

FEDEX FINANCE PRIVATE LIMITED

KYC AND AML POLICY

Fedex Finance Private Limited

CIN: U65923MH1998PTC114960

Registered Address:

B-7, Jay Chambers, 3rd Floor
Dayaldas Road, Vile Parle (East)
Mumbai – 400057
Maharashtra

Email: fedex@fedsec.in

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KYC AND AML 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

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 compliance with the guidelines issued by RBI from time to time, Fedex Finance Private Limited has framed and put in place the KYC & AML Policy, 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.

DEFINITION OF CUSTOMER

For the purpose of KYC policy, a 'Customer' may be defined as a person who is engaged in a financial transaction or activity with a reporting entity and includes a person on whose behalf the person who is engaged in the transaction or activity is acting.

CUSTOMER ACCEPTANCE POLICY(CAP)

The company shall follow the following norms while accepting and dealing with its customers.

- a) The customer profile contains information relating to customer's identity, social/financial status, nature of business activity, information about his clients' business and their location etc. The nature and extent of due diligence will depend on the risk perceived by the Company. However, while preparing customer profile the Company will seek only such information from the customer which is relevant to the risk category and is not intrusive. The customer profile will be a confidential document and details contained therein will not be divulged for cross selling or any other purpose.

- b) The Company shall carry out full scale customer due diligence (CDD) before opening an account.
- c) The company shall ensure that:
 - No account is opened in fictitious / benami name or where the company is unable to do customer due diligence either on account of non-cooperation of the customer or non-reliability of the documents/ information given by customer
 - System is in place to check the identify of customer doesn't match with any person / entity, whose name appears in the sanctions of RBI.

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 (CIP)

The Company shall obtain sufficient information necessary to establish, to its satisfaction, the identity of each customer and the purpose of the intended nature of business relationship. The Company's CIP is integrated into the AML (Anti Money Laundering) program for the company in terms of the Prevention of Money Laundering Act, 2002 and the relevant rules notified there under (PMLA), which contains provisions requiring the business processes so that -

- 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 verify the legal status for the legal person/ entity through proper and relevant documents
- c) maintain records of the information used to verify a customer's identity, including name, address and other identifying information
- d) Consult lists of known or suspected terrorists or terrorist organizations provided to the Company by any applicable government agency to determine whether a person opening an account or an existing customer appears on any such list

- e) The Company will perform appropriate, specific and where necessary, Enhanced Due Diligence on its customers that is reasonably designed to know and verify the true identity of its customers and to detect and report instances of criminal activity, including money laundering or terrorist financing.

CUSTOMER DUE DILIGENCE

The Company shall take reasonable measures to ascertain and verify the true identity of all customers who transact with the Company. The Company shall design and implement specific due diligence standards and procedures that are appropriate given the nature of the respective businesses, customers and the associated risks. Such standards and procedures shall include, at a minimum, the following elements.

a. Identification

1) The Company shall collect following from the individual client while establishing account based relationship -

- A certified copy of any Officially Valid Document (OVD) containing details of his identity and address.
- The company may go for offline verification mode for Aadhaar, as per extant rules and regulations.
- Alternatively the verification through “Digital KYC” – introduced by RBI in 2016 and with subsequent amendments to the Master Directions 2016,
- PAN or Form 60
- One recent photograph

2) For any corporates or other legal entities, the company will collect incorporation documents.

3) If an existing KYC compliant customer desires to open another account, there is no need for submission of fresh proof of identity and/or proof of address for the purpose. However, if there is a change in the residential address of the customer, a self-declaration and new residential address proofs are taken before opening of the new account.

b. Verification

The Company as a part of the credit policy will document and implement appropriate risk- based procedures designed to verify that it can form a reasonable belief that it knows the true identity of its customers. Verification of customer identity should occur before transacting with the customer. The acceptable methods of verification of customer identity may include verification through documents and/or non-documentary verification methods that are appropriate given the nature of the business process, the products and services provided and the associated risks thereof.

c. Resolution of Discrepancies

The company will implement procedures to resolve information discrepancies and, if not resolved, to decline or cease to do business with a customer when it cannot form a reasonable belief that it knows the true identity of such customer or cannot adequately complete necessary due diligence.

PERIODIC UPDATION OF KYC RECORDS (Ongoing Due Diligence)

Full KYC exercise (periodic updation) will be done at a periodicity not less than -

- once in ten years in case of low risk category customers,
- not less than once in eight years in case of medium risk category customers and
- not less than once in five years in case of high risk category customers.

At the time of revalidation, the company shall obtain a fresh certified copy of all the identification documents as required for initial due diligence.

INTERNAL CONTROL SYSTEM

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

MONEY LAUNDERING AND TERRORIST FUNDING

To carry on a periodic Money laundering (ML) and Terrorist Financing (TF) risk assessment exercise to identify, assess and take effective measures to mitigate money laundering and terrorist financing risk for clients, countries or geographic areas, products services, transactions or delivery channels etc.

As per the RBI - Master Direction, the risk assessment will be done by taking the cognisance of overall sector specific vulnerabilities, if any, that the regulator/supervisor may share from time to time.

The Company shall apply Risk based approach for mitigation and management of the identified risk through Board approved policies, controls and procedures. The same will be reviewed by RMC on an annual basis.

RECORD KEEPING

The company shall maintain all records of transaction between company and the customer for at least 5 years from the date of transaction.

The company shall preserve identification / address documents of customer for a period of 5 years after the business relationship is ended

The company shall maintain a record of transactions as prescribed in Prevention of money laundering act 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).

CENTRAL KYC REGISTRY (CKYCR)

The customer KYC information should be shared with the CKYCR in the manner mentioned in the RBI Directions in the RBI's KYC templates prepared for individuals with Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI).

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) Customer Education

The Company may regularly educate the customer of the objectives of the KYC programme. The Company on an ongoing basis educates the staff and the new joinees on the elements of KYC through training programmes/e-mail.

d) Hiring of Employees and Employee training

The company shall have screening mechanism of their personnel before recruitment and training process of AML policy on a periodical basis.

e) 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.
