

FEDEX FINANCE PRIVATE LIMITED

KYC AND PMLA POLICY

Fedex Finance Private Limited

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KYC AND PMLA POLICY

Fedex Finance Private Limited, a non-deposit taking non-systemically important Non-Banking Financial Company (NBFC) licensed by the Reserve Bank of India (RBI) bearing registration No. 13.00930

RATIONALE

To prevent money-laundering in India and to provide for confiscation of property derived from, or involved in, money-laundering and related matters, the Parliament of India enacted the Prevention of Money Laundering Act, 2002 (PMLA).

The Reserve Bank of India (RBI) has issued comprehensive 'Know Your Customer' (KYC) Guidelines to all Non-Banking Financial Companies (NBFCs) and prescribed "Anti Money Laundering" guidelines/ standards (AML).

In view of the same, Fedex Finance Private Limited has framed the Policy of Know Your Client and Prevention of Money Laundering in line with the prescribed RBI guidelines and put in place duly approved by its Board of Directors. KYC-AML policy of the Company has been framed to broadly achieve the following purposes:

- To prevent criminal elements from using the Company for money laundering activities;
- To enable Company to know/ understand its customers and their financial dealings better which, in turn, would help the Company to manage risks prudently;
- To put in place appropriate controls for detection and reporting of suspicious activities in accordance with applicable laws/laid down procedures;
- To comply with applicable laws and regulatory guidelines;
- To ensure that the concerned staff are adequately trained in KYC/AML standards & procedures.

RISK MANAGEMENT

For Risk Management, the Company will have a risk based approach which includes the following:

- a) Customers shall be categorized as low, medium and high-risk category, based on the assessment and risk perception of the Company
- b) Risk categorization shall be undertaken based on parameters such as customer's identity, social/financial status, nature of business activity and information about the clients' business and their location etc.
- c) The customers will be monitored on regular basis for tracking irregular behavior for risk management and suitable timely corrective action.
- d) The Company shall prepare a profile for each new customer during the credit appraisal based on risk categorization as mentioned in this policy. The nature and extent of due diligence will depend on the risk perceived by the Company.

CUSTOMER IDENTIFICATION PROCEDURE

- a) Customer identification shall be undertaken at the time of commencement of an account-based relationship which would include identify its customers, verify their identity, obtain information on the purpose and intended nature of the business relationship and determine whether a client is acting on behalf of a beneficial owner, and identify the beneficial owner and take all steps to verify the identity of the beneficial owner
- b) The Company will obtain Permanent account number (PAN) of customers as per the applicable provisions of Income Tax
- c) the Company will verify the legal status for the legal person/ entity through proper and relevant documents
- d) the Company will understand the beneficial ownership and control structure of the customer
- e) Adequate steps are taken by the Company to satisfy that copies of identification data and other relevant documentation relating to customer shall be made available
- f) Periodic Updating of KYC data
The Company shall periodically update Customer's KYC information / documents after the transaction is entered.

INTERNAL CONTROL SYSTEM

The Company's Internal Compliance functions will evaluate and ensure adherence to the KYC policies and procedures.

RECORD KEEPING

The Company shall maintain proper record of the transactions as required under Section 12 of the Prevention of Money Laundering Act, 2002 (PMLA) read with Rules 3 and will take appropriate steps to evolve a system for proper maintenance and preservation of information in a manner (in hard and soft copies) that allows data to be retrieved easily and quickly whenever required or as/when requested by the competent authorities.

APPOINTMENT OF PRINCIPAL OFFICER

The Company will designate a senior employee as 'Principal Officer' (PO) who shall be located at the Head/Corporate office and shall be responsible for monitoring and reporting of all transactions and sharing of information as required under the law.

The name, designation and address of the Principal Officer shall be communicated to the FIU-IND.

REPORTING TO FINANCIAL INTELLIGENCE UNIT – INDIA

In accordance with the requirements under PMLA, the Principal Officer of the Company will furnish the all the reports, as and when required, to the Director, Financial Intelligence Unit-India (FIU-IND).

GENERAL

a) Closure of Accounts/Termination of Financing/Business Relationship

Where the Company is unable to apply appropriate KYC measures due to non furnishing of information and/or non-cooperation by the customer, the Company shall terminate Financing/Business Relationship after issuing due notice to the customer explaining the

reasons for taking such a decision. Such decision shall be taken with the approval of Board or key managerial persons authorized for the purpose.

b) KYC for the Existing Accounts

While the KYC guidelines will apply to all new customers, the same would be applied to the existing customers on the basis of materiality and risk.

However, transactions with existing customers would be continuously monitored for any unusual pattern in the operation of the accounts.

c) Updation in KYC Policy of Company

Principal Officer after taking the due approval from the Board of Directors of the Company, shall make the necessary amendments/modifications in the KYC/ AML Policy or such other related guidance notes of Company, to be in line with RBI or such other statutory authority's requirements/updates/ amendments from time to time.
