



Human Resources Policy

Table of Contents

Human Resources Manual	0
<KFL Overview>	2
Policy & Procedures Manual	3
1. PERSONAL CONDUCT	4
1.1 Dress Code	4
1.2 Personal Communications	5
2. EQUAL EMPLOYMENT OPPORTUNITY	8
3. SEXUAL HARASSMENT	9
4. CHILD LABOUR POLICY	
4. BUSINESS EXPENSES	Error! Bookmark not defined.
5. INDUCTION	13
6. HEALTH, SAFETY & ENVIRONMENT	15
6.1 Smoking	15
6.2 Alcohol, Drugs (& Other Substance Abuse)	16
6.3 Manual Handling	16
6.4 Workers' Compensation	17
6.5 Total & Permanent Disability	17
7. PERFORMANCE MANAGEMENT SYSTEM	18
7.1 Introduction	18
7.2 Performance Management Philosophy	18
7.3 Position Descriptions	Error! Bookmark not defined.
7.4 Probationary Period Reviews	22
7.5 Performance Appraisals	Error! Bookmark not defined.
7.6 Professional & Personal Development	23
7.7 Superannuation	Error! Bookmark not defined.
8. LEAVE POLICY:	24
8.1 Casual Leave	Error! Bookmark not defined.
8.2 Sick Leave	Error! Bookmark not defined.
8.3 Earned / Privelege Leave	Error! Bookmark not defined.
8.4 Compensatory Off/ Leave	Error! Bookmark not defined.
8.5 Maternity Leave	27
8.6 Leave without Pay (LOP)	Error! Bookmark not defined.
9. EMPLOYEE RELATIONS	31
9.1 Discipline	31
9.2 Disciplinary Appeal	34
9.3 Grievance	35
10. POST TRAUMA COUNSELLING	37
11. INTELLECTUAL PROPERTY AND SECURITY	39
12. CONFLICT OF INTEREST	40
13. PRIVACY	41



M/s. Kanakadurga Finance Limited

The success of KFL has been in identifying areas and niches which have limited coverage of banks and making significant inroads into the hearts and minds of customers, by meeting their funding needs. We leverage on alternative and tech-driven credit appraisal methodologies to gauge creditworthiness, which lets us target the ones left traditionally underserved by banks and financial institutions. The use of technology to optimise business processes keeps our cost in check and allows us to maintain consistent profitability since our inception.

We would like to emerge as a new paradigm of economic growth through financial inclusion and be the robust pillars of progress, economic growth and development of the economy.

Our Vision

We aspire to be one of the largest NBFC in the country and play a major role in creating financial inclusion for the under

Our Mission

Our mission is to provide timely and adequate credit needed by underserved groups such as weaker sections and low income groups at an affordable cost.



Policy & Procedures Manual

The KFL Human Resources Policy and Procedures Manual has been developed to facilitate the implementation and clearly define KFL's policies on human resource management.

The Manual provides guidelines to be followed in the administration of these policies, and assists all employees in defining who is responsible for each human resource management decision, and the correct procedure which is to be followed.

The policies specified within are consistent with those of best practice management principles. They have the full support and commitment of KFL management.

HR policies must be kept current and relevant. Therefore, from time to time it will be necessary to modify and amend some sections of the policies and procedures, or for new procedures to be added.

Any suggestions, recommendations or feedback on the policies and procedures specified in this manual are welcome. This should be provided by email.

These policies and procedures apply to all areas of operations within KFL and related entities.

CONFIDENTIAL



1. PERSONAL CONDUCT

■ Policy Statement

KFL expects its employees to achieve and maintain a high standard of ethics, professional conduct and work performance to ensure the Company maintains its reputation with all internal and external stakeholders.

■ Objective

To enhance KFL's reputation as a quality service provider and an enjoyable, stimulating and challenging place to work.

■ Application

The policy will be seen to be successfully applied when all employees are seen to perform their duties professionally with skill, care and diligence.

This includes:

- observing KFL policies and procedures
- treating colleagues with courtesy and with respect for their rights, duties and aspirations
- employees who do not conform to this standard of conduct will be subject to disciplinary action as detailed in this manual

1.1 Dress Code

KFL is well-recognised and respected and projects a particular image to our clients. Employees must therefore ensure that their appearance is neat, clean and appropriate for their particular area of work. A high standard of personal hygiene is expected at all times.

Where a uniform is provided, it must be worn in accordance with the KFL requirements. When wearing a uniform to and from work, employees are expected to conduct themselves in a responsible and professional manner. The manager is responsible for determining the dress code appropriate to the environment while the manager can make exceptions for medical purposes.

Casual business wear is defined as:

- trousers, pants, skirts
- modest shirts, blouses, jumpers, cardigans, non-sports jackets



Casual business wear does not include:

- denim jeans or leggings
- any form of sports shoes (including joggers or runners), thongs, slippers or dilapidated footwear
- athletic wear
- torn or ripped clothing (even if 'designer' tears)
- unsuitably revealing clothing (including backless tops or dresses, or garments that reveal the midriff)
- any clothing displaying offensive messages including racist or similar

1.2 Personal Communications

■ Phone Calls [choose one of the following]

The making and receiving of personal phone calls must be limited to a maximum of five minutes in duration, unless otherwise approved by your manager.

■ Email

Specified persons shall ensure that due compliance of all laws and regulations pertaining to health and safety measures are done on a continuous basis. The Company aims at conducting its business in a way that the Company achieves its business goals and objectives with a due consideration of community's economic, environmental and social aspirations and therefore the Company commits to integrate Corporate Social Responsibility with its business.

Email has legal status as a document and is accepted as evidence in a court of law. Even when it is used for private purposes, KFL can be held responsible for the contents of email messages, including any attachments. Access to emails can be demanded as part of legal action in some circumstances.

It is therefore important that email is used within the following guidelines:

- email should mainly be used for formal business correspondence and care should be taken to maintain the confidentiality of sensitive information. Formal memos, documents and letters for which signatures are important, should be issued on company letterhead regardless of whether a physical or electronic delivery method is used
- if electronic messages need to be preserved, they should be printed out and filed
- limited private use of email is permitted, provided that such does not interfere with or distract from an employee's work. However, management has the right to access incoming and outgoing email messages to determine whether staff usage or involvement is excessive or inappropriate



- non-essential email, including personal messages, should be deleted regularly from the 'Sent Items', 'Inbox' and 'Deleted Items' folders to avoid congestion
- all emails sent should include the approved company disclaimer

In order to protect KFL from the potential effects of the misuse and abuse of email, the following instructions are to be observed by all users.

- No material is to be sent as email that is defamatory, in breach of copyright or business confidentiality, or prejudicial to the good standing of KFL in the community or to its relationship with staff, customers, suppliers and any other person or business with whom it has a relationship.
- Email is not to contain material that amounts to gossip about colleagues or that could be offensive, demeaning, persistently irritating, threatening, discriminatory, involves the harassment of others or concerns personal relationships.
- The email records of other persons are not to be accessed except by management (or persons authorised by management) engaged in ensuring compliance with this policy, or by authorised staff who have been requested to attend to a fault, upgrade or similar situation. Access in each case will be limited to the minimum required to complete the task.
- When using email a person must not pretend to be another person or use another person's computer without permission.
- Excessive private use, including mass mailing, "reply to all" etc. that are not part of the person's duties, is not permitted.

Failure to comply with these instructions is a disciplinary offence and will be subject to appropriate investigation. In serious cases, the penalty for an offence, or repetition of an offence, may include dismissal. Staff need to be continually aware some forms of email conduct may also be open to criminal prosecution.

■ Internet

The internet is a facility provided by KFL for business use. Access is authorised by managers on the basis of business needs. Limited private use is permitted provided the private use does not interfere with or distract from a person's work. Management has the right to access the system to determine whether private use is excessive or inappropriate.

The following activities, using KFL's internet access are not permitted:

- attending to personal activities of a business nature
- viewing, other than by accident, sites of incoming emails portraying obscene, violent, defamatory and unlawful material and material that



could cause KFL to be in breach of equal opportunity or anti-discrimination legislation, verbally, in writing or pictorially

- downloading or printing material as described above
- showing to others, or allowing to be seen by others, items as described above
- repeated or prolonged use that is not directly relevant to the user's work
- introducing computer viruses by failing to follow company IT procedures
- downloading software from the internet or from unauthorised disks and CD ROMs on to the internal network

Failure to comply with these instructions is a disciplinary offence and will be subject to appropriate investigation. In serious cases, the penalty for an offence, or repetition of an offence, may include dismissal. Staff need to be continually aware some forms of internet conduct may also be open to criminal prosecution.

CONFIDENTIAL



2. NON - DISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITY

■ Policy Statement

KFL provides equal employment opportunity to all qualified persons without discrimination on the basis of age, sex, race, disability, marital status or religion in accordance with applicable local, state and national laws and regulations. KFL will make reasonable job accommodation for persons with disabilities who can perform the essential functions of the position for which they are qualified and selected.

All employment and promotion decisions will be based solely upon individuals' qualifications, experience, prior contribution and demonstrated capacity to perform at higher or improved levels of performance and will be in accordance with the principle of equal employment opportunity. KFL will take whatever affirmative action is necessary to attract and retain qualified persons.

■ Objective

The objective of the Equal Opportunity Policy is to support the attraction and retention of employees that contribute most to the development of the KFL business.

■ Application

The Equal Employment Opportunity policy will be successfully applied when all roles are filled by the best qualified and experienced candidates available regardless of personal circumstances.

■ Process

The Equal Opportunity Employment process is reflected throughout KFL's staff recruitment and retention processes.



3. SEXUAL HARASSMENT

I. COMMITMENT

Our institution is committed to provide a work environment that ensures every woman employee is treated with dignity and respect and afford equitable treatment.

Organisation is also committed to promote a work environment that is conducive to the professional growth of its women employees and encourage equality of opportunity.

Organisation will not tolerate any form of sexual harassment and is committed to take all necessary steps to ensure that its women employees are not subjected to any form of harassment.

II. SCOPE

This policy applies to all categories of employees of Organisation including permanent employees including managerial staff and workmen, temporaries, trainees and employees on contract at its work place Organisation will not tolerate sexual harassment ,if engaged in by clients or by suppliers or any other business associates .

III. DEFINITIONS OF SEXUAL HARASSMENT

Sexual harassment includes any one or more of the following unwelcome acts or behavior (whether directly or by implication) namely.

1. Physical contact and advances; or
2. a demand or request for sexual favours; or
3. making sexually colored remarks; or
4. showing pornography; or
5. any other unwelcome physical, verbal or non verbal conduct of sexual nature;
6. Any conduct that has the purpose or the effect of interfering with the individual's work performance or creating an intimidating ,hostile or offensive work environment and/or submission to such conduct is either an explicit or implicit term or condition of employment and /or submission or rejection of the conduct is used as a basis for making employment decisions.



IV. RESPONSIBILITIES REGARDING SEXUAL HARASSMENT

Employer's liability

1. To provide a safe working environment at workplace.
2. treat sexual harassment as a misconduct
3. display at the conspicuous place in the workplace the penal consequence of the sexual harassment
4. organize workshops and awareness programmes at regular intervals for sensitizing the employees with the provisions of the Act.
5. Provide necessary facilities to The Complaints Committee for dealing with the complaints and conduct an enquiry.

Employees liability

1. All employees of Organisation have a personal responsibility to ensure that their behavior is not contrary to this policy.
2. All employees are encouraged to reinforce the maintenance of a work environment free from sexual harassment.

V. COMPLAINT MECHANISM

Whether or not such conduct constitutes an offence under law or a breach of the service rules, an appropriate complaint Mechanism in the form of “**Complaints Committee**” has been created in Organisation for time bound redressal of the complaint made by the victim.

VI. COMPLAINTS COMMITTEE

Organisation has instituted a Complaint's Committee in all branches (10 or more employee branches) for redressal of sexual harassment complaint (made by a victim) and for ensuring time bound treatment of such complaints.

The Complaint's Committee will comprise of the following 03 members.

1. **Committee head (Chairperson should be a lady)**
2. Regional HR as coordinator
3. Two executives out of which one shall be women

The Complaints Committee is responsible for:

1. Investigating every formal written complaint of sexual harassment and all the complaints are to recorded in the register.
2. Taking appropriate remedial measures to respond to any substantiated allegations of sexual harassment.
3. Discouraging and preventing employment related sexual harassment.

VII . PROCEDURE FOR RESOLUTION, SETTLEMENT OR PROSECUTION OF ACTS OF SEXUAL HARASSMENT



Organisation is committed to provide a supportive environment in which to resolve concerns of sexual harassment as under.

A. Informal resolution options

1. When an incident of sexual harassment occurs, the victim of such conduct can communicate her disapproval and objections immediately to the harasser and request the harasser to behave decently.
2. If the harassment does not stop or if victim is not comfortable with addressing the harasser directly, she/he can bring her/his concern to the attention of the complaints committee for redressal of her grievances. The Complaint's Committee will there after provide advice or extend support as requested and will undertake prompt investigation to resolve the matter.

B. COMPLAINTS

1. Any employee with a harassment concern, who is not comfortable with the informal resolution options or has exhausted such options, may make a formal complaint to the chairperson of the Complaints Committee constituted by the management. The complaint shall have to be in writing and can be in the form of a letter, preferably within 30 days from the occurrence of the alleged incident, file a complaint directly or sent in a sealed envelope. Alternatively, the employee can sent the complaint through an e-mail. The employee is required to disclose her name, department, division and location where she is working so as to enable the chairperson to contact her and take the matter forward.
2. The chairperson of the Complaint's Committee will proceed to determine whether the allegations (assuming them to be true only for the purpose of this determination) made in the complaint fall under the purview of sexual harassment, preferably within 30 days from receipt of the complaint. In the event delegation does not fall under the purview of sexual harassment or the allegation does not mean an offence of sexual harassment, he/she will record this finding with reasons and communicate the same to the complainant.
3. If the chairperson of the complaints committee determines that the allegations constitute an act of sexual harassment, he/she will proceed to investigate the allegation with the assistance of the Complaint's Committee.
4. Where such conduct on the part of the accused amounts to a specific offence under the law, appropriate actions will be initiated in accordance with law by making a complaint with the appropriate authority.
5. The Complaint's Committee shall conduct such investigation in a timely manner and shall submit a written report containing the findings and the recommendations to the General Manager as soon as practically possible and in any case ,not later than 90 days from the



date of receipt of the complaint. The General Manager will ensure corrective action on the recommendations of the Complaint's Committee and keep the complainant informed of the same.

Corrective actions may include any of the following.

- Formal apology
- Counseling

Written warning to the perpetrator and a copy of it maintained in the employees file.

- Change of work assignment/transfer for either for the perpetrator or the victim
- Suspension or termination of service of the employees found guilty of the offence.

6. In case the complaint is found to be false, the complainant shall, if deemed fit, be liable for appropriate disciplinary action by the management.

VIII. CONFIDENTIALITY

Organisation understands that it is difficult for the victim to come forward with a complaint of sexual harassment and recognizes the victim's interest in keeping the matter confidential.

To protect the interest of the victim, the accused person and others who may report the incidents of sexual harassment, confidentiality will be maintained throughout any investigatory process to the extent practicable and appropriate under the circumstances.

IX. ACCESS TO REPORT AND DOCUMENTS

All records of complaints, including contents of meeting, results of investigations and other relevant material will be kept confidential by Organisation except where disclosure will be subjected to disciplinary or other remedial process.

X. PROTECTION TO COMPLAINANT /VICTIM

Organisation is committed to ensuring that no employee who brings forward a harassment concern is subject to any form of reprisal. Any reprisal will be subject to disciplinary action.

Organisation will ensure that victim or witnesses are not victimized or discriminated against while dealing with complaints of sexual harassment.

However, anyone who abuses the procedure (eg. by maliciously putting an allegation knowing it to be untrue) will subject to disciplinary action.



XI CONCLUSION

In conclusion Organisation reiterates its commitment to providing it's women employees, a work place free from harassment /discrimination and where every employee is treated with dignity and respect.

4. CHILD LABOUR POLICY

■ Policy Statement

KFL does not employ Child labour nor does it support the use of Child Labour and works actively against it.

■ Objective

KFL Child Labour Policy has been established to make it clear to their employees and as well as any other parties that the company is against the child labour.

■ Application

The minimum age for recruitment for all levels of employees at KFL shall be 18 years and above. The policy is applicable and mandatory to follow in all branches of KFL.

The minimum age for recruitment for all levels of employees shall be 18 years and above.

A person with specific responsibility to communicate, deploy, monitor and maintain the process and procedures aimed towards ensuring that the company does not employ or use child labour has been designated.

It is ensured that any contract employees engaged through contractors and working in our factory shall also be above the minimum age set by the company.

At the time of employment, it is ensured that all employees are above or at least of minimum age as set by the company. This is ensured by checking the age of all employees from age records as evidenced by birth certificates, school records, and certificate of age proof from a certified Dental surgeon.

KFL retains a copy of the document submitted by the employee as proof of age, after suitable verification, in the personnel file.

At the time of employment, the company also obtains signed application forms from the employee stating among other things his/her age and date of birth.

Periodic review of the performance of the process and procedures aimed at prohibiting child labour implemented in KFL is carried during which the documents in support of age are also reviewed.



If there are any cases of violation concerning issues related to child labour, such cases shall be investigated, and suitable remedial action shall be initiated.

If any children are found to be employed in the company, the remediation shall be as per the procedure Child labour remediation procedure

5. INDUCTION

■ Policy Statement

All new employees should complete an induction program upon their commencement. The induction period is required to all new joining staff to familiarize with their role, the business, systems and processes.

■ Objective

The objective of the induction policy is to familiarise the employee with the company, their job, the industry, colleagues, company systems, processes and policies with a view to ensuring they can make a contribution to business outcomes as quickly as possible.

The induction should be a combination of standard components as well as learning specifically tailored to the role.

■ Application

The induction policy will be successfully applied when all new employees meet their performance targets.

■ Process

Complete the induction planning format prior to the employee's commencement date.

Introduce the employee to the induction schedule and dates.

Review the progress against the schedule with the employee at the end of each week.



6. HEALTH, SAFETY & ENVIRONMENT

■ Policy Statement

KFL is committed to providing and maintaining a safe work environment for the health, safety and welfare of our staff, contractors, visitors and members of the public who may be affected by our work.

We undertake to provide resources in terms of personnel, time and financial outlay commensurate with the commitment we place on OHS to achieve these objectives.

To do this, KFL will:

- develop and maintain safe systems of work, and a safe working environment
- provide information and training at all levels in the organisation to enable all employees to support this policy
- require all risks to be assessed prior to engaging in new areas of operation, purchasing new equipment, and implementing new work methods, and that these risks continue to be reviewed

All persons who are responsible for the work activities of other employees will be held accountable for:

- identifying practices and conditions which could injure employees, clients, members of the public or our environment
- implementing steps to control such situations
- if unable to control such practices and conditions, reporting these to their superiors

KFL demands a positive attitude and performance with respect to health, safety and the environment by all employees, irrespective of their position.

6.1 Smoking

KFL employs a non smoking policy. Smoking is not permitted on KFL property or offices at any time. Smoking is accepted to be harmful to the health of those who smoke and those around them (passive smokers). Consequently, smoking while on company premises will be considered as gross misconduct and will render an employee liable to instant dismissal.

Smokers who need to take breaks should do so during their allotted breaks (no more than two per day in addition to their lunch break). These breaks must be limited to 15 minutes from leaving the workplace to recommencing work.



These breaks must not be taken at the entrance to KFL offices. This is a poor representation of the Company and people who may be visiting KFL visitors do not want to be walking through a cloud of smoke.

No special privileges will be afforded to smokers.

6.2 Alcohol, Drugs (& Other Substance Abuse)

This policy applies to all levels throughout KFL. The policy is not concerned with social drinking or the taking of prescribed drugs for medical purposes, the concern is directed to instances where alcohol or other drug dependence or abuse affects the job performance and or/safety of any employee(s).

KFL is concerned by factors affecting an employee's ability to safely and effectively perform work to a satisfactory standard. The Company recognises alcohol or other drug abuse will cause short-term or long-term impairment to such work performance.

KFL is committed to creating and maintaining a safe, healthy and productive workplace for all employees. KFL has a zero tolerance policy in regards to the use of illicit drugs on their premises or the attending of other business related premises (e.g. clients) while under the influence of illicit drugs. Contravening either of these points may lead to instant dismissal.

Attending work under the influence of alcohol will not be tolerated and may result in disciplinary action or ultimately dismissal.

6.3 Manual Handling

It is the policy of KFL to provide all employees with a safe and healthy working environment by identifying, assessing and controlling manual handling risks within the workplace.

While managerial staff are ultimately responsible for ensuring the health, safety and welfare of all staff, all employees are expected to participate by reporting potential and actual manual handling hazards within the workplace.

In all circumstances, do not lift or manually handle items larger or heavier than you can easily support. If you are in any doubt, ask for assistance.



6.4 Workers' Compensation

All employees, including part-time, temporary, and probationary employees, are eligible for workers' compensation benefits in the event of an injury arising from, or in the course and scope of, their employment.

The process to be followed if an injury occurs is as follows:

- the first priority in the event of an injury at work is medical attention
- the injured worker or nearest colleague should initially contact one of KFL's registered first aid attendants
- in the event of any apparently serious injury an ambulance should be called
- any employee who sustains an on-the-job injury, experiences a safety incident or near miss must report the incident to their manager
- the manager must then complete a report in the Register of Injuries, Incidents and Near Misses
- this standard report must include:
 - employee details
 - time and location the injury/incident occurred
 - details of the injury including:
 - part of body injured
 - time lost
 - name of the first aid attendant
 - details of first aid treatment
 - details of any investigation of the accident

6.5 Total & Permanent Disability

If an employee is injured while away from work, KFL will allow them to exhaust their paid sick leave, accumulated annual leave or long service leave.

If the injured employee has used all leave owing, been off work for a lengthy period and is not fit enough to return to work then management will discuss with the employee their expectations of returning to work.

If the employee has an incapacity to perform their duties because of the disability, their employment will be terminated in compliance with the termination provisions in their employment contract.

KFL will hold an injured worker's position open for a period of time as stated in the relevant legislation unless it is not reasonably practicable to do so.

Employees whose employment is terminated due to an incapacity to perform their duties because of a disability, will be paid all amounts owing to them, including accrued wages, leave entitlements, severance pay and superannuation.



7. PERFORMANCE MANAGEMENT SYSTEM

7.1 Introduction

At KFL we aim to be an employer of choice– one where people want to work. As a business we are committed to giving all members of our team every opportunity to develop their careers, to contribute to our business and to share in its success.

The Performance Management System is designed to support the completion of the work of the organisation. It will also define, measure and recognise the contribution of individuals and help the organisation establish achievable goals for all of its people – it is a team based approach.

At any stage, if you have any questions or concerns you can raise them with your Manager.

7.2 Performance Management Philosophy

We believe everyone who comes to work really does want to realise their potential and develop their relationships with others (managers, colleagues and clients).

Work is characterised by feelings of satisfaction, frustration, opportunity, exasperation, stimulation, excitement and even feelings of fairness and dishonesty. To succeed and excel, we recognise people need to know what is expected of them, what authority they have and how they are performing. In addition the approach to managing them needs to be consistent.

If our organisation can help its people feel more of the positive emotions and eliminate most of the negative then we will have come a long way to being an employer of choice.

The Performance Management System is designed to be the foundation for fulfilling careers at KFL.

OBJECTIVE

The Objective of Performance Appraisal Review System in our company is to provide an accurate picture of the responsibilities required within specific job roles, and to constantly monitor progress of the capabilities and achievements of employees, to facilitate the ongoing development of team members and to identify when an employee has demonstrated readiness for greater responsibility.



The objective of individual performance appraisals is to review work performance on the basis of both capabilities and achievement of specific performance objectives. Performance appraisals also provide feedback to KFL on the achievability of objectives and the capability of managers to manage their employees.

BACKGROUND:

The strength of an organization is its people. If we recognize their talent, develop their capabilities and utilize them appropriately, they will contribute to the long-term excellence of the organization. Therefore it is imperative to assess objectively the performance, assess their potential for growth.

To set a process wherein Employee's immediate Superior / Head Of the Department will review the performance of each staff on a yearly basis using the Performance Review / Appraisal form, and thus evaluate and improve the employees knowledge, skills and attitude and to facilitate their overall individual development. The Performance Appraisal Review System has the following features:

FEATURES:

- Focus on the development and utilization of an employee
- Transparency and openness in the system
- Emphasis on the potential assessment and career plan of an employee
- Identification of training and development needs
- Identification of strengths and improvement areas
- Review job expectations
- Check on going performance
- Recognize individuals
- Building the Organization & Business

Policy Statement

All employees will undergo performance appraisals with their immediate managers on timing that is based on the level of their role. All performance appraisals will be timed from the date employment commenced. This is to ensure performance management is a regular, rather than occasional management responsibility. Performance appraisals are completely separate from remuneration reviews.

PERIOD:



	Review Period	KRA to be fixed by HOD
Annual Appraisal	April –March	At the Time of Joining

SCHEDULE:

Annual appraisal form will be dispatched to the branches during the 1st week of April. Plan Vs Actual will be obtained after review and the same should be submitted to HR Department. Assessment [Rating] will be done as per PMS standard.

ELIGIBILITY

The employee will be eligible for appraisal only after completion of three months of services in the organization. However, for new joiners KRA will be fixed as soon as the date of joining.

DEFINITIONS:

Appraise: The person to whom the appraisal to be done.

Appraiser: The person to whom the employee is reporting.

Reviewer: The Departmental Head of the appraisal. In case more than one intermediate level is involved, the department head will decide who will be the reviewer.

KRA:

All employees will receive individual briefings on their position descriptions (KRA's) from their Manager.

Position descriptions will always be discussed in detail at job interviews and all new employees are to be given a copy of their position description with their letter of offer.

KRA's should be **SMART** analysis method [Specific, Measurable, Achievable, Realistic and Time Bound].

APPRAISAL REVIEW

Based upon the outcome of the appraisal, review meetings will be conducted with the Directors by HODs to review the employees and branch performance. Directors will highlight the merits and demerits of the individual employee during the meetings.



IMPROVEMENT PLAN

Based upon the Directors review and actual ratings of the individual, the Low Performer will be counseled for improvement and good performer will be considering for recognitions.

OPERATIVE PROCESS

1. Appraisal is a meeting / discussion between employee and employees Superior / Manager to discuss employees' performance in order to plan together employee's future. It gives you a chance to think about how an employee has performed since the last appraisal or since joining the organization and to agree future performance objectives.
2. Before the appraisal meeting, employee and his/her Superior / Manager should agree a suitable time and date for appraisal.
3. Listed in appraisal forms would be the qualities / skills that are important in a employee's job.
4. Further to the rating the HR Department will receive the forms and prepare the final data of rating status and track the same.
5. The consolidated data is presented in the MIS format to the Top management for further decision regarding conversion of performance points into salary increment, promotion or any other such decisions.

Criteria for level of achievements relating to each KRA:

[a] **Actual rating should be rated in A to D and 1-10scale.**

10 means 100% achievement of KRA

1 to 5 means 0% achievement of KRA

S.No	Rating	Grade
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S.No	Rating s	Grade
1	Below – 70%	Unsatisfactory
2	70%–80%	Average
3	80%–90%	Good
4	Above 90%	Exceptional

[b] Overall Performance Scoring [1 -10]

S.No	Rating s	Grade
1	1 – 5	Unsatisfactory
2	6 – 7	Below Average
3	7- 8	Average
4	8- 9	Good
5	9 - 10	Exceptional

* The above Increment % is proposed by HR only for policy purpose. The final % and decision will be taken by management at the time of final review.

[D] Promotion Policy & Guidelines

1. Employee should perform well consistently and continuously for minimum 2 years for Promotion.
2. Employee should have the requisite experience, qualification, potential and ability to perform for higher level job. 'Right Man for Right Job' – This is the Mantra for promotions.
3. Promotion is purely discretion of the management

7.3 Probationary Period Reviews

All new employees are appointed with the intention of the placement being permanent unless otherwise stated in the letter of offer.

All new employees will serve a three month probationary period to ensure both KFL and the employees are happy with a permanent commitment to the role. Managers should engage new employees in informal performance based feedback regularly and have specific meetings to discuss progress after one and two months respectively.



Prior to the completion of the three month probationary period new employees will undergo a performance appraisal to provide feedback on performance, guidance on future direction and to set selected specific objectives for the next performance appraisal period.

Application

The policy on probationary performance appraisals will be successfully applied when all probationary appraisals are completed within three months of employment commencing.

Process

- The manager and the employee will agree on the date for a performance appraisal meeting. In the case of all probationary period appraisals, this must be before the completion of three months of service.
- The manager will prepare a written performance appraisal in the approved format and provide this to the employee at least 48 hours before the meeting.
- The manager and the employee will meet and agree any objectives for the next appraisal period.

7.4 Professional & Personal Development

Policy Statement

KFL in partnership with the employee, will maintain a professional and personal development plan for each employee. KFL's role in this is as a supportive facilitator. It will be up to the employee to take a leading role in managing their own development within an approved structure.

Funding for professional and personal development will be considered for support by KFL on its merits.

KFL may, from time to time, require employees to attend specific training or instruction delivered by internal or external facilitators. This may be on or off-site.

Development may take the form of training, education, mentoring, coaching or counselling.



■ Objectives

The objective of the professional and personal development policy is to provide a structured environment for learning and development for the individual within and external to the company.

■ Application

The policy on professional and personal development will be successfully applied when employees are managing their own development plans.

Process

- During the appraisal process the manager will identify and document which areas the employee's performance may be enhanced by further training. The manager will identify specific courses where possible.
- The employee and manager will then work together to complete a professional development plan for the employee.
- In response to this the employee can source their own solutions instead of, or in addition to, the manager's suggestions. Requests to attend these should be submitted in writing to the employee's immediate manager and must include:
 - suggested dates
 - costs
 - anticipated outcomes

LEAVE POLICY:



■ Policy Statement

KFL's policy is all employees are entitled to leave in accordance with the relevant awards/agreements and statutory provisions. Where the attached practices conflict with employment law for an employee, or group of employees, the law will take precedence. Leave for full time employees will generally be 24 days per annum plus gazette public holidays in the workplace jurisdiction.

PURPOSE OF LEAVE:

Leave is granted to employees with the good intention of providing rest, recuperation of health and for fulfilling social obligations. This provides for a healthy and efficient staff for the company.

LEAVE YEAR AND APPLICABILITY:

- Leave is not a matter of right.
- Sanctioning of leave is at Management discretion based on exigencies of business or seriousness of the case.
- Leave year is from 1st January to 31st December.
- Eligible leave is credited to the employees on the 1st of January every year.
- The different types of leaves given under the policy are:
 - **Casual Leave (CL)**
 - **Sick Leave (SL)**
 - **Earned Leave (EL)**
 - **Maternity Leave (ML)**
 - **Loss Of Pay (LOP)**
- The Leave policy is applicable for all permanent staff of the company.
- Employees who are appointed during the course of the year shall be entitled to the above leaves on pro-rate basis.
- Employees are entitled for leave only after completion of 3 months of service.

CASUAL LEAVE

ELIGIBILITY:

All permanent staff



Casual leave is calculated for a period of one year (January to December)

ENTITLEMENT:

1. **12 days of Casual Leave in a calendar year.**
2. A minimum of half CL can be availed & a maximum of 3 days in a row can be taken.
3. If CL extends beyond 3 days, then the excess days taken will be treated under LOP.
4. It is up to the Management's discretion to sanction more than 3 days of CL at a stretch.
5. Intervening National / Festival / Declared holidays will be counted as part of the leave.
6. Intervening National / Festival / Declared holidays will **NOT** be counted as part of the leave.
7. Balanced CL remaining unutilized as on 31st December will lapse.
8. When leave is taken without prior sanction (under certain unavoidable circumstances), the absence should be notified to the respective H. O. D's on the same day through phone.
9. Approved leave application should reach the HR department within next 02 working days of rejoining.

SICK LEAVE

ELIGIBILITY

All permanent staff

ENTITLEMENT:

1. 12 days of Sick Leave (SL) in a calendar year.
2. A minimum of half SL can be availed & a maximum of whatever is required or whatever is available, whichever is lesser
3. If SL extends beyond 2 days, it has to be accompanied with a Doctor's certificate



4. In case adequate number of SL is not available with an employee, he can club EL with it. If EL is also not available, then it will be treated as LOP.
5. Intervening National / Festival / Declared holidays will be counted as part of the leave.
6. Balanced SL remaining unutilized as on 31st December will be carried forward to the next year
7. A total of 30 SL can be accumulated after which it will start lapsing
8. Inability to attend office because of any sickness should be notified to the respective H. O. D's on the same day through phone.
9. Approved leave application should reach the HR department within next working day of rejoining.

COMPENSATORY OFF

1. If an employee is required to work on any important assignment on a National / Festival / Declared / weekly off day, he is eligible for Compensatory off on any other working day.
2. Official approval is required from the department head / management to work on such National / Festival / Declared / weekly off days. No compensatory offs will be entertained when worked on these days without proper approval.
3. The compensatory off has to be availed within a period of one month from the date worked.
4. Compensatory off when not availed within the stipulated time period will lapse.
5. Only one day of compensatory offs can be availed at a stretch.

7.5 Maternity Leave

Female employees with at least 12 months of continuous service are entitled to maternity leave.

MATERNITY LEAVE (ML)

ELIGIBILITY:



All married female staff.

ENTITLEMENT:

1. 84 days of paid Maternity Leave is allowed to females who have to deliver a child
2. A female employee can adjust this leave before and after the delivery of child totaling it to 84 days.
3. Before availing this leave, a certificate from the gynecologist has to be submitted mentioning the expected date of delivery.
4. Intervening National / declared / festival / weekly off days will be counted as part of leave.
5. If, because of any complication, leave has to be extended, it can be done but will fall under LOP.

LOSS OF PAY (LOP)

1. LOP can be applied by an employee when no other leave is available.
2. During the period of LOP, the employee is not entitled for any pay or allowance.
3. A maximum of 3 months of LOP can be availed on the approval of the management. (Exceptional cases like ML/SL, etc.)
4. If the employee fails to report to duty on the specified date after the sanctioned LOP, it is deemed that the employee has abandoned his service with the company on his own accord.
5. LOP can be implicated on disciplinary grounds with regard to attendance by the management regardless to the availability of the other types of leave.
6. LOP days will not be taken for EL eligibility.

PROCEDURE FOR APPLYING LEAVE

The available leave balance is to be checked by the employee with the HR department and the leave to be applied by duly filling up the leave application form. The application has to be forwarded by the employee to their departmental head for approval. The departmental head is authorized to either grant or disapprove the leave on valid grounds.



The approved leave application has to be submitted to the HR department for recordings and subsequent processing.

CANCELLATION OF LEAVE

1. The department head can also cancel the once sanctioned leave on situational / need basis. If an employee proceeds to avail the cancelled leave then those days will be treated as absence from duty and the rules pertaining to absence from duty will be applied.

EXTENSION OF LEAVE

1. As it is necessary to get prior approval for leave so it is also for extension of leave. The employee has to apply to his/her department head for extension of leave well in advance and get it sanctioned to avail them. In case an employee overstay, the unsanctioned leave availed will be treated as absence from duty.

ABSENCE FROM DUTY

1. When an employee takes off from duty without prior leave approval or proper intimation under certain unavoidable circumstances, then those day/days will be treated as absence from duty.
2. The days of absence will be treated under Loss of Pay.
3. The employee has to report to his / her department head on rejoining duty from absence and provide valid reasons for absence in writing before taking up work again.
4. If an employee is absent from duty continuously for more than 7 days (including any National / Festival / Declared / weekly off days which may fall in-between), an official correspondence from the HR department will be sent to him asking to report to duty and to provide explanation for his absence.



5. Based on the enquiry any action deemed fit will/would be taken by the management.
6. If there were no response from the employee within the stipulated time mentioned in official correspondence, it would be assumed that the employee has absconding / withdrawn his service from the company on his own accord and recorded accordingly.

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8. EMPLOYEE RELATIONS

8.1 Discipline

■ Policy Statement

KFL has a human resources' strategy that recognises the value of its people. Part of this strategy is the fair treatment of all employees. This requires a minimum standard of conduct and performance be agreed, set and communicated with all employees. If employees do not meet this standard, appropriate corrective action, such as training, should be undertaken. Discipline should only be engaged with an employee on a performance issue if all other corrective action has failed to achieve the desired result.

Where an employee has deliberately breached a Company policy or procedure, or engaged in misconduct, disciplinary procedures should be initiated.

Employees should be treated fairly and the proper procedures should be followed.

Employees must be made aware of their responsibilities, counselled and given the opportunity to reach the standards expected of them and the chance to defend themselves before action is taken.

It is a requirement to have a third party attend a disciplinary meeting, and notes taken be signed as a true record of discussions.

The expected standard must be clearly defined and the measurement criteria understood. A reasonable date for achievement of standards must be agreed. This should be shown as a minimum time, e.g. within one month.

For serious issues, employees must be advised in writing and such advice should be recorded on the employee's personnel file.

■ Process

■ Poor Performance

Wherever possible the Performance Management System should be used to manage employee performance. However, there may be times when performance, conduct or employee attitude need to be immediately addressed.

If employees fall below required performance standards and performance management processes have not been adequate to address the issue they must



be personally counselled and then given written confirmation of their deficiencies in performance (a written warning).

Such written warnings must clearly define the deficiency, the expected standard, by when it should be achieved, how the company will help the employee achieve the improvement required and the consequences of failing to do so.

A record of all meetings, training and/or coaching given and a summary of discussions must be kept by the manager concerned and a copy placed on the employee's personnel file. This should include date, location and time of discussion.

If an employee consistently fails to meet agreed standards, he/she has been counselled and appropriate support/training has been offered and/or given, then further action is required. This may lead to the employee being dismissed.

If an employee has not been performing as required, and:

- all possible corrective action, including training and coaching, has been undertaken
- the manager concerned has documentation showing the conversations taken place, agreed action plans, and other communication with the employee
- the employee has been informed of the standards required and his/her performance deficiency(ies) with action plans in writing on at least two occasions and the consequences of failing to meet the required standards
- the employee has been given the opportunity to appeal or respond to the issues highlighted on each occasion
- no other suitable option, or other appropriate positions, are available

If all these processes have been followed and the employee's performance still has not improved, then the employee may be dismissed*.

■ Misconduct

Managers are expected to investigate misconduct and proceed through the following steps:

- a verbal warning should be given to an employee for minor misconduct. A record of the warning must be kept by the manager and should be signed by the employee. The employee must be given the opportunity to respond
- if the unacceptable behaviour continues, a written warning will be issued, and signed by the employee as being received and understood. The employee must be given the opportunity to respond
- a second written warning should be given to an employee if he/she requires further discipline for the same or a related issue, and also signed by the employee as being received and understood. The employee must be given the opportunity to respond
- employees who have been disciplined three times are subject to dismissal*



- details of disciplinary actions should be recorded on the employee's personnel file and removed after six months if further disciplinary action is not required

If a manager considers the allegation to be serious, and it requires further investigation, an employee should be suspended on base pay for a maximum of two weeks while an investigation takes place. The individual must be informed, in writing, of the details of the allegation and advised he/she is under investigation. The employee must sign this notice as being received and understood.

This letter should invite the employee to present his/her version of events to the investigating officer and inform he/she may be accompanied by a representative. The only purpose of the representative's visit is to observe – they are not participants.

Should we consider an employee's conduct likely to lead to a situation in which we may wish to dismiss without notice, a diary must be kept at all times to record incidents and conversations and associated matters which may be needed in subsequent proceedings. The relevant manager is responsible for keeping this diary. This manager should also issue a written warning that a continuance of such behaviour will lead to instant dismissal.

■ Gross or Serious Misconduct

Summary (instant) dismissal for gross or very serious misconduct is possible (depending on the facts involved) for the following: insubordination, drunkenness, dishonesty, assault, deliberately endangering the safety of others, commission of a criminal offence on our site, and objectionable language**. **Managers must, however, consult with senior management prior to taking this action*.**

In such cases follow the procedure below:

- investigate the alleged offence thoroughly, including talking to witnesses, if any
- ask the employee for his/her response to the allegation (taking notes of this discussion)
- consult with the next most senior manager regarding possible action
- if still appropriate, following a thorough investigation, terminate/dismiss the employee
- keep a file on all evidence collected and action taken in these circumstances

All procedures must be followed in accordance with employment equal opportunity/anti-discrimination legislation.

***Note:** In all such cases 'procedural fairness' guidelines will apply. This means the warning and dismissal process must allow the employee to offer their view of the events concerned. The employee must have every chance to defend himself/herself and has the right to appeal a decision made. If this process is not followed the dismissal may be overturned by an Industrial Relations authority.



****Note:** For some offences KFL retains the right to report the matter to the police where charges may be laid. The police will be notified with regard to any criminal act against the Company or another member of staff. Management has a duty of care to shareholders and staff and at all times will be subordinate to legal process.

8.2 Disciplinary Appeal

■ Policy Statement

During all stages of the disciplinary process employees have the right to appeal against any disciplinary action taken against them.

An employee, who believes the disciplinary action taken against them is unfair, is able to appeal the process.

An appeal will be treated fairly, dealt with discreetly and actioned promptly.

This policy should be read in conjunction with the grievance policy.

■ Process

An employee is entitled to lodge a written appeal to their supervisor's manager detailing his/her objections to the disciplinary action within three working days of notification.

Managers should:

- acknowledge receipt of the employee's objection
- investigate the matter thoroughly
- report back to the employee within seven days

If the appeal is disallowed an employee is entitled to appeal to the next most senior manager.

The next most senior manager should investigate the matter and report back to the employee within 10 working days.

The employee has no further right of appeal under this process if the second appeal is disallowed.

All procedures must be followed in accordance with employment equal opportunity/anti-discrimination legislation.



8.3 Grievance

■ Policy Statement

KFL supports the right of every employee to lodge a grievance with his/her manager if the individual believes a decision, behaviour or action that affects their employment is unfair. We aim to resolve problems and grievances promptly and as close to the source as possible with graduated steps for further discussions and resolution at higher levels of authority as necessary.

1. Grievances or conflicting thoughts are part of industrial / corporate life.
2. It is essential to bring this conflict to the surface.
3. All conflicts cannot be eliminated but their exposure will contribute towards their reduction.
4. Such exposures lead to adjustments and further improved organizational effectiveness.

Grievances should be actioned discreetly and promptly dealt with in an objective manner.

■ Process

The employee should attempt to resolve the complaint as close to the source as possible. This can be at a quite informal and verbal level. If the matter is not resolved then further steps need to be taken.

All available attempts to settle a grievance before starting the formal grievance process should be taken.

For the formal grievance process to begin, complainants must fully describe their grievance in writing, including dates and locations wherever possible and the remedies sought.

The person(s) against whom the grievance/complaint is made should be given the full details of the allegation(s) against them and should have the opportunity and reasonable time to respond before resolution is attempted. The duration of this should not exceed one week.

If resolution is still not reached, the matter will be referred to the Managing Director for consideration and final decision. A grievance taken to this level must be in writing from the employee.

The employee's manager will forward to the Executive Director any additional information thought relevant. The Executive Director will provide a written response to the employee and also communicate with any other parties involved.

If the matter is still not resolved, the employee will be advised of his/her rights to pursue the matter with external authorities if they wish.

In some circumstances, it may not be appropriate for an employee to discuss his/her grievance with the immediate manager. Grievances relating to harassment would fall



into this category and an employee should be able to make their approach to a more senior manager.

All procedures must be followed in accordance with employment equal opportunity/anti-discrimination legislation.

The above procedure takes place for individual employee grievances. Whatever the final outcome, it will affect the attitudes of each party and their long-term relationship. The issues which sparked the grievance should be reviewed by management at executive level so the dispute does not reoccur.

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9. POST TRAUMA COUNSELLING

■ Policy Statement

KFL's policy is to ensure all staff who are faced with a traumatic event in a work environment are provided with immediate support and counselling, by a professional, external provider.

Traumatic events can include being the victim of a robbery or assault, witness to such an event, witness to a significant injury, or death of another employee or any other person, within the work environment.

Post-trauma counselling must be provided to employees involved in such situations. In normal circumstances, such employees should be sent home, and referred to appropriate counselling agencies.

The company will pay for such counselling for a reasonable period.

■ Objective

The objective of the post trauma counselling policy is to provide immediate care to any staff affected and to support their return to work.

■ Process

- Check employee(s) are okay etc.
- Be prepared to listen:
 - to the facts
 - to how he/she is feeling
 - do not give advice, direction or comment on how they should act or react.
- Identify local providers of post-trauma counselling and advice. In more serious cases, arrange an immediate telephone interview from a qualified counsellor. In all traumatic circumstances, encourage the employee to attend counselling. Arrange a time for counselling for him/her. A number of counselling sessions may be required or appropriate.
- It is recommended a supervisor speaks directly to a counsellor after a telephone interview. This is to ensure support for the employee's well-being.
- The counsellor may make recommendations on how the employee should get home and which family and friends should be contacted for additional support.



- In consultation with a counsellor, maintain contact with the employee as recommended.
- Following the employee's return to work, maintain vigilance regarding their state of mind and discuss any concerns with the counsellor prior to speaking to the employee.
- Remember to fill in appropriate workers compensation reports where appropriate. Contact the insurance company early in the process as they do not cope well with a claim if there is no medical certificate.

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10. INTELLECTUAL PROPERTY AND SECURITY

During your employment with KFL all intellectual property developed by you, discoveries or inventions made by you in the performance of your duties related in any way to the business of KFL or any related bodies corporate will be the property of KFL or its related bodies corporate. You will be required to do everything necessary to ensure KFL or its related bodies corporate has ownership of such intellectual property (including, if required assigning such intellectual property to KFL, a related body corporate or any entity that KFL nominates).

From time to time during the course of your employment, you may be given access to sensitive information, data, company property, keys to premises or any other company related property/information. It is expected employees will treat this as intellectual property and therefore it should be stored securely either physically and/or electronically. Failure to properly look after company information or property will result in disciplinary proceedings including dismissal.

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11. CONFLICT OF INTEREST

Prior to your employment with KFL you may be conducting business activities which potentially give rise to real or perceived conflict of interest with KFL's objectives and future activities.

In such circumstances, any business or other external interests that have a real or perceived conflict of interest should be declared to KFL.

The Company will review the potential areas of conflict with the employee and mutually agree on practical, commercial arrangements, which may include, but is not limited to, the following:

- KFL purchases the intellectual property right of the business in question
- you combine your business into KFL business and you are compensated accordingly
- you cease your business or remove yourself from active involvement

You will at all times advise management of any other interests you or any related bodies corporate in which you participate, have or are potentially entering into that could cause conflict with your employment, interests or commitment in KFL.

Where there are external involvements that do not represent a conflict of interest, these must not affect performance or attendance whilst working at KFL. If such involvement does affect performance or attendance it will be considered as a conflict of interest giving rise to the remedies described above or disciplinary proceedings including dismissal.

Approval must be given from management before approaching any customers for commercial or non-commercial external interests. This includes fund raising, sponsorship and similar activities.



12. PRIVACY

You are required to observe and uphold all of the Company's privacy policies and procedures as implemented or varied from time to time.

Collection, storage, access to and dissemination of employee personal information will be in accordance with the principles of the *Privacy Amendment (Private Sector) Act 2000*.

If you would like any clarification of any of the policies or procedures contained within this HR Manual, please contact internal management who will be glad to provide guidance and support.

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HUMAN RESOURCES DECLARATION

I, _____, have been provided with access to the KFL HR Policy and have read and understood all of the policies and procedures contained within.

I acknowledge that these policies and procedures form part of my employment with KFL and that I am bound by its procedures.

Signed _____

Dated _____

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