

Code Of Conduct for Collections

1. Introduction

Northern Arc Capital Limited ("**Northern Arc**" or "**Company**") promotes and enforces fair and respectful treatment of customers. Accordingly, this Code of Conduct for its employees engaged in collection/recovery/security enforcement ("Collection Staff") and collection/recovery/security enforcement agents ("**Agents**") of the Company (hereinafter referred to as the "**Code**") is provided. All customers (including customers who are late in paying or in default) must be treated with respect, dignity, courtesy and fairness in debt collection efforts. Northern Arc believes in following fair practices as laid down in this Code and thereby fostering customer confidence and long-term relationship.

It is imperative that all persons involved in collection related activities follow this Code. All Collection Staff agree to abide by this Code and the code of conduct set out in the annexure hereto shall be applied on all Collection Agents

This Code applies to all employees of Northern Arc and / or other affiliates and employees / agents of companies that may be retained to collect customer debts on behalf of Northern Arc. All the practices adopted by Northern Arc for follow up and recovery of dues and enforcement of security will be in consonance with the law.

2. General Guidelines

All Collection Staff of Northern Arc would follow the guidelines set out below:

- Identify himself / herself as a representative of the Company. Should always introduce to the customer or his appointed representative or blood relatives at the beginning of every interaction.
- Treat customer with dignity. Should always remain professional during telephone conversations and visits. No written or verbal threats, abuse or rudeness is permitted. Should use only acceptable business language, even if the other party does not.
- Collection staff deserve to be treated with dignity. They may refer the customer to management, or end the call when a customer becomes abusive or threatening. Customers should be informed prior to termination of such calls. All calls where the customer becomes abusive or threatening should be appropriately documented.
- The customer should be contacted at the address registered with Northern Arc or at his/her business / occupation address or place of residence. Only if the customer is unavailable at any of such places, then he/she should be contacted at such places and at such times as the customer is actually present / available or can be traced to.
- Collection staff should, as far as possible, use the language which the customer is comfortable with.
- Customers are entitled to privacy and the Collection staff would respect this right.
- Collection staff should ensure that all written and verbal communication with its borrowers will be in simple business language.
- Customers should be called only between 08:00 Hrs and 19:00 Hrs unless the special circumstance of borrower's business or occupation or other engagements requires the Company to contact him/her at a different time subject to law. Customers' request to avoid calls at a particular time or at a particular place should be honoured as far as possible.

- Shall not resort to intimidation or harassment of any kind, either verbal or physical, against any person in the course of conducting collection/selling activities, including acts intended to humiliate publicly or intrude the privacy of the debtors' family members, neighbours and friends, sending inappropriate messages either on mobile or through social media, making threatening and anonymous calls or persistently calling the borrower and/ or calling the borrower before 8:00 a.m. and after 7:00 p.m. for recovery of overdue loans, making false and misleading representations.
- Collection Staff should endeavour to answer customer's queries and render assistance to resolve issues.
- Collection staff will document the efforts made for the recovery of dues and the copies of communication, if any, sent to the customers will be kept on record.
- Inappropriate occasions such as bereavement in the family or such other calamitous occasions will be avoided for making calls / visits to collect dues.
- Enforcement of security: Any enforcement of security including taking possession of security shall be in accordance with law and internal standard operating procedures.
- Collection staff shall issue suitable receipts to the customers of the Company from whom it has collected amounts.
- In relation to microfinance loans, the procedures set out in the Policy Governing Microfinance Loans.

3. No misleading statements/misrepresentation

Collection staff should not -

- Mislead the customer on the action proposed and consequences thereof.
- Mislead the customer about their true business or organization name, or falsely represent or imply that the Collection staff is an attorney (lawyer), government official, officer of any court etc.
- Threaten with imprisonment or even mention imprisonment unless legal action planned or currently underway could result in imprisonment.
- Threaten with arrest/detention by the police unless, prima facie, the customer's actions indicate criminal intent that could lead the police to arrest/detain – for example, if a customer has sold the automobile financed or has falsified documents at the time of application, the customer may be prosecuted leading to arrest/detention.

4. Gifts or bribes

Collection staff should not accept gifts from customers or bribes of any kind. Any Collection staff offered a bribe or payment of any kind by a customer must report the offer to his / her management.

5. Precautions to be taken on visits

Collection staff should:

- Respect personal space – maintain adequate distance.
- Not enter the customer's residence against his/her wishes or when they are told the customer is not at home.
- Not to restrict the customer's movement or restrain him/her from entering or leaving the house/room

- Not remain in the customer's house if he/she were to leave for any reason including to collect money from a bank/elsewhere.
- Respect the customer's privacy – do not embarrass the customer in the presence of his/her neighbors.
- If the customer is not present and only minors/elderly/infirm are present at the time of the visit, the Collection Staff should end the visit with a request that the customer shall call back.
- He / She should not enter the house unless invited.
- He / She should not wait for the customer in the customer's residence unless specifically asked to do so by the customer or family.

6. **Customers declining to pay**

- If the customer declines to pay, the consequences of such a decision are to be explained to him / her such as:
 - Impact on credit history
 - Possible inclusion in negative list of Credit Reference Agencies/ Master Card/ Indian Banks Association
 - Possible legal action and its impact
 - Cost of defending legal action, if such action is contemplated.
- Should the customer refuse to pay on the account, such accounts must be referred to the Supervisor. The Supervisor shall, after discussing with the internal team / Agency Manager allocate the account appropriately. Further calls on the customer who communicates in writing his / her refusal to pay may follow an escalation matrix as below:
 - Agency Manager
 - Regional Collection Head
 - Country Collection Head

7. **General Code**

Appearance and Dress Code

Collection staff must be appropriately dressed and in proper attire while meeting with customers.

Collection staff should carry the identity card provided to them by the Company. The identity card should state the full name, designation of the staff, contact details along with his/her photograph. The collection staff / agent must prominently display the identity card on them.

Conduct

No alcoholic beverages are to be consumed or carried by the collection staff / agent while on the job.

Training

The Company must ensure that their employees and executives are properly trained to handle their responsibilities with sensitivity and care. The Company must require its Agents to train their staffs, representatives and agents to handle their responsibilities with sensitivity and care.

Collection staff / Agents should always ensure that dignity and respect to customers is always maintained and reputation of Northern Arc as a responsible lender is protected.

CODE OF CONDUCT FOR DIRECT SELLING AGENT(S)/DIRECT MARKETING AGENTS/RECOVERY AGENTS

This code of conduct (“**Code**”) is applicable to all direct sales agents (DSAs)/direct marketing agents (DMAs)/recovery agents engaged by Northern Arc Capital Limited (the “**Company**”) who shall conduct their operations in strict compliance with the directions issued by the Reserve Bank of India from time to time on Fair Practices Code, Anti-money Laundering & Know Your Customer norms, and Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs as applicable for non-banking financial company and the instructions issued by the Company from time to time.

Code Of Conduct For DSA/DMA/RAs

The DSAs/DMAs/recovery agents engaged by the Company must adhere and shall cause its staffs, agents and representative to adhere to the following:

- DSA/ DMA/ recovery agents are properly trained to handle their responsibilities with care and sensitivity, particularly aspects such as soliciting customers, hours of calling, privacy of customer information and conveying the correct terms and conditions of the products on offer
- Any marketing brochure used by the agents in the Company’s premises shall mention nature of arrangement of the agent with the Company so that the customers are clear on the seller of the product.
- Comply with all applicable laws, regulations and policies, with particular emphasis on those laws, regulations and policies that govern the time, place and manner of customer contact.
- Comply with all applicable data privacy requirements. Any sharing of customer information shall be shared strictly on need-to-know basis.
- Gifts or bribe of any kind shall not be received from the prospects or the customers of the Company.
- Customers of the Company should be ideally contacted between 8.00 am to 7.00 pm.
- Recovery agents shall refrain from any action that could damage the integrity and reputation of the Company and they shall observe strict customer confidentiality.
- DSA / DMA / recovery agents shall not resort to intimidation or harassment of any kind, either verbal or physical, against any person in the course of conducting collection/selling activities, including acts intended to humiliate publicly or intrude the privacy of the debtors' family members, neighbours and friends, sending inappropriate messages either on mobile or through social media, making threatening and anonymous calls or persistently calling the borrower and/ or calling the borrower before 8:00 a.m. and after 7:00 p.m. for recovery of overdue loans, making false and misleading representations.
- Recovery agents shall not seize or take possession of any property of the customer, except to the extent permitted by local laws, regulations and policies.
- DSA / DMA shall not mislead the customers on any service / product offered by the Company.
- Recovery agents shall issue suitable receipts to the customers of the Company from whom it has collected amounts.
- Recovery agents shall ensure that all identity cards of its field collectors/employees engaged in collection Services mention the name/entity of the agency clearly.

- Recovery agents shall exercise utmost care, circumspection and caution in employing his employees so as to ensure that such appointees do not have any criminal background, conviction for any offense or their conduct and character is not of such a nature that has rendered them unworthy of any such appointment.
- Recovery agents shall ensure that the persons engaged by them in collection and recovery activities are properly trained.
- Customers of the Company shall be contacted only at the place of their choice, whether office or residence. In the absence of any specified place, customers to be contacted only at their residence.
- The person visiting the customer must be appropriately dressed, neat & tidy.
- Privacy of the customer shall be respected during any visit.
- The number and time of calls made to the customers shall be documented. Etiquette to be maintained during the call.
- Shall speak only in formal and professional language while interacting with the customers.
- Shall maintain the decency and decorum during visits to the customer's place.
- Shall avoid making calls or visits during in appropriate occasions such as bereavement in the family or such other calamitous occasions.
- Company shall have the right to impose any penalty for noncompliance with this Code.
- To be courteous, polite to the customer and shall under no circumstances use obscene, profane, abusive or rude language or hold out any threats that cannot be legally carried out.

Specific Guidelines on Conduct towards Microfinance Borrowers

As regards microfinance loans, all recovery agents shall conduct their operations in adherence to the requirements set out below in compliance with Master Direction - Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022.

- a. Recovery shall be made at a designated/ central designated place decided mutually by the borrower and the Company. However, field staff shall be allowed to make recovery at the place of residence or work of the borrower if the borrower fails to appear at the designated/ central designated place on two or more successive occasions. Recovery agents shall not engage in any harsh methods towards recovery. Without limiting the general application of the foregoing, following practices shall be deemed as harsh:
 - i. Use of threatening or abusive language
 - ii. Persistently calling the borrower and/ or calling the borrower before 9:00 a.m. and after 6:00 p.m.
 - iii. Harassing relatives, friends, or co-workers of the borrower
 - iv. Publishing the name of borrowers
 - v. Use or threat of use of violence or other similar means to harm the borrower or borrower's family/ assets/ reputation
 - vi. Misleading the borrower about the extent of the debt or the consequences of non-repayment.

- b. Recovery agents shall provide a list of borrowers facing repayment related difficulties, to the Company;
- c. The recovery agents shall carry out verification of the antecedents of their employees engaged in recovery, which shall include police verification. Re-verification of antecedents such employees shall be performed on an annual basis.
- d. Details of recovery agency shall be provided to the borrower while initiating the process of recovery. Recovery agency shall ensure that its employees engaged in recovery also carry a copy of the notice and the authorisation letter from the Company (which, among other details, also include the contact details of the recovery agency and the Company) along with the identity card issued to him by the Company or the agency.