MODEL CODE OF CONDUCT FOR DSA/DMA/CONNECTOR/RECOVERY AGENT

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1. Applicability

Upon adoption and inclusion as part of agreement between Sustainable Agro-commercial Finance Limited ("**SAFL**") and the Service Provider ("**Service Provider**"), this code will apply to all persons involved in marketing and distribution of any loan or other financial product of SAFL. The direct selling agent ("**Service Provider**") and its tele-marketing executives ("**TMEs**") and field sales personnel, namely, business development executives ("**BDEs**") must agree to abide by this code prior to undertaking any direct marketing operation on behalf of SAFL. Any TME/BDE found to be violating this code may be blacklisted and such action taken be reported to SAFL from time to time by the DSA. Failure to comply with this requirement may result in permanent termination of business of the DSA with SAFL and may even lead to permanent blacklisting by the industry.

A declaration to be obtained from TMEs and BDEs or Principal Officer/Proprietor/ Partner of the DSA / DMA/ Connector proprietary concern/ partnership firm/ or authorized signatory of the private limited/public or deemed public limited company empaneled with SAFL, by the **Service Provider** before assigning them their duties is annexed to this Code.

2. Tele-calling a prospect (a prospective customer)

A prospect is to be contacted for sourcing a SAFL product or SAFL related product only under the following circumstances:

- When prospect has expressed a desire to acquire a product through SAFL's internet site/call centre/branch or through the relationship manager at SAFL or has been referred to by another prospect/customer or is an existing customer of SAFL who has given consent for accepting calls on other products of SAFL.
- When the prospect's name/telephone no/ address is available and has been taken from one of the lists/directories/databases approved by the Service Provider manager/team leader, after taking his/ her consent.

The TME should not call a person whose name/number is flagged in any "do not disturb" list made available to him/her.

3. When you may contact a prospect on telephone

Telephonic contact must normally be limited between 0930 Hrs and 1900 Hrs. However, it may be ensured that a prospect is contacted only when the call is not expected to inconvenience him/her.

Calls earlier or later than the prescribed time period may be placed only under the following conditions:

- When the prospect has expressly authorized TME/BDE to do so either in writing or orally

4. Can the prospect's interest be discussed with anybody else?

Service Provider should respect a prospect's privacy. The prospect's interest may normally be discussed only with the prospect and any other individual/family member such as prospect's accountant/secretary /spouse, authorized by the prospect.

5. Leaving messages and contacting persons other than the prospect.

Calls must first be placed to the prospect. In the event the prospect is not available, a message may be left for him/her. The aim of the message should be to get the prospect to return the call or to check for a convenient time to call again. Ordinarily, such messages may be restricted to:

- Please leave a message that _____ (Name of officer) representing Service Provider called and requested to call back at _____ (phone number)".

As a general rule, the message must indicate:

- That the purpose of the call is regarding selling or distributing a financial product of SAFL

6. No misleading statements/misrepresentations permitted

TME/BDE should not -

- Mislead the prospect on any service / product offered;
- Mislead the prospect about their business or organization's name, or falsely represent themselves.
- Make any false / unauthorized commitment on behalf of SAFL for any facility/service.

7. Telemarketing Etiquettes

PRE CALL
No calls prior to 0930 Hrs or post 1900 Hrs unless specifically requested.
- No serial dialing
- No calling on lists unless list is cleared by team leader

DURING CALL
- Identify yourself, your company and your principal
- Request permission to proceed
- If denied permission, apologize and politely disconnect.
- State reason for your call
- Always offer to call back on landline, if call is made to a cell number
- Never interrupt or argue
- To the extent possible, talk in the language which is most comfortable to the prospect
- Keep the conversation limited to business matters
- Check for understanding of "Most Important Terms and Conditions" by the customer if he plans to buy the product
- Reconfirm next call or next visit details
- Provide your telephone no, your supervisor's name or your bank officer contact details if asked for by the customer.
- Thank the customer for his/her time

POST CALL
- Customers who have expressed their lack of interest for the offering should not be called for the next 3 months with the same offer
- Provide feedback to SAFL on customers who have expressed their desire to be flagged "Do Not Disturb"
- Never call or entertain calls from customers regarding products already sold. Advise them to contact the Customer Service Staff of SAFL.

8. Gifts or bribes

TME/BDE's must not accept gifts from prospects or bribes of any kind. Any TME/BDE offered a bribe or payment of any kind by a customer must report the offer to his/her management.

9. Precautions to be taken on visits/ contacts
BDE should:

- Respect personal space - maintain adequate distance from the prospect.
- Not to enter the prospect's residence/office against his/her wishes;
- Not to visit in large numbers - i.e. not more than one BDE and one supervisor, if required.
- Respect the prospect's privacy.
- If the prospect is not present and only family members/office persons are present at the time of the visit, he/she should end the visit with a request for the prospect to call back.
- Provide his/her telephone number, supervisor's name or the concerned bank officer's contact details, if asked for by the customer.
- Limit discussions with the prospect to the business - Maintain a professional distance.

10. Other important aspects - Appearance & Dress Code

BDE's must be appropriately dressed -

For men this means:
- Well ironed trousers;
- Well ironed shirt, shirt sleeves preferably buttoned down.

For women this means:
- Well ironed formal attire (saree, suit, etc);
- Well-groomed appearance.
--Jeans and/or T Shirt, open sandals are not considered appropriate.

11. Handling of letters & other communication

Any communication sent to the prospect should be only in the mode and format approved by SAFL.

MODEL CODE OF CONDUCT FOR ONLINE/DIGITAL LOAN PRODUCTS

In recent weeks, Digital Lenders' Association of India (DLAI) has issued a fresh code of conduct for all its members emphasizing the need to propagate responsible lending practices and to ensure ethical collection practices.

This has been issued especially keeping in mind the challenging macro-economic environment in the country, the association stated in its official release.

This new Code of Conduct is a set of principles, processes and guidelines that are binding on every member of the DLAI in order to ensure ethical and responsible behaviour by all, and everyone needs to abide by the same.

The purpose of this Code of Conduct is to ensure that the digital lending industry creates common safeguards of customer interests. For example, the new guidelines make it clear that a lender cannot build unethical features into their products such as excessively high and non-transparent late payment fees.

The new Code of Conduct includes a number of new provisions, such as those that ensure transparency in pricing and a focus on late payment fees (which some unscrupulous lenders have been known to take to excess).

It also provides clear guidance on fair and responsive collections practices, such as not calling or threatening to call any family member of the borrower.

Implementation of the new Code will be implemented with a strict process for compliance including an active focus on training of the employees in the organisations, the association maintained.

Members need to display the Code of Conduct as part of their fair practices code (similar to Banks and NBFCs) and should make it be available to customers on the Members Website or App.

Responsible Lending Code of Conduct ("Code of Conduct")

I. INTRODUCTION AND IMPLEMENTATION

1. **PURPOSE**

   India is truly a digital-first economy, and technology can speed up the development of industries and markets with phenomenal success. It can also allow for the rapid growth of unscrupulous practices that can fall between regulatory grey areas. With recent strong growth in the digital lending industry in India, there is a need for industry participants to maintain a strong code of conduct in order to prevent the rise of unscrupulous practices that could cause harm to the industry by reducing the confidence of customers, regulators and other market participants.

   The purpose of this Code of Conduct is to ensure that the digital lending industry creates common safeguards of customer interests and appropriately addresses the unique risks that might be created through the mechanism of digital lending.

2. **APPLICABILITY**

2.1 This Code of Conduct is a set of principles, processes and guidelines that are binding on every member of the DLAI ("**Member**") in order to ensure ethical and responsible behavior by all Members. This Code of Conduct applies to all Members.

2.2 This Code of Conduct applies to Members in all their dealings, interactions, communications and transactions with any individual, person or business ("**customer**") to whom any financial product or service is offered or provided by such Member through the use of any online technology.

2.3 This Code of Conduct aligns with and is in addition to all laws and regulations applicable for lending businesses, including all current regulations and directions issued by the Reserve Bank of India, and by no means aims to override any applicable laws or regulatory guidance. When there is any conflict or inconsistency between this Code of Conduct and any law or regulation, that law or regulation will prevail.

2.4 This Code of Conduct is subject to review by the Operational Risk Management (ORM) Committee of SAFL from time to time.

2.5 **Members are required to adhere to this Code of Conduct. Members should note that non -compliance with the Code of Conduct can result in Sanctions as detailed in Section 4 below.**

3. **ADHERENCE & SUPERVISION**

3.1 Members must agree, in writing, at the time of membership and renewal of membership, to adhere to the Code of Conduct.

3.2 Members will also be required to provide, in writing, their immediate acceptance of the Code of Conduct for continuation of their membership.

3.3 Each Member will also, as part of its acceptance of the Code of Conduct, be deemed to have accepted and consented to DLAI's right to apply and give effect to the Sanctions as set out in Section 4 below.

3.4 Each Member will provide to DLAI the name of a person in its organization who will be responsible for reporting to DLAI on the adherence with the Code of Conduct ("**Designated Compliance Officer**"). The Designated Compliance Officer will also be responsible for dissemination of this Code of Conduct (as updated from time to time) within the Member's organization at frequent intervals. The name of the Designated Compliance Officer will be kept on record of DLAI and will be the contact point for all communications with the Member in relation to the Code of Conduct.

3.5 Each Member must submit an annual confirmation to the Operational Risk Management (ORM) Committee , in writing, on its compliance with the Code of Conduct, in such form as the Operational Risk Management (ORM) Committee may require from time to time ("**Annual Submission**"). The Annual Submission will include a certification by a director, company secretary or other key managerial personnel of the Member that it is in compliance with the Code of Conduct. The Annual Submission will be required from each Member in order to continue its membership and participation in DLAI activities.

3.6 Members are encouraged to develop frequent training modules for periodic training of their staff, agent and representatives on the Code of Conduct, as updated from time to time, and to inform them of the repercussions of non-adherence to the Code of Conduct.

4. **SANCTIONS**

4.1 The Operational Risk Management (ORM) Committee will monitor compliance with the Code of Conduct by Members.

4.2 The Operational Risk Management (ORM) Committee will notify a fair procedure for the admission of complaints against any Member for the violation of the Code of Conduct, investigation and determination of violation of the Code of Conduct, and the decision on an application of Sanctions against the non-compliant Member after giving reasonable opportunity to such Member to make representations in such a process.

4.3 Any decision taken by the Operational Risk Management (ORM) Committee on a non-compliance with the Code of Conduct will be binding on the relevant Member and will not be subject to appeal.
4.4 The Operational Risk Management (ORM) Committee will be entitled to take the following action against a noncompliant Member ("**Sanctions**"):

4.4.1 Cancellation of its membership with DLAI;
4.4.2 Bar the non-compliant Member from future membership of DLAI and/or participating in its events and services for such a period of time as the Operational Risk Management (ORM) Committee may deem fit;
4.4.3 Notify all other Members of the cancellation of the membership and debarment of the non-compliant Member, and to also publish the fact of such cancellation and debarment on the DLAI's website;
4.4.4 Report any serious violation of the Code of Conduct to the appropriate authorities, including the Reserve Bank of India;
4.4.5 Such other directions as the Operational Risk Management (ORM) Committee may consider fit for ensuring compliance with the Code of Conduct, including obtaining a binding commitment from the Member to take necessary remedial steps for compliance with the Code of Conduct.

5. **PROMOTION OF THE CODE OF CONDUCT**

5.1 Members should promote awareness about the Code of Conduct and support its monitoring and effectiveness.
5.2 Members should display the Code of Conduct as part of their fair practices code (similar to Banks and NBFCs) and should make it available to customers on the Member's Website or App.
5.3 Members and concerned persons may contact DLAI with respect to the implementation of the Code of Conduct at: **codeofconduct@dlai.in**

II. PRINCIPLES OF THE CODE OF CONDUCT

1. **OBLIGATION TO ADHERE TO ALL APPLICABLE LAWS AND REGULATIONS**

1.1 Each Member will comply with all provisions of all applicable laws and regulations, including, but not limited to:

a. Applicable laws and regulations concerning financial services and consumer protection, including without limitation all directions, guidelines, circulars and notifications issued by the Reserve Bank of India and other relevant statutory, regulatory or government bodies;
b. Applicable laws and regulations in the field of communication and informatics related to the protection of personal data in electronic systems;
c. Any other applicable law and regulations relating to business, operations and practices of such Member.

1.2 All provisions in this Code of Conduct are complementary and in addition to the obligations of each Member under laws and regulations applicable to the Member. Each Member is individually and solely responsible for its compliance with applicable laws, regulations and this Code of Conduct.

2. **BASIC PRINCIPLES**

2.1 Transparency of Product, Pricing and Services

a. Members must offer products and services that are not misleading, deceptive or unclear. Members must ensure that their marketing and advertising material and outreach to customers is not false, misleading or deceptive.

b. Every effort must be made by Members to provide relevant information in a format and language that their customers would reasonably understand.

2.2 Fair treatment of Customers in Servicing and Collection

Each Member must:

a. have board approved fair practices code (in the manner required by the Reserve Bank of India in respect of banks and NBFCs) and ensure that its employees, staff, representatives, agents and service providers comply with such code;

b. adopt ethical practices across its product and operations that treat their customers with dignity and respect and not resort to harassment or intimidation;

c. ensure that employees, staff, representatives and agents are adequately trained to deal with the customers in an appropriate manner to give effect to the above.

2.3 Lending within appropriate affordability limits

The onus is always on the Member to make fair income and affordability assessments of customer and ensure that financial product and services, including the loan and all charges and fees, are not in excess of a customer's capacity to pay.

3. **SPECIFIC GUIDANCE**

3.1 **Product Transparency**

a. **Disclosure of terms, conditions and obligations to customer**

i. The Member must ensure that detailed terms and conditions of the financial product and services offered are made available to the customer at all points during the customer engagement.

ii. A loan agreement must be provided to the customer with detailed outlines of the obligations and commitments of the customer and commitments of the lender in the relationship. iii. The customer must clearly understand that they are taking a loan and that this will have consequences in terms of Credit Bureau reporting and potential legal action on the event of default. iv. The customer must understand that they have an obligation to repay the loan and the exact consequences of non-payment or delayed payment.

v. The customer must understand who is the exact loan provider on record and who will be collecting on the loan. In the event the Member is not the lender of record, the customer should understand the role and responsibility of the Member in the process and transaction relating to the financial product and services.

b. **Disclosure of all Costs to Customers**

i. The Member must clearly list all costs and fees arising from the financial product or service offered, including all upfront fees, processing fees, interest costs, insurance costs, registration fees, provisions, re-arrangement fees, late fees, pre-payment fees or penalties and any other costs charged to the customer.
ii. The illustration of all costs, including any contingent or default costs and expenses, must be explicit and clear and provided in a manner that any customer could understand. iii. The Member must provide illustrative examples of the costs to the customer, including any contingent or default costs, in INR format specific to the financial service or product offered, so that the customer understands exactly all such costs.
iv. The Member must provide a repayment schedule with detailed repayment information and due dates in a clear manner.

3.2 **<u>Pricing and Cost of Credit</u>**

a. **Predatory Pricing**

i. Members will not design pricing models that could ever be considered "predatory" or "usurious", including but not limited to:

1. Any element of deception in the presentation of costs or fees; 2. Cost or fee structures that are needlessly confusing, complex and designed to extract maximum revenue without consideration of customer understanding.

b. **Interest Rates**

Members must disclose effective annual interest rate for the loan in the loan documentation alongside loan amount and tenure so that customers can reasonably calculate the cost of credit.

c. **Late Fees & Fines**

i. The Member must provide clear information related to the amount and mechanism of imposing fines in the event of a delay. Such information should be disclosed upfront to the customer on or before the conclusion of the contract for financial product or service.
ii. Late payment penalties should be reasonable and should not compound and should have a cap in accordance with the policies of the Member.

d. **Affordability**

i. The Member must have a system and process of verification and assessment of the financial condition of the customer to assess the eligibility and suitability for the loan or other financial product offered.
ii. The Member must have a system to ensure the accuracy of the data and information provided by a customer.

3.3 **Collections and Servicing**

a. **Information about an Ongoing loan**

The Member must provide timely information about loan payments due and outstanding loan amounts in a format that the customer clearly understands.

b. **Collection Process**

i. The Member will ensure that there is no undue harassment or intimidation (physical or verbal) of customers, including practices such as calling (or threatening to call) any family member of the customer or any person associated with the customer. ii. The Member will ensure that its staff, agents and representatives are adequately trained to deal with the customers in an appropriate manner and are not rude or humiliating in their dealings with the customer.

3.4 Data Usage and Sharing

a. The Member must follow a consent-based architecture for data capture with informed consent provided by the customer following a detailed explanation of the data being captured and used (including sharing of such data with third parties). The Member shall preserve such digital records of customer consent(s) as proof of informed consent.

b. The Member is required to practice good faith in the collection, storage, use and sharing of personal data of customers.

c. Without limiting the generality of the above, Members shall not:

i. intentionally request personal data from a customer even though there is no service that can be provided to a customer;
ii. intentionally collect personal data that is not relevant to the services that will be provided to the customer by the Member;
iii. collect personal data outside the data that has been agreed to be given by the customer; iv. use personal data for purposes that have not been notified or purposes that are different from what was previously notified to the customer;
v. collect and store customer's personal data even though the Member or any person authorized by the Member to collect, process or store such personal data does not yet have a reliable system or processes to carry out such activities or protect such data;
vi. sell personal data of customers to third parties without explicit consent from the customer;
vii. share such personal data with third parties other than for purposes consented to by the customer;
viii. use a customer's contact list for contacting any third parties, family members of the customer or persons associated with the customer for any communication related to the customer's loan; ix. use the personal data in any manner which is likely to cause physical harm or injury to any customer, their family member or any person associated with the customer.

4. **CUSTOMER GRIEVANCE MANAGEMENT**

4.1 Each Member should have a board approved policy for addressing customer complaints in a fair, and prompt manner. Each Member shall put into place an efficient mechanism for implementation of such customer complaint policy and for resolution of customer complaints in compliance with rights of the customer under law and contract.

4.2 Each Member shall provide to customers, including by publishing on its website, details of how the customer can contact customer service / concerned compliance officer at the Member or seek redressal of customer complaints.

4.3 The Member should also provide details of how customers can contact the regulated entities, such as banks and NBFCs, which are involved in providing the relevant financial product or services to the customer.

4.4 The Member should also provide details of the right of the customers to raise complaints in consumer forums, RBI, Financial Ombudsman etc. and guidance on how the customer can approach such authorities.