child; hostile use of force towards a child; and/or a pattern of hostile or unreasonable and seriously inappropriate degrading comments or behaviour towards a child.

15.2. **Child or Children**: In accordance with the United Nations Convention on the Rights of the Child and Indian laws, 'child' means every human being under the age of 18 unless under the law applicable to the child, majority is attained earlier. For the purposes of this Policy, Company considers a child to be a person under the age of 18 years.

15.3. **Child abuse material** shall mean material that depicts (expressly or implicitly) a child under 18 years of age as a victim of torture, cruelty or physical abuse.

15.4. **Child exploitation** shall comprise of one or more of the following:

- (i) committing or coercing another person to commit an act or acts of abuse against a child;
- (ii) possessing, controlling, producing, distributing, obtaining or transmitting child exploitation material ;
- (iii) committing or coercing another person to commit an act or acts of grooming or online grooming; or
- (iv) using a child for profit, labour, sexual gratification, or some other personal or financial advantage.

15.5. **Child exploitation material** shall mean material, irrespective of its form, which is classified as child abuse material or child pornography material.

15.6. **Child Pornography:** In accordance with the Optional Protocol to the Convention on the Rights of the Child and Indian laws, 'child pornography' means any representation, by whatever means, of a child engaged in real or simulated explicit sexual activities or any representation of the sexual parts of a child for primarily sexual purposes.

15.7. **Child pornography material** shall mean material that depicts a person, or is a representation of a person, who is, or appears to be, under 18 years of age and is engaged in, or appears to be engaged in, a sexual pose or sexual activity, or is in the presence of a person who is engaged in, or appears to be engaged in, a sexual pose or activity, and does this in a way that a reasonable person would regard as being, in all the circumstances, offensives.

15.8. **Child protection** shall mean an activity or initiative designed to protect children from any form of harm, particularly arising from child exploitation and abuse.

15.9. **Child Safeguarding** shall mean the broad obligation on staff and partners to ensure that the design and delivery of Company's programs and organisational operations do not expose children to adverse impacts, including the risk of abuse and exploitation, and that any concerns about children's safety within the communities where they work are appropriately reported.

15.10. **Child sex tourism** shall mean commercial sexual exploitation of children by people who travel domestically or internationally, and while there, engage in sexual acts with people under 18 years old.

15.11. **Child sex trafficking** shall mean children who are lured, kidnapped, sold, transported, threatened, drugged, beaten, imprisoned and forced into having sex with persons over 18 years old.

15.12. **Grooming** refers to behaviour that makes it easier for an offender to procure a child for sexual activity. For example, an offender might build a relationship of trust with the child, and then seek to sexualise that relationship (for example by encouraging romantic feelings or exposing the child to sexual concepts through pornography).

15.13. **Online Grooming** shall mean the act of sending an electronic message to a child, with the intention of procuring the recipient to engage in or submit to sexual activity with another person, including but not necessarily the sender, or of sending an electronic message with indecent content to a recipient who the sender believes to be a child.

15.14. **Harm** shall mean any detrimental effect on a child's physical, psychological or emotional wellbeing. Harm may be caused by financial, physical or emotional abuse, neglect, and/or sexual abuse or exploitation whether intended or unintended.

15.15. **Informed consent** ensures the child and the parent or guardian understand the implications, purpose and potential uses of photographs or videos.

16. POLICY REVIEW AND UPDATES

1.1. This Policy shall be reviewed by the COO and/or CCO, and shall be reviewed at least once in five years. Reviews shall also account for any significant business changes and/or any regulatory requirements.