

**ORIX Leasing & Financial Services India Limited (OLFS)**  
**"Know Your Customer" (KYC) & Anti Money Laundering (AML) Policy**

**V.11**

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13-06-2005	1	Initial draft in OAIS	Mr. Abhijit Chatterjee / Mr. Jay Gandhi	Board of Directors
27-07-2010	2	Updated and adopted in OAFS, being an NBFC Company	Mr. Jay Gandhi	Board of Directors
27-08-2012	3	Updated as per the Master Circular of RBI dated July 2, 2012	Mr. Parthasarathy Ray, Ms. Shuchi Singhvi and Mr. Mahesh Wad	Board of Directors
31-03-2017	4	Updated as per the RBI KYC Master Directions, 2016	Secretarial Department	Board of Directors
13-11-2018	5	Constitution of Senior Management of the Company for the purpose of KYC Compliance as per RBI KYC Master Directions, 2016	Secretarial Department	Board of Directors
29-07-2020	6	Updated as per the RBI KYC Master Directions, 2016, as amended until April 2020 and the ORIX Group Anti-Money Laundering Policy	Compliance	Board of Directors
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## **A. PREAMBLE:**

The KYC & AML Policy is devised basis the Reserve Bank of India (RBI) Master Direction no. RBI/DBR/2015-16/18 DBR.AML.BC. No.81/14.01.001/2015-16 ("KYC Directions, 2016"), amended from time to time, and the ORIX Group Anti-Money Laundering (AML) Policy so as to follow certain Customer identification procedure while undertaking a Transaction either by establishing and account-based relationship or otherwise and to set standard for detection, prevention and management of money laundering, terrorist financing and sanctions risks by the Company. If applicable laws and regulations prohibit implementation of this policy, the same will be brought to the notice of the Reserve Bank of India.

Accordingly, this KYC & AML Policy have been adopted by the Board suitably superseding the existing KYC and AML Policy of ORIX Leasing & Financial Services India Limited ('the Company/OLFS'), as amended from time to time.

## **B. BASIC BACKGROUND:**

### **I. What is Money Laundering?**

Money laundering may be generally described as the process by which the proceeds of illegal activities or funds from illegitimate sources are disguised in a manner that makes the proceeds appear to come from legitimate sources or activities. Although frequently equated with drug trafficking, money laundering can arise in many circumstances, including governmental corruption, financial fraud, tax evasion, proceeds of crime, hacking and other cyber-crimes, illegal trafficking of arms, illegal trafficking of minerals, precious metals or gems, exchange or export control violations and gambling etc. A related concern is terrorist financing, which may be generally described as a financial crime that uses funds to support the agenda, cause or activities of a terrorist organization. In the case of terrorist financing, funds may be raised both from legitimate sources (such as charitable organizations) as well as from criminal sources.

Money laundering activities take many forms and new methods arise regularly as those seeking to launder money engage in increasingly complex and creative schemes to avoid detection. Hence, it is critical that the Company exercise due caution in their daily business.



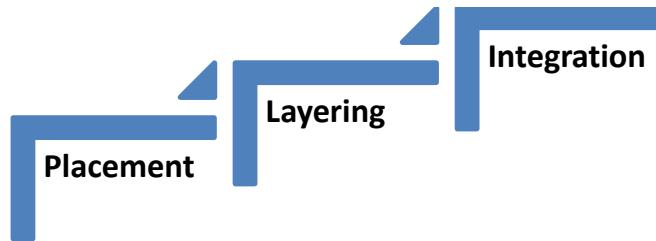
In simple terms money laundering is most often described as the "turning of dirty or black money into clean or white money". If undertaken successfully, money laundering allows criminals to legitimize "dirty" money by mingling it with "clean" money, ultimately providing a legitimate cover for the source of their income.

Section 3 of the Prevention of Money-Laundering Act, 2002 defines money laundering in following words:

"Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money laundering".

## II. Money laundering cycle

Generally, money laundering encompasses a three-step process: placement, layering and integration. To be successful, the party seeking to launder money makes every attempt to avoid a "paper trail" to connect the three steps together. We should keep in mind that the use of the following "three step process" is on the rise in financial institutions since these entities offer a variety of services and instruments that can be used to conceal the source of funds associated with money laundering. Multiple financial institutions are often engaged to aid in such concealment:



- (1) **Placement:** This involves the physical movement of the cash proceeds. For most criminal transactions, cash is the most common medium of exchange and criminals who accumulate large volumes of cash are the most vulnerable to detection and seizure. As a result, money launderers will attempt, through placement, to channel the funds i.e. cash or cash-like instruments such as money orders or travellers checks into a bank.
- (2) **Layering:** After the funds enter a bank, the money launderer will further separate the illicit proceeds from their illegal source through a process of layering. Layering occurs by conducting multiple, complex, financial transactions that make it difficult to link the money to an illegal activity i.e. efforts carried out by money launders to disperse the funds and give them an air of legitimacy. This can involve moving funds into different accounts/contracts in different locations (e.g., illegal proceeds used to open up the bank account are wired out to fund the acquisition of property or securities). Layering disguises or eliminates the audit trail.
- (3) **Integration:** During this process the money launderer will integrate the illicit funds into the economy by providing what appears to be a legitimate explanation for his or her illicit financial wealth. For example, integration of these proceeds might include the purchase of real estate, businesses, securities, automobiles or jewellery. Integration moves the funds back into the economy with the appearance of being normal business earnings. It would become extremely difficult at this point to distinguish between illicit funds and legitimate funds.

### **III. Money laundering risks:**

The Company will be exposed to several risks, as stated below, if an appropriate KYC & AML framework is not established:

- (1) **Reputation Risk** - Risk of loss due to severe impact on Company's reputation. This may be of particular concern given the nature of the Company's business, which requires maintaining the confidence of Customers.
- (2) **Compliance Risk** - Risk of loss due to failure of compliance with key Regulations governing the Company's operations.
- (3) **Operations Risk** - Risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.
- (4) **Legal Risk** - Risk due to any of the above risk or combination thereof resulting into the failure to comply with Act and RBI guidelines and having a negative legal impact on the Company. The specific types of negative legal impacts could arise by way of fines, confiscation of illegal proceeds, criminal liability etc.
- (5) **Financial Risk** - Risk of loss due to any of the above risks or combination thereof resulting into the negative financial impact on the Company. Example of Financial Risk could be penalties imposed by the regulators in case of non-compliance of provisions of the Act and RBI guidelines.

### **C. OBJECTIVES OF THE POLICY:**

Integrity is of utmost importance within the Company and ORIX Group (ORIX Group means 'ORIX Corporation, Japan', the indirect holding Company and its subsidiaries). The guiding principle is that the Company only seeks to do business with Customers, as *defined below*, that do not pose unacceptable money laundering, terrorist financing and sanctions risks for the Company and will not implicate the Company in Transactions involving criminally derived proceeds or being used, intentionally or unintentionally, directly or indirectly by any unsocial elements for money laundering activities or terrorist financing activities or Transaction with sanctioned parties. The Company will implement group-wide programmes against money laundering and terror financing, sharing information required for the purposes of Customer's Due Diligence / Enhanced Due Diligence (*as defined below*) and such programmes shall include adequate safeguards on the confidentiality and use of information exchanged, including safeguards to prevent tipping-off.

The objective of this Policy is broadly to:

- (1) Issue a statement of policies and procedures, for dealing with money laundering and terrorist financing reflecting the current statutory and regulatory requirements;
- (2) Ensure that the content of this Policy is understood by all employees;
- (3) To establish a framework for adopting appropriate KYC & AML procedures and controls in the operations/business processes of the Company and regularly review the policies and procedures on Customer identification & on prevention of money laundering and terrorist financing to ensure their effectiveness;

- (4) Adopt Customer acceptance policies and procedures which are sensitive to the identity risk of Customers & risk of money laundering and terrorist financing;
- (5) Educate and sensitize the concerned work group within the organization and the Customers about the objectives of KYC & AML framework and of the requirements, to be complied with, emanating therefrom;
- (6) To prevent the Company's business channels/products/services from being used as a channel for money laundering;
- (7) To ensure compliance with the laws and regulations in force from time to time;
- (8) To protect the Company's reputation; and
- (9) To assist law enforcement agencies in their effort to investigate and track money launderers.

**D. DEFINITIONS:**

For the purpose of this Policy,

- (1) **“Act”** and **“Rules”** means the Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, respectively and amendments thereto.
- (2) **“Aadhaar number”** shall have the meaning assigned to it in clause (a) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (18 of 2016);<sup>1</sup>
- (3) **“Authentication”** in the context of Aadhaar authentication, means the process as defined under sub-section (c) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016<sup>2</sup>.
- (4) **“Beneficial Owner (BO)”** is any natural person(s) who owns or controls the Customer and /or on whose behalf a Transaction or activity with the Company is being conducted. A list of persons who are to be considered as such BOs in relation to a Customer is given below:

- (a) Where the **Customer is a company**, the Beneficial Owner, is who, whether acting alone or together, or through one or more juridical persons, has/have a controlling ownership interest or who exercise control through other means.

Explanation- For the purpose of this sub-clause-

- (i) “Controlling ownership interest” means ownership of/entitlement to more than 10 per cent of the shares or capital or profits of the company.

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<sup>1</sup> “Aadhaar number” means an identification number issued to an individual under sub-section (3) of section 3, and includes any alternative virtual identity generated under sub-section (4) of that section.

<sup>2</sup> “authentication” means the process by which the Aadhaar number along with demographic information or biometric information of an individual is submitted to the Central Identities Data Repository for its verification and such Repository verifies the correctness, or the lack thereof, on the basis of information available with it

- (ii) "Control" shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholder's agreements or voting agreements.
- (iii) Where the Customer or the owner of the controlling interest is a company listed on a stock exchange\*, or is a subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.

*\* shall mean the Company listed on stock exchange in India or jurisdictions notified by the Central Government and listed on stock exchanges in such jurisdictions*

- (b) Where the **Customer is a partnership firm**, the Beneficial Owner is who, whether acting alone or together, or through one or more juridical person, has/have ownership of/entitlement to more than 10 per cent of capital or profits of the partnership or who exercises control through other means.

Note: For the purpose of this sub-clause, "Control" shall include the right to control the management or policy decision.

- (c) Where the **Customer is an unincorporated association or body of individuals**, the Beneficial Owner is, who, whether acting alone or together, or through one or more juridical person, has/have ownership of/entitlement to more than 15 percent of the property or capital or profits of the unincorporated association or body of individuals.

Explanation: Term 'body of individuals' includes societies. Where no natural person is identified under (a), (b) or (c) above, the Beneficial Owner is the relevant natural person who holds the position of senior managing official.

- (d) Where the Customer is a **trust**, the identification of Beneficial Owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with 10 percent or more interest in the trust and any other natural person exercising effective control over the trust through a chain of control or ownership.

- (5) **"Certified Copy"** Obtaining a certified copy by the Company will mean comparing the copy of the proof of possession of Aadhaar number where Offline Verification cannot be carried out or officially valid document so produced by the Customer with the original and recording the same on the copy by the authorized officer.

- (6) **"Customer"**, in the context of the diverse businesses within the Company, shall mean the Person who is engaged in a Transaction or activity with the Company and include a Person on whose behalf, the person, is acting..

Explanation: *For the purpose of this definition, the Customer (if the Customer is a Company) is the one with whom Company's seeks to enter into Transaction irrespective of its holding company / firm / body of association or jurisdiction where the holding company / firm / body of association is incorporated.*

*In case of a leasing transaction where the Co-Lessee is classified as Obligor merely for the purpose of registration of vehicle under Motor Vehicle Act but if he /she does not have any financial obligation under lease agreement then risk categorisation shall not be necessary of such Co-Lessee. If such Co-lessee*

*becomes the Lessee then he shall be treated as Customer and risk categorisation process shall have to be followed.*

- (7) **“Customer Due Diligence (CDD)”** means identifying and verifying the Customer and the Beneficial Owner using reliable and independent sources of identification.
- (8) **“Customer Identification”** means undertaking the process of CDD.
- (9) **“Central KYC Records Registry (CKYCR)”** means an entity defined under Rule 2(l) of the Rules, to receive, store, safeguard and retrieve the KYC records in digital form of a Customer.
- (10) **“Designated Director”** means a person designated by the Company to ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules and shall be nominated by the Board.
- (11) **“Digital KYC”** means the capturing live photo of the Customer and OVD, where Offline Verification cannot be carried out, along with the latitude and longitude of the location where such live photo is being taken by an authorised officer of the Company as per the provisions contained in the Act.
- (12) **“Digital Signature”** shall have the same meaning as assigned to it in clause (p) of subsection (1) of section (2) of the Information Technology Act, 2000 (21 of 2000) (IT Act).<sup>3</sup>
- (13) **“Enhanced Due Diligence (EDD)”** means the additional due diligence process, in addition to CDD, in relation to Obligors / Customers, who / which are either classified as High-Risk Obligors/Customers or holding company of Obligors/ Customers are residential of High-Risk Jurisdiction
- (14) **“Equivalent e-document”** means an electronic equivalent of a document, issued by the issuing authority of such document with its valid Digital Signature including documents issued to the digital locker account of the Customer as per rule 9 of the Information Technology (Preservation and Retention of Information by Intermediaries Providing Digital Locker Facilities) Rules, 2016.
- (15) **“Group”** The term “group” shall have the same meaning assigned to it in clause (e) of sub-section (9) of section 286 of the Income-tax Act, 1961 (43 of 1961)<sup>4</sup>.
- (16) **“High-Risk Jurisdiction”** are those countries which are prone to sanction & money laundering risks and lists of such countries are periodically advised by ORIX Corporation, from time to time, to ORIX India Group as listed under **Exhibit 3** of this Policy. In addition, the countries that do not or insufficiently apply the Financial Action Task Force (FATF) recommendations and mentioned in the FATF statements as circulated by RBI from time to time shall also be classified as High-Risk Jurisdiction.

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<sup>3</sup> Clause (p) of subsection (1) of Section 2 of IT Act defines “Digital Signature” means authentication of any electronic record by a subscriber by means of an electronic method or procedure in accordance with the provisions of Section 3 of IT Act

<sup>4</sup> “group” includes a parent entity and all the entities in respect of which, for the reason of ownership or control, a consolidated financial statement for financial reporting purposes:

- (i) is required to be prepared under any law for the time being in force or the accounting standards of the country or territory of which the parent entity is resident; or
- (ii) would have been required to be prepared had the equity shares of any of the enterprises were listed on a stock exchange in the country or territory of which the parent entity is resident.

- (17) **“Know Your Client (KYC) Identifier”** means the unique number or code assigned to a Customer by the Central KYC Records Registry.
- (18) **“Non-face-to-face Customers (NFFC)”** means Customers who open accounts without visiting the branch/offices of the Company or meeting the officials of the Company.
- (19) **“Obligor”** means a Person as a lessee including Co-lessee, borrower including Co-borrower, guarantor, counter party or otherwise, who is obligated to the Company pursuant to Transaction with the Company.
- (20) **“Officially Valid Document (OVD)”** shall mean identification documents of Customer [also referred to as ‘Know Your Customer (KYC)’ documents] and / or Third Party Agent such as residential address of an Individual or registered address of non-individual and their respective identity, which is issued by government authorities or municipal corporations, as the case may be, which are more specifically listed in **Exhibit 1 to this Policy**.
- (21) **“Offline Verification”** shall have the same meaning as assigned to it in clause (pa) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (18 of 2016)<sup>5</sup>
- (22) **“Ongoing Due Diligence”** means regular monitoring of Transactions in accounts to ensure that they are consistent with the Customers, Customers’ business and risk profile and source of funds/wealth.
- (23) **‘Person’** with reference to the Customer means and includes the following:
- (a) an individual;
  - (b) a company
  - (c) Sole Proprietor firm
  - (d) Partnership firm
  - (e) Trust
  - (f) an association of persons or a body of individuals, whether incorporate or not;
  - (g) Juridical persons not specifically covered above, such as societies, universities and local bodies like village panchayats or companies established under special statute.
- (24) **“Politically Exposed Person (PEP)”** are individuals (Customer or Beneficial Owner) who are or have been entrusted with prominent public functions by a foreign country including the Heads of States/Governments, senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political party officials, etc.
- (25) **“Periodic Updation”** means step taken to ensure that documents, data or information collected under the CDD process is kept up-to-date and relevant by undertaking reviews of existing records at periodicity prescribed by the RBI.
- (26) **“Principal Officer”** means an officer, at the management level, nominated by the Company, responsible for ensuring compliance, monitoring transactions and sharing and reporting information as required under the Rules.

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<sup>5</sup> “offline verification” means the process of verifying the identity of the Aadhaar number holder without authentication, through such offline modes as may be specified by regulations.

- (27) **Red flag**" refers to a fact, event, or set of circumstances, or other information that may indicate a potential legal compliance concern for illegal or unethical business conduct. When conducting due diligence of Customers, "Red flags" should trigger concern for further analysis. Indicative Red flags for the purpose of this Policy are defined in the Exhibit 11
- (28) "**Sanctions Lists**" means the list which are approved by and periodically circulated by the United Nations Security Council (UNSC) and also the lists as specified in Clause F(IV)(1) below consisting of name of individuals/entities (Non individual), suspected of having terrorist links.
- (29) "**Suspicious Transaction**" in terms of Rule 2(1)(g) of Rules, Suspicious Transaction means a Transaction, whether or not made in cash, which, to a person acting in good faith:
  - (a) Gives rise to a reasonable ground of suspicion that it may involve the proceeds of offence specified in the Schedule to the Act, regardless of the value involved; or
  - (b) Appears to be made in circumstances of unusual or unjustified complexity;
  - (c) Appears to have no economic rationale or *bona-fide* purpose; or
  - (d) Give rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.
  - (e) Large and complex Transactions including RTGS Transactions, and those with unusual patterns, inconsistent with the normal and expected activity of the Customer, which have no apparent economic rationale or legitimate purpose needs to be mandatorily monitored and appropriate actions, (if any) such as reclassification of Risk Rating and / or reporting to FIU should be done

Indicative list of Suspicious Transactions is specified in **Exhibit 11**

- (30) "**Third Party Agents (TPA)**" means any person or entity from whom either any services are availed, or goods are procured excluding those who/which are governed by Petty Cash Policy of the Company.
- (31) "**Transaction**" means any financial transaction carried out or sought to be carried out with Customer or with TPA post onboarding such Customer or TPA.
- (32) "**Walk-in Customer**" means a person who does not have an account-based relationship with the Company but undertakes Transactions with the Company.

## **E. KEY ELEMENTS OF THIS POLICY:**

### **I. Customer Acceptance Criteria / Policy**

Without prejudice to the generality of the aspect, the Customer Acceptance criteria / Policy of the Company will be as under:

- (1) No account is opened in anonymous or fictitious/*benami* name. Permanent Account Number (PAN) copy (certified true copy) shall have to be obtained mandatorily from all Customer(s) In exceptional cases where PAN is not available with Customer, FORM 60 as prescribed under Income Tax Act, 1961 and Rules framed there under needs to be obtained.
- (2) PAN shall have to be verified from the verification facility of the issuing authority.
- (3) The GST Certificate shall have to be obtained to the extent (if applicable) and the GST number shall have to be verified from the search/verification facility of the issuing authority.

- (4) Obtain OVD documents from Customer and also TPA as specified in Exhibit 1 depending on category of Customer or TPA, as the case may be.
- (5) In case in-person meeting with the Obligor, either the Obligor should visit office/ branch of the Company or concerned official should visit the Obligor at his/her residence or office address to get desire comfort on identity of Obligor and get necessary documents filled in and signed.

In case of Digital KYC, the process to be followed is specified in **Exhibit 2**

- (6) No account is opened and/or Transaction is carried out without following CDD process as specified in Section II (4) below. No account is opened where the Company is unable to apply appropriate CDD measures, either due to non-cooperation of the Customer or non-reliability of the documents/information furnished by the Customer. An STR, may be filed, if necessary, when the Company is unable to comply with the relevant CDD measures in relation to the Customer.
- (7) Any additional information, which is not specified in this Policy, is obtained only on need basis that to with the explicit consent of the Customer.
- (8) CDD procedure is followed for all the joint account holders / Co-applicants / Guarantors, while opening a joint account.
- (9) Any other person can act on behalf of the Customer only after obtaining mandate from the Customer.
- (10) OVD should be sought from the Customer so as to ascertain and verify identity of Customer while opening an account or establishing account-based relationship with Customer and during the Periodic Updation.
- (11) A Unique Customer Identification Code (UCIC) will be allotted while entering new relationships with Customer as also the existing Customers by the Company. Each Customer should have only one UCIC.

*Explanation: It is hereby clarified that in case of co-borrower or co-lessee or a guarantor, a UCIC shall not be required to be allotted to such co-borrower or co-lessee or a guarantor*

- (12) The Company will apply the CDD process at the UCIC level. Thus, if an existing KYC compliant Customer of the Company desires to open another account or avail any other product or services of the Company (transact with different business vertical), there shall be no need for a fresh CDD exercise provided 1 year has not elapsed from the date of allotment of UCIC.

**Note:**

*CDD exercise shall also not be necessary where the Customer of holding company of the Company, i.e., ORIX Corporation India Limited (OCIL) is required to be on boarded as a Customer of the Company provided:*

- (a) *One year has not elapsed from carrying out CDD exercise by OCIL;*

*and*

- (b) *the CDD process of OCIL is similar to CDD process of the Company.*
- (13) Suitable system is put in place to ensure that the identity of the Customer does not match with any person or entity, whose name appears in the Sanctions Lists.
- (14) Where an Equivalent e-document is obtained from the Customer, the Company will verify the Digital Signature as per the provisions of the Information Technology Act, 2000 (21 of 2000) and any rules issued thereunder.
- (15) Where an opinion is formed about suspicion of money laundering or terrorist financing, and the person carrying out CDD has reason to believe that performing the CDD process will tip-off the Customer then the CDD process should not be pursued and instead inform the Principal Officer to file STR with FIU-IND.
- (16) There will be no denial to the Credit facility to members of the general public, especially those, who are financially or socially disadvantaged, including the individual person with disabilities. No application for onboarding of KYC will be rejected without application of mind and reason(s) of rejection will be duly recorded by the Head-Credit.

## **II. Risk Management:**

Important elements of Risk Management are:

- (1) **Risk Assessment:**
- (a) Risk Assessment will be undertaken based on parameters such as Customer's identity, social/financial status, nature of business activity, and information about the Customer's business and their location, types of Transaction undertaken with the Company (cash/cheque/monetary instruments, etc.) While considering Customer's identity, the ability to confirm identity documents through online or other services offered by issuing authorities or Central KYC Record Registry will be considered.
- (b) Risk Assessment with regard to 'Money Laundering (ML) and Terrorist Financing (TF) (hereinafter referred to as 'AML Risk') will have to be carried out annually to identify, assess the AML Risk and take effective measures to mitigate such risk. The assessment process should consider all the relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied. While preparing the internal risk assessment, sector-specific vulnerabilities, if any, that the regulator/supervisor may share from time to time, shall have to be considered
- (c) The risk assessment will be properly documented and be proportionate to the nature, size, geographical presence, complexity of activities/structure, etc. of the Company.
- (d) The outcome of the Risk Assessment exercise will have to be placed before the Risk Management Committee of the Company and will be made available to competent authorities and self-regulating bodies, whenever required
- (e) Risk assessments should also include "Risk Based Approach (RBA)" for mitigation and management of the identified Risks and controls.

(2) **Risk Classification / Categorisation criteria**

- (a) For Risk Classification / categorisation, a risk-based approach will have to be followed. Successful implementation of a risk-based approach to combat money-laundering and terrorist financing and avoiding engaging directly with Customers, if any are listed in Sanctioned List, or High-Risk Jurisdiction (under category of "Banned Countries") or regions depends on a sound understanding of the threats and vulnerabilities to the Company.
- (b) At the time of on-boarding, Customers will be classified as Low/Medium or High-risk category, based on the Risk Assessment and risk perception of the Company as specified in sub section (1) above.
- (c) The parameters of risk perception in terms of the nature of business activity, location of Customer, mode of payments, volume of turnover, social and financial status, etc. will be carried out by the Head of Credit or his designate and shall be captured at the account opening stage to enable categorization of Customers into Low/ Medium/High Risk.
- (d) The risk categorisation of the Customer and the specific reasons for such categorisation will be kept confidential and will not be revealed to the Customer to avoid tipping off the Customer.
- (e) For the purpose of risk categorization, individuals/entities whose identities and sources of wealth can be easily identified and Transactions in whose accounts by and large conform to the known profile will be categorized as Low Risk. Illustrative examples of Low-Risk Customers are as follows:
  - (i) Salaried employees whose salary structures are well defined;
  - (ii) Government Departments and Government owned companies;
  - (iii) Public companies listed on recognised stock exchanges subject to disclosure requirements to ensure adequate transparency of Beneficial Owner;
  - (iv) Entities whose identities and sources of fund can be easily identified; and
  - (v) Regulators and statutory bodies, etc.
- (f) Risk Categorisation of Obligors will be as per the details mentioned in **Exhibit 4**. Such Risk Categorisation of Obligors will have to be reviewed once in six months by Head-Credit. The Customers / Obligors with High-Risk classification shall be subject to Enhanced Due Diligence as mentioned under Exhibit 12.
- (g) All Non-face-to-face Customers will be subjected to enhanced monitoring until the identity of the Customer is verified in face-to-face manner or through V-CIP.

**Note:** *This Clause is applicable for all cases wherein, Obligor's KYC Documents are received through any digital channel such as C-KYC, DigiLocker, Equivalent e-documents, etc.*

- (h) Geographic risk is important in any assessment of sanctions risk with respect to High-Risk Jurisdiction, as referred in the list enclosed as Exhibit 3. Under no circumstances Transaction should be carried with the Obligors or Obligor's holding company which is residence of / incorporated in High-Risk Jurisdiction under category of "Banned Countries".

Carrying out Transaction with the Obligors or Obligor's holding company which is residence of / incorporated in High-Risk Jurisdictions (except the countries which are falling in banned list category) is not strictly prohibited, however they carry additional risk which is required to be assessed. Therefore, the Transaction with the Obligor/Customer or Obligor's / Customer's holding company which is residential of High-Risk Jurisdiction (under Country / Territory requiring Caution) may be undertaken subject to Enhanced Due Diligence on such holding company as prescribed in Exhibit 12. The report of EDD shall have to be placed with Chief Risk Officer (CRO) and Chief Compliance Officer which may, after evaluating, approve the Transaction to be recorded in writing.

In addition to Risk Classification criteria specified in Exhibit 4, the Customers / Obligors will be High Risk, when:

The holding company of the Customer / Obligor is a company which is residence of / incorporated in any of the countries falling under the High-Risk Jurisdiction.

- (i) Any of the directors of the Customer is of the nationality of the country falling under the High-Risk Jurisdiction; and
- (ii) BO of the Customer or relative of BO who is associated with Customer, is identified as PEP

Note: The list of High-Risk Jurisdiction as mentioned under Exhibit 3 will be updated as and when there is an updation from ORIX Corporation and same will be done with the approval of the Chief Compliance Officer and Group Chief Compliance Officer.

**(3) Customer Identification Procedure:**

- (a) Undertake Customer Identification in the following cases:
  - (i) Commencement of an account-based relationship with the Customer
  - (ii) When there is a doubt about the authenticity or adequacy of the Customer identification data obtained.

**Explanation:**

- (a) obtaining information on the purpose and intended nature of the business relationship, where applicable.
- (b) Taking reasonable steps to understand the nature of the Customer's business, and its ownership and control;

- (c) Identifying the Beneficial Owner and taking all steps to verify the identity of the Beneficial Owner including Declaration from Customer about BO, as per Exhibit 13, shall be obtained.

Note: Identification procedure will have also be carried out in case Company is undertaking international money transfer operation with TPA. Pl refer TPA Protocol for further details and Rules for Prevention of Payments to Persons and Entities Subject to Economic Sanctions and Managing the Payments in Designated Currencies

(4) **Customer Due Diligence Process:**

Customer Due Diligence need to be performed before entering into and during the relationship with the Customer to ensure that the Customer's identity and potential money laundering, terrorist financing and sanctions risks from the relationship are responsibly evaluated and managed.

(i) **CDD for Individual Customer:**

- Please refer **Exhibit 5** for CDD process of Individuals including Walk-in Customer.

(ii) **CDD for Non-Individual Customer**

- Please refer **Exhibit 6** for CDD process of Non-Individuals

(iii) **CDD for PEP Customer**

No Customer will be onboarded who is identified as PEP or his/her relative are assessed as PEP. In exceptional cases PEP Customers may be onboarded subject to compliance of following procedure:

- In case Customer is an Individual or Non-Individual, Follow the CDD Process as described above for Individual/ Non-Individual, as the case may be, and
- Obtain prior written approval of Head of Credit & Chief Compliance Officer.
- Please refer **Exhibit 7** for CDD process of PEP Customers.

(iv) **CDD for Non-Face to Face Customer.**

- Please refer **Exhibit 8** for CDD process of NFFC accounts

Note : For Transaction sought to be carried out with vendors under Petty Cash Policy of the Company, this KYC and AML Policy shall not be applicable

(5) **On-going Due Diligence (Monitoring of Transactions)**

- (a) The money laundering, terrorist financing and sanctions risks for some Customers may only become evident once the Customer has begun transacting either through an account or otherwise in the relationship with the Company. This makes Customer Transactions monitoring, an essential component of a properly designed risk-based approach; however, it is not necessary to monitor all Transactions, accounts or Customers in exactly the same way.
- (b) Undertake on-going due diligence of Customers to ensure that their Transactions are consistent with the knowledge about the Customers, Customers' business and risk profile; and the source of funds.
- (c) Some form of monitoring, whether it is automated, manual, a review of exception reports or a combination of acceptable options, depending on the risks presented, will have to be done in order to detect unusual and hence possibly Suspicious Transaction. Monitoring is needed even for Customers classified as Low or Medium Risk to verify that Transactions match the initial Low/Medium Risk classification and if not, trigger a process for appropriately revising the Customer's risk classification.
- (d) Transaction with Walk in Customer other than Obligor / Customers of the Company (i.e. account based relations is not opened following CDD process) exceeding Rs 50,000 (Single Transaction) shall not be carried unless , PAN has been obtained from Walk in Customer.. For value of single Transaction below Rs 50,000 PAN is not mandatory and can be carried out.
- (e) All Customers and Transactions with them must be monitored and reviewed on a periodic basic (risk-based) during the business relationship to determine if the risk classification remains suitable and if the OVD remains current and when there is suspicion of AML Risk or other high-risk scenarios, the identity of the Customer will be established as per Exhibit 5 or Exhibit 6, as the case may be
- (f) On a periodic basis (no less frequently than quarterly or within 30 days of release of updated Sanctions Lists by UNSC or RBI, whichever is earlier), the Head of Credit or his /her designee will check the names of the existing Obligor(s) / Customer against the Sanctions List to evaluate match, if any for further process

(6) **Periodic Updation of KYC:**

- (a) The risk classifications of Obligors are dynamic and may change over time. Therefore, Periodic Updation of KYC needs to be carried out at following frequency from the date of opening of the account / last KYC updation:

Sr. No.	Risk Classification	Periodicity of KYC Updation
1	High	2 Years
2	Medium	8 Years
3	Low	10 Years

- (i) A review should be undertaken immediately:
- When an unusual Transaction / Suspicious Transaction is detected; or
  - When there are doubts about the veracity or adequacy of previously obtained Customer identification data.
- (b) In case of an individual Customer categorized as low risk, the Transactions with such Customer will be allowed provided Periodic Updation of KYC is done within one year of its falling due or up to June 30, 2026, whichever is later. Such account will be subject to regular monitoring.
- (c) No application for periodic updation of KYC will be rejected without application of mind and reason(s) of rejection will be duly recorded by the Head-Credit

Note: Please refer Third Party Agent Protocol for risk classification of TPA

- (d) Guidelines for Periodic Updation of KYC:

- (i) Due Notices for Periodic Updation of KYC:

- Prior to the due date of Periodic Updation of KYC, three advance intimations to the Customer will have to be given in the following manner:

Sr. No.	Mode of communication	Number of days prior to the due date of Periodic Updation
(1)	SMS at the mobile number of the Customer registered with the Company.	On or 30 days before
(2)	Email at the registered email address of the Customer.	On or 20 days before
(3)	Letter at the residential/official address of the Customer registered with the Company.	On or 10 days before

- Subsequent to the due date, three reminders to the Customer will be given in the following manner:

Sr. No.	Mode of communication	Number of days subsequent to the due date of Periodic Updation
(1)	SMS at the mobile number of the Customer registered with the Company.	Within 10 days

(2)	Email at the registered email address of the Customer.	Within 20 days
(3)	Letter (negative confirmation) at the residential/official address of the Customer registered with the Company.	Within 30 days

- The letter of intimation/ reminder will contain instructions for updating KYC, escalation mechanism as specified in the Fair Practice Code of the Company, and the consequences of failure to update their KYC in time i.e. likelihood of any fraudulent activities, non-receipt of communication sent by the Company etc.
- Issue of such advance intimation/ reminder will have to be recorded against each customer for audit trail.

Note: The above process will be followed effective January 01, 2026 onwards.

(ii) Below process will be followed for Periodic Updation:

Sr. No.	Scenario	Individual Customers	Non-Individual Customers (Legal Entities)
1	<b>No Change in KYC Information</b>	A self-declaration from the Customer in this regard shall be obtained through Customer's email-id / mobile number registered with the Company or; through a letter confirmation. However, if Customer does not provide self-declaration then the Company will send a written letter (negative confirmation letter) at last available address with the Company as mentioned above.	A self-declaration in this regard shall be obtained from the LE through its email id/ mobile number registered with the Company or; through a letter from any official authorized by the Customer in this regard, board resolution, etc. However, if Customer does not provide self-declaration then the Company will send a written letter (negative confirmation letter) at last available address with the Company
2	<b>Change in KYC Information</b>	Fresh KYC documents as applicable for on boarding a new Individual Customer.	Fresh KYC documents as applicable for on boarding a new LE Customer.
3	<b>Change in address</b>	A copy of OVD or deemed OVD or the Equivalent e-documents thereof, confirming revised address of Customer.  Or	

		<p>*A self-declaration of the new address shall be obtained from the Customer through Customer's email-id / mobile number registered with the Company, or; through a letter.</p> <p>*However, in such case the declared address shall be verified through positive confirmation within two months, by means such as address verification letter, contact point verification, deliverables, etc.</p>	
4	<b>Change in BO</b>		Latest shareholding pattern with details of updated names of BO and revised Declaration as per format specified in Exhibit 13

(e) Additional Measures:

- (i) Ensure that during Periodic Updation, the Customers are migrated to the current CDD standard.

Note: At the time of Periodic Updation, it is to be ensured that OVD of Customers as specified in this Policy are obtained. This is applicable even if there is no change in Customer information but the OVD available are not as per the current CDD standards

- (ii) Ensure that Beneficial Ownership (BO) information of Non-Individual (Legal Entity) Customers as available with them is accurate and will update the same, if required, to keep it as up-to-date as possible.
- (iii) Ensure that the information or data collected under CDD and / or EDD, as the case may be, is kept up-to-date and relevant, particularly where there is high risk.
- (iv) In case the validity of the OVD available with the Company has expired at the time of Periodic Updation, the KYC process equivalent to that applicable for on-boarding a new Customer shall have to be undertaken.
- (v) Customer's PAN detail is verified from the database of the issuing authority at the time of Periodic Updation of KYC.
- (vi) It shall be ensured that the information / OVD obtained from the Customers at the time of Periodic Updation are promptly updated in the records / database of

CKYCR and an acknowledgment, mentioning the date of receipt of relevant documents and date of updation of KYC details, is provided to the Customer.

- (vii) Alternatively, a Customer on his free will can also visit any of the Company's branch for the purpose of Updation/Periodic Updation.
- (viii) In case, an Obligor is an Individual, his/her recent photograph will also be obtained along with Periodic Updation of his/her KYC Records.
- (ix) In case of any updation, in the submitted documents carried out by the Customer subsequently, the Customer will be required to submit the Company the updated documents within 30 days of the update one.
- (x) Updation of Customers' KYC information/ records can be carried out based on the updated notification received from CKYCR

## **F. OTHER ELEMENTS OF THE POLICY:**

### **I. Record Management**

#### **(1) Maintenance of records of Transactions:**

The Company will maintain proper record of the Transactions as required under Section 12 of the Act, read with Rule 3 of the Rules as mentioned below:

- (a) All cash Transactions of the value of more than Rs. 10,00,000 (Rupees Ten Lakhs);
- (b) All series of cash Transactions integrally connected to each other which have been valued below Rs. 10,00,000 (Rupees Ten Lakhs) where such series of Transactions have taken place within a month and the monthly aggregate exceeds an amount of Rs 10,00,000 (Rupees Ten Lakhs) ;
- (c) All cash Transactions where forged or counterfeit currency notes or bank notes have been used and / or attempted to be used as genuine;
- (d) Any such Transactions records pertaining to identification of the Customer and its/his/her address; and
- (e) All Suspicious Transactions whether or not made in cash and in manner as mentioned in the Rule.

#### **(2) Records to contain the specified information**

The Records referred to Sub Para (1) above Rule 3 of PMLA Rules to contain the following information:

- (a) The nature of the Transactions;
- (b) The amount of the Transaction and the currency in which it was denominated;

- (c) The date on which the Transaction was conducted; and
- (d) The parties to the Transaction.

(3) **Maintenance and preservation of records:**

Section 12 of the Act requires the Company to maintain records as under:

- (a) Records of all Transactions as referred as Sub Para (1) above to be maintained for a period of five (5) years from the date of Transactions between Customers and the Company.
- (b) Records of the identity and address of all Customers including documents obtained during Periodic Updation is required to be maintained for a period of five years from the date on which business relationship is ended between the Customers and the Company.
- (c) The Company will take appropriate steps to evolve a system for proper maintenance and preservation information (Identification and address documents/ Transactions/Communication etc.) of all Customers, 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.
- (d) In addition to the documents specified in sub clause(b) above to be preserved, account files, business correspondence and results of any analysis undertaken will also be preserved for a period of 5 years from the date on which business relationship is ended
- (e) The Company will ensure that in case of Customers who are non-profit organisations, the details of such Customers are registered on the DARPAN Portal of NITI Aayog or;
- (f) If the same are not registered, the Company will register the details on the DARPAN Portal and shall also maintain such registration records for a period of five years after the business relationship with the Customer has ended or the account has been closed, whichever is later.

**II. Secrecy Obligations and Sharing of Information:**

- (1) The Company will maintain secrecy regarding the Customer information, which arises out of the contractual relationship between the Company and Customers.
- (2) Information collected from Customers for opening of account shall be treated as confidential and details thereof will neither be divulged for the purpose of cross selling nor processed without the express written permission of the Customer. The Company shall adhere to requirement of Digital Data Protection Act in this regard.
- (3) While considering the requests for data/information from Government and other agencies, the Company will satisfy itself that the information sought is not of such a nature as will violate the provisions of the laws relating to secrecy.

(4) The exceptions to the said rule will be as under:

- (a) Where disclosure is under compulsion of law / directives of the RBI;
- (b) Where there is a duty to the public to disclose;
- (c) the interest of the Company requires disclosure; and
- (d) Where the disclosure is made with the express or implied consent of the Customer.

(5) The Company will maintain confidentiality of information as provided in Section 45NB of RBI Act 1934 or to FIU-IND.

### **III. Reporting:**

- (1) The Principal Officer will report Suspicious Transactions and/or Red-flags, if any, to Financial Intelligence Unit – India (FIU-IND) In accordance with the requirements under Act.
- (2) The Principal Officer of the Company will furnish the following reports, as and when required, to the Director, FIU-IND:
  - (i) Cash Transaction Report (CTR) – If cash Transactions with the Company in a month exceeds the Threshold Value as stated in Clause (F)(I)(1)(a) and (b) above . CTR for each month to be reported by 15<sup>th</sup> of the succeeding month;
  - (ii) Counterfeit Currency Report (CCR) – All such cash Transactions where forged or counterfeit Indian currency notes have been used as genuine as CCR for each month by 15<sup>th</sup> of the succeeding month;
  - (iii) The Company will file the Suspicious Transaction Report (STR) to FIU-IND promptly of arriving at a conclusion that any Transaction, whether cash or non-cash, or a series of Transactions integrally connected are of suspicious nature. However, in accordance with the regulatory requirements, no restriction shall be put on operations in the accounts where an STR has been filed.
  - (iv) Details of accounts resembling any of the individuals/entities in the Sanction Lists shall be reported to FIU-IND apart from advising Ministry of Home Affairs (MHA).
- (3) The Principal Officer while furnishing relevant information to the FIU-INDIA, shall also take note and adhere to the guidelines issued by FIU-INDIA on detection of transactions referred in various clauses of sub-rule (1) of Rule 3 and directions on the form of furnishing information and specification about the procedure and the manner of furnishing CTR / STR. Timeliness as specified by FIU for various returns needs to be adhered.<sup>6</sup>
- (4) No restrictions shall be put on operations in the accounts where an STR has been filed and it shall keep the fact of furnishing of STR strictly confidential, without tipping off to the Customer at any level.

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<sup>6</sup> The reporting formats and comprehensive reporting format guide, prescribed/ released by FIU-IND and Report Generation Utility and Report Validation Utility developed to assist reporting entities in the preparation of prescribed reports shall be taken note of. The editable electronic utilities to file electronic CTR /STR, which FIU-IND has placed on its website, shall be used by the Company. The Principal Officers shall put in place suitable arrangement to cull out the Transaction details from branches and to feed the data into an electronic file with the help of the editable electronic utilities of CTR/STR as have been made available by FIU-IND on its website <http://fiuindia.gov.in>

- (5) In case, when an opinion about suspicion of money laundering or terrorist financing has been formed, and it is reasonably believed that performing the CDD process will tip-off the Customer, it shall not pursue the CDD process, and instead file an STR with FIU-IND.
- (6) Robust software, throwing alerts when the Transactions are inconsistent with risk categorization and updated profile of the Customers shall be put in to use as a part of effective identification and reporting of Suspicious Transactions.
- (7) Any employee who become aware of questionable conduct or "Suspicious Transaction" or any "Red Flags", as the case may be, that may indicate potential money laundering or evasion of economic sanctions activities, regardless of the amount of the Transaction, to immediately report any such Suspicious Transaction or "Red Flags" to the Principal Officer and the Chief Compliance Officer, respectively.
- (8) The Principal Officer must inquire more fully into circumstances and take whatever steps which are necessary and appropriate, including taking any other corrective or remedial steps, in all cases complying with secrecy obligations regarding reported Transactions; assisting employees with reporting responsibilities they may have; independently reporting the Suspicious Transaction or activity to the appropriate government agency or regulatory authority.

#### **IV. Obligations under the Unlawful Activities (Prevention) (UAPA) Act, 1967:**

- (1) Ensure that identity of any Customer does not match with any person or entity, whose name appears in the United Nations Sanctions list, as mentioned below, with suitable systems in place:
  - (a) **The “ISIL (Da’esh) &Al-Qaida Sanctions List”**  
This includes names of individuals and entities associated with the Al- Qaida is available at [www.un.org/securitycouncil/sanctions/1267/aq\\_sanctions\\_list](http://www.un.org/securitycouncil/sanctions/1267/aq_sanctions_list)
  - (b) **The “Taliban Sanctions List”**  
This includes names of individuals and entities associated with the Taliban is available at <https://un.org/securitycouncil/en/sanctions/1988/materials>
  - (c) **UNSCR 1718 Sanctions List**  
This includes names of Individuals and Entities, as available at <https://www.mea.gov.in/Implementationof-UNSC-Sanctions-DPRK.html>
  - (d) **Prevention and Suppression of Terrorism (Implementation of Security Council Resolutions) Order, 2007.**  
This list is as available in the Schedules to the Prevention and Suppression of Terrorism (Implementation of Security Council Resolutions) Order, 2007.

All the above lists shall be verified every day.

**V. The Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 (WMD Act, 2005):**

- (1) Ensure meticulous compliance with the "Procedure for Implementation of Section 12A of the Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005" laid down in terms of Section 12A of the WMD Act, 2005 vide Order dated January 30, 2023, by the Ministry of Finance, Government of India
- (2) Not to carry out transactions in case the particulars of the individual / entity match with the particulars in the designated list for WMD Act, 2005 available at [FIU-India \(fiuindia.gov.in\)](http://FIU-India (fiuindia.gov.in)).
- (3) The Company to run a check, on the given parameters, at the time of establishing a relation with a Customer and on a periodic basis (semi-annually) to verify whether individuals and entities fall under the designated list as mentioned in Clause IV (1) above.
- (4) In case of match in the above cases, the Company will immediately inform the transaction details with full particulars of the funds, financial assets or economic resources involved to the Central Nodal Officer (CNO), designated as the authority to exercise powers under Section 12A of the WMD Act, 2005. A copy of the communication will be sent to State Nodal Officer, where the account / transaction is held and to the RBI. The Company will file an STR with FIU-IND covering all transactions in the accounts, covered above, carried through or attempted.
- (5) Undertake countermeasures when called upon to do so by any international or intergovernmental organisation of which India is a member and accepted by the Central Government.

In case there are reasons to believe beyond doubt that funds or assets held by a Customer would fall under the purview of clause (a) or (b) of sub-section (2) of Section 12A of the WMD Act, 2005, the Company will prevent such Customer from conducting Transactions, under intimation to the Central Nodal Officer by email, .and by post, without delay

**VI. Appointment of Designated Officials as required under the Act:**

**(1) Principal Officer:**

The Principal Officer will be responsible for ensuring compliance, monitoring Transactions, and sharing and reporting information as required under the law/regulations..

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

**(2) Designated Director:**

The Board of Directors of the Company hereby designates the Managing Director/Whole Time Director, who oversees the operations of the Company, as the Designated Director of the Company to ensure overall compliance with the obligations imposed under Act and the Rules. The Company will communicate the details of the Designated Director, such as, name, designation and address to the Office of the Director, FIU-IND.

**VII. Roles and Responsibilities of Designated Officials and Senior Management:**

**(1) Designated Officials:**

**(a) Designated Director:**

To ensure overall compliance with the obligations imposed under Act and the Rules

**(b) Principal Officer:**

(I) Reporting of Suspicious Transaction as reported by Responsible Person mentioned in Exhibit 11 to FIU-IND & to Group Chief Compliance officer.

(II) Reporting of Red Flags to Group Chief Compliance Officer, Managing Director and the Local Representative Director of ORIX Corporation, Japan jointly for further investigation.

(III) Submission of CTR, CCR and STR to FIU-IND within time stipulated in this Policy.

**Note:** The STR shall include details of accounts resembling any of the individuals/entities featured in the Sanctions List which shall be reported to FIU-IND apart from advising Ministry of Home Affairs (MHA) as required under UAPA

(IV) Handling queries from the RBI or any other regulator or statutory body with regard to this Policy and AML Policies and procedure adopted.

**(2) Senior Management:**

**(a) Chief Compliance Officer:**

(i) Review the Policy on a periodic basis (at least once in a year or as and when regulatory changes announced) with Head-Credit and make suitable changes in the Policy

(ii) Training of relevant staff on KYC & AML aspects specified in this Policy

(iii) Reporting of (a) Suspicious Transaction to Global Compliance Department, ORIX Corporation and Audit Committee; and (b) Red Flags to the Managing Director and local ORIX Corporation, Japan ..

(iv) Support other Senior Management team members in designing framework / process for implementation of this Policy

(v) The CCO will identify and undertake annually the Risk Assessment of AML Risk that may arise in relation to the development of new products and new business practices as well as existing products and place the results before the Risk Management Committee.

(vi) Approve opening of account with a PEP or for continuing relationship with an existing Customer if he/she or its Beneficial Owner subsequently becomes a PEP

(vii) Approve EDD report for Transaction with the Obligor/Customer or Obligor's / Customer's holding company which is residential of High-Risk Jurisdiction (under Country / Territory requiring Caution).

(b) **Head of Credit**

(i) Ensure **Customer Acceptance Criteria are implemented**, carry out Customer Identification Procedure and CDD of Customers (Lease and Lending Business) before onboarding and at the time of Periodic Updation.

(ii) Risk categorization for Customers before on boarding

(iii) Periodic Risk Assessment & Maintenance of Records.

(iv) Ensuring obtaining KYC documents as per the Policy for all the Obligors of the Company

(v) Monitoring and Reporting of Suspicious Transaction and Red flags monitoring as specified in Exhibit 11

(vi) Ascertaining the details of Beneficial Owners in applicable cases and obtaining their KYC.

(vii) Verifying Obligors / Beneficial Owner against Sanctions List as well as at the time of On Boarding & as per periodicity defined in the Policy and report to the Chief Compliance Officer and/or Principal Officer, if any match is found

(viii) Maintain the Details of PEP Customers via system flagging

(ix) Submitting Obligors details to C-KYC Portal within 10 days of on-boarding and follow the process regarding updation of CKY Records Registry as specified in Exhibit 10.

(x) Identifying geographic locations that may pose a higher risk and evaluate the specific risks associated with doing business in, opening and servicing accounts, offering products and services and/or facilitating Transactions involving certain geographic locations

(xi) Informing Chief Compliance Officer whenever any positive match for existing / prospective Obligors with Sanctions List.

(xii) Carry out AML Risk Assessment exercise annually to identify and assess AML Risk and take effective measures to mitigate such risk and put up for review of Risk Management Committee.

(xiii) Ensure that in case of NFFC Customers, current address proof is available in the Company's records and operations in the account are allowed only after positive

confirmation of current address by any means such as address verification letter, contact point verification, deliverables, etc.

- (xiv) carry out periodic review of risk categorisation of accounts, with such periodicity being at least once in six months, and the need for applying Enhanced Due Diligence measures.
- (xv) Carry out EDD of Customers categorised as High-Risk Customers as per criteria specified in Exhibit 12.
- (xvi) Periodic Updation of KYC.
- (xvii) Meticulous compliance with the Order issued by the Government under Section 51A of UAPA with regard to freezing of Assets of individual or entities listed in Sanctioned List shall have to be followed.
- (xviii) Maintain records for reason(s) of rejection of any application, if any.

**(c) Head of Operations:**

- (i) Ensuring KYC documents compliances as per the Policy for all the lending Business's Obligors & Third-Party Agents of the Company
- (ii) Ensure AML Declaration in format of Exhibit 9 or 9A, as the case may be, is obtained wherever payments are received from any person other than Obligor / Customers and where value of such Transaction (Single) exceeds Rs 50,000, obtain PAN from such persons
- (iii) Coordinate with IT & Compliance so as to decide the framework & develop the system capabilities to monitor Suspicious Transaction and Red-flags
- (iv) Monitoring and Reporting Suspicious Transaction and Red flags monitoring as specified in Exhibit 11
- (v) Reporting Suspicious Transaction to Principal Officer for onward reporting to FIU India
- (vi) Reporting Red Flags as referred in Exhibit 11 to Chief Compliance Officer
- (vii) Maintenance of all record as per Record Retention and Maintenance Policy
- (viii) Verify OVD of Customers (Lending Business)
- (ix) Information collected from Customers for opening of account shall be treated as confidential (Hard Copy of records)
- (x) Trail of movement of physical files (From branch to storage vendor & vice versa) should be maintained.

(xi) Ensure that any account is opened only after Due Diligence Process as mentioned in Exhibit no 5,6,7, 8 & 12 are followed.

(xii) Ensure that Payment to 'High-Risk Jurisdictions' are made as per the terms of "Rules for Prevention of Payments to Persons and Entities Subject to Economic Sanctions and Managing the Payments in Designated Currencies" of the Company

(d) **Head of Information Technology:**

(i) Unique UCIC mapping for each Obligors/Customers for all products of the Company

(ii) System upgradation for Suspicious Transaction and Red-flags Monitoring

(iii) Provisions for Reports of Risk categorization & ongoing Due Diligence for all Customers of the Company

(iv) Information collected from Customers for opening of account shall be treated as confidential (Soft Copy of records)

(v) Audit trail for all the application used for on boarding/credit assessment of the Customers

(e) **Head of All Business & Functions**

(i) Ensure KYC & OVD documents are collected from all the Customers, as per the terms of this Policy & TPA Protocol, at the time on-boarding as well as at the time of periodic Risk Assessments

(ii) Any Red Flag or Suspicious Transactions identified for any of Customer, as referred in Exhibit 11, shall be promptly referred to Chief Compliance Officer for further analysis.

(iii) Transaction details of sale of third party products (such as insurance) shall be maintained as per the terms of this Policy.

(f) **Head of Internal Audit:**

(i) Independent evaluation of the Compliance of this Policy

(ii) Reporting non-compliance to the Audit Committee on quarterly basis

(g) **Head Human Resource:**

Refer roles specified in para VIII(3) below.

## **VIII. Customer Education, Training and Recruitment:**

### **(1) Customer Education:**

Implementation of KYC procedures requires the Company to demand certain information from the Customer which may be of personal nature or which has hitherto never been called for. This sometimes leads to a lot of questioning by the Customer as to the motive and purpose of collecting such information. The Relationship Managers of the Company will be trained to explain to the Customer, the regulatory requirements and benefits this Policy and seek co-operation of the Customer.

### **(2) Training: The Company will have ongoing training programme in terms of the following:**

- (a) Circulating information, from time to time, to the Senior Management Team wherein they are made aware about changes in this Policy**
- (b) All Circulars issued by the regulatory bodies are circulated to Senior Management Team**
- (c) Compliance Department will prepare a training module and provide periodic targeted trainings for Sales, Operations, Credit and Principal officer for areas relevant to them as per the terms of this Policy.**

### **(3) Recruitment:**

KYC norms / AML standards / CFT measures are prescribed in this Policy to ensure that criminals are not allowed to misuse the Company's infrastructure. It should therefore be necessary that the Company, as an integral part of their recruitment, put in place adequate screening mechanism / hiring process of personnel.

## **IX. Exception: An exception to this Policy can be approved by the Managing Director and Local Director representing ORIX Corporation upon recommendation of Chief Compliance Officer and Chief Risk Officer with reason to be recorded in writing. Person seeking such exception shall have to retain such approval for the purpose of verification by Internal Audit Team.**

## **X. Updation:**

Given the fact that the risks the Company faces are constantly changing, and that money laundering risk management methodologies, regulations and tools are evolving, it is imperative that this Policy document be reviewed on annual basis or earlier when there are significant changes in the applicable AML regulations.

**List of Officially Valid Document's (OVD)**

<b>Sr. No.</b>	<b>Category</b>	<b>Certified Copy of Documents / Equivalent e-documents</b>
1A	Individual -Resident; Proprietor; Persons such as partner, director, employee, manager, trustee, Beneficial Owner etc. holding an attorney to transact on the behalf of legal	<p>(a) PAN or Form 60 at the time of acceptance of new Customer. However, Customer has to submit copy of PAN card within sixty days from the date of application as submission of PAN is mandatory; and</p> <p>(b) One copy of an Officially Valid Document (OVD)</p> <p>List of OVDs: -</p> <ul style="list-style-type: none"> <li>(i) Passport</li> <li>(ii) Driving Licence</li> <li>(iii) Voter's Identity Card issued by Election Commission of India</li> <li>(iv) Job card issued by NREGA duly signed by an officer of the State Government</li> <li>(v) The letter issued by the National Population Register containing details of name, address</li> <li>(vi) Offline Verification of Aadhaar Card or through OTP based verification or Masked Aadhaar Card Downloaded from UIDAI website</li> <li>(vii) Manually masked Aadhaar Card should be accepted only after OSV verification from the Company Employee</li> </ul> <p>and</p> <p>(c) One recent Photograph (of the Borrower and Co-Lessee)</p>
1B	Individual -Non-Resident Indian (NRI) and Persons of Indian Origin (PIOs) (including Beneficial Owner), as defined in Foreign Exchange Management (Deposit) Regulations, 2016 {FEMA 5(R)}	<p>Copy of KYC documents of country of residence, certified by any one of the following, may be obtained:</p> <ul style="list-style-type: none"> <li>(a) authorised officials of overseas branches of Scheduled Commercial Banks registered in India,</li> <li>(b) branches of overseas banks with whom Indian banks have relationships,</li> <li>(c) Notary Public abroad,</li> <li>(d) Court Magistrate,</li> <li>(e) Judge,</li> <li>(f) Indian Embassy/Consulate General in the country where NRI Customer resides.</li> </ul>
1C	Individual (Foreign National (including Beneficial Owner)--(where he / she is acting for and on behalf of Non Individual Customer or Legal Entity)	Copy of KYC documents of country of residence, certified by notary officer or Non-Individual Customer for whom the Foreign National is acting alongwith the authority letter from such Non-Individual Customer authorising him / her to act on behalf of such Non-Individual Customer.

2	Sole Proprietorship Firm	<p>In addition to the documents as stated in category (1) above, any two of the following documents as a proof of business/ activity in the name of the proprietary firm shall also be obtained: -</p> <ul style="list-style-type: none"> <li>(a) Registration certificate including Udyam Registration Certificate (URC) issued by Government.</li> <li>(b) Certificate/licence issued by the municipal authorities under Shop and Establishment Act</li> <li>(c) Sales and income tax returns</li> <li>(d) Certificate/registration document issued by CST/VAT/ GST /Professional Tax authorities</li> <li>(e) IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT or Licence/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute</li> <li>(f) Complete Income Tax Return (not just the acknowledgement) in the name of the sole proprietor where the firm's income is reflected, duly authenticated/ acknowledged by the Income Tax authorities</li> <li>(g) Utility bills such as electricity, water, land line telephone bills, etc.</li> </ul> <p><b>Note:</b> In cases where it is not possible for Customers to furnish two such documents, Head-Credit or his designate may, at its discretion, accept only one of those documents as proof of business / activity provided:</p> <ul style="list-style-type: none"> <li>(i) They are satisfied that it is not possible for Customer to provide two such documents;</li> <li>(ii) Positive contact point verification is conducted and collect such other information and clarification as would be required to establish the existence of such firm and shall confirm and satisfy itself that the business activity has been verified from the address of the proprietary concern.</li> </ul>
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3	Legal Entities	<p>Certified copy of each of the following documents or Equivalent e-documents shall be obtained</p> <ul style="list-style-type: none"> <li>(a) Certificate of incorporation</li> <li>(b) Memorandum and Articles of Association</li> <li>(c) Permanent Account Number of the company</li> <li>(d) A resolution from the Board of Directors and power of attorney (POA) granted to its managers, officers or employees to transact on its behalf</li> <li>(e) Documents, as specified in Sr. no 1, and Declaration, as specified in Exhibit 13, relating to Beneficial Owner</li> <li>(f) Documents, as specified in Sr. no 1, of the managers, officers or employees, as the case may be, holding an attorney to transact on the Company's behalf</li> <li>(g) The names of the relevant persons holding senior management position</li> <li>(h) The registered office and the principal place of its business, if it is different</li> </ul>
4	Partnership firm / LLP	<p>The certified copies of each of the following documents or the Equivalent e-documents thereof shall be obtained:</p> <ul style="list-style-type: none"> <li>(a) Registration certificate</li> <li>(b) Partnership deed</li> <li>(c) Permanent Account Number of the partnership firm / LLP</li> <li>(d) Documents, as specified in Sr. no 1, and Declaration, as specified in Exhibit 13, relating to Beneficial Owner</li> <li>(e) Documents, as specified in Sr. no 1, of the managers, officers or employees, as the case may be, holding an attorney to transact on the Partnership firm/LLP's behalf</li> <li>(f) The names of all the partners</li> <li>(g) Address of the registered office and the principal place of its business, if it is different</li> </ul>
5	Trust	<p>The certified copies of each of the following documents or the Equivalent e-documents thereof shall be obtained:</p> <ul style="list-style-type: none"> <li>(a) Registration certificate</li> <li>(b) Trust deed</li> <li>(c) Permanent Account Number or Form No. 60 of the trust</li> <li>(d) Documents, as specified in Sr. no 1, and Declaration, as specified in Exhibit 13, relating to Beneficial Owner</li> <li>(e) Documents, as specified in Sr. no 1, of the managers, officers or employees, as the case may be, holding an attorney to transact on the Trust's behalf</li> <li>(f) The names of the beneficiaries, trustees, settlor protector, if any and authors of the trust</li> <li>(g) List of Trustees and documents, as specified in Sr. no 1, for those discharging the roles as trustee and authorised to transact on behalf of the trust</li> <li>(h) The address of the registered office of the Trust.</li> </ul>

6	Unincorporated association or a body of individuals	<p>The certified copies of each of the following documents or the Equivalent e-documents thereof shall be obtained:</p> <ul style="list-style-type: none"> <li>(a) Resolution of the managing body of such association or body of individuals</li> <li>(b) Permanent Account Number or Form No. 60 of the unincorporated association or a body of individuals</li> <li>(c) Power of attorney granted to transact on its behalf</li> <li>(d) Documents, as specified in Sr. no 1, and Declaration, as specified in Exhibit 13, relating to Beneficial Owner</li> <li>(e) Documents, as specified in Sr. no 1, of the managers, officers or employees, as the case may be, holding an attorney to transact</li> <li>(f) Such Information as may be required by the Company to collectively establish the legal existence of such an association or body of individuals</li> </ul> <p><b>Explanation:</b> Unregistered trusts/partnership firms shall be included under the term 'unincorporated association' and Term 'body of individuals' includes societies.</p>
7	Juridical persons not specifically covered in the earlier part, such as societies, universities and local bodies like village panchayats or companies established under special statute	<ul style="list-style-type: none"> <li>(a) Document showing name of the person authorised to act on behalf of the entity;</li> <li>(b) Documents, as specified in Sr. no 1, of the person holding an attorney to transact on its behalf; and</li> <li>(c) Such documents as may be required by the Company to establish the legal existence of such an entity/juridical person.</li> </ul> <p>Note: In such case Customer is local bodies or companies established under special statute, details of BO may not be required</p>
8	Government Company	<p>Certified copy of each of the following documents or Equivalent e-documents shall be obtained</p> <ul style="list-style-type: none"> <li>(i) Certificate of incorporation or any government gazette or notification under which the Government Company is established</li> <li>(j) Memorandum and Articles of Association</li> <li>(k) Permanent Account Number of the company</li> <li>(l) A resolution from the Board of Directors or power of attorney granted to its managers, officers or employees to transact on its behalf.</li> </ul> <p>Alternatively, an email or letter confirmation from Government Company's officials stating that the person executing transaction / agreement have valid power and authority would be acceptable</p> <ul style="list-style-type: none"> <li>(m) The names of the relevant persons holding senior management position</li> <li>(n) The registered office and the principal place of its business, if it is different</li> </ul> <p>Note: In case of Government Company, details of BO may not be required</p>

**Exhibit 2**

**Digital KYC Process**

- (1) The Company will develop an application for digital KYC process which shall be made available at Customer touch points for undertaking KYC of Customers and the KYC process shall be undertaken only through this authenticated Application of the Company.
- (2) The access of the Application shall be controlled by the Company, and it should be ensured that the same is not used by unauthorized persons. The Application shall be accessed only through login-id and password, or Live OTP or Time OTP controlled mechanism given by the Company to its authorized officials.
- (3) The Customer, for the purpose of KYC, shall visit the location of the authorized official of the Company or vice-versa. The original Officially Valid Document (OVD) shall be in possession of the client.
- (4) The Company must ensure that the Live photograph of the Customer is taken by the authorized officer and the same photograph is embedded in the Customer Application Form (CAF). Further, the system Application of the Company will put a water-mark in readable form having CAF number, GPS coordinates, authorized official's name, unique employee Code (assigned by Reporting Entities) and Date (DD:MM: YYYY) and time stamp (HH:MM: SS) on the captured live photograph of the Customer.
- (5) The Application of the Company will have the feature that only live photograph of the Customer is captured and no printed or video-graphed photograph of the Customers is captured. The background behind the Customers while capturing live photograph should be of white colour and no other person shall come into the frame while capturing the live photograph of the Customer.
- (6) Similarly, the live photograph of the original officially valid document or proof of possession of Aadhaar where Offline Verification cannot be carried out (placed horizontally), shall be captured vertically from above and watermarking in readable form as mentioned above shall be done. No skew or tilt in the mobile device shall be there while capturing the live photograph of the original documents.
- (7) The live photograph of the Customer and his original documents shall be captured in proper light so that they are clearly readable and identifiable.
- (8) Thereafter, all the entries in the CAF shall be filled as per the documents and information furnished by the Customer. In those documents where Quick Response (QR) code is available, such details can be auto populated by scanning the QR code instead of manual filing the details. For example, in case of physical Aadhaar/e-Aadhaar downloaded from UIDAI where QR code is available, the details like name, gender, date of birth and address can be auto-populated by scanning the QR available on Aadhaar/e-Aadhaar.
- (9) Once the above-mentioned process is completed, a One Time Password (OTP) message containing the text that 'Please verify the details filled in form before sharing OTP' shall be sent to Customer's own mobile number. Upon successful validation of the OTP, it will be treated as Customer signature on CAF. However, if the Customer does not have his/her own mobile number, then mobile number of his/her family/relatives/known persons may be used for this purpose and be clearly mentioned in CAF. In any case, the mobile number of authorized officers registered with the Company will not be used for Customer's signature. The Company must check that the mobile number used in Customer's signature shall not be the mobile number of the authorized officer.

- (10) The authorized officer shall provide a declaration about the capturing of the live photograph of Customer and the original document. For this purpose, the authorized official shall be verified with One Time Password (OTP) which will be sent to his mobile number registered with the Company. Upon successful OTP validation, it shall be treated as authorized officer's signature on the declaration. The live photograph of the authorized official shall also be captured in this authorized officer's declaration.
- (11) Subsequent to all these activities, the Application shall give information about the completion of the process and submission of activation request to activation officer of the Company, and also generate the Transaction-id/reference-id number of the process. The authorized officer shall intimate the details regarding Transaction-id/reference-id number to Customer for future reference.
- (12) The authorized officer of the Company will check and verify that:
  - (a) information available in the picture of document is matching with the information entered by authorized officer in CAF.
  - (b) live photograph of the Customer matches with the photo available in the document; and
  - (c) all of the necessary details in CAF including mandatory field are filled properly.
- (13) On Successful verification, the CAF shall be digitally signed by authorized representative of the Company who will take a print of CAF, get signatures/thumb-impression of Customer at appropriate place, then scan and upload the same in system. Original hard copy may be returned to the Customer.

List of High-Risk Jurisdictions

	Country / Territory	Banned Country / Territory	Country / Territory Requiring Caution
1	Arab Republic of Egypt		<input type="radio"/>
2	Balkans		<input type="radio"/>
3	Barbados		<input type="radio"/>
4	Bolivarian Republic of Venezuela		<input type="radio"/>
5	Bosnia and Herzegovina		<input type="radio"/>
6	Burkina Faso		<input type="radio"/>
7	Cayman Islands		<input type="radio"/>
8	Central African Republic		<input type="radio"/>
9	Commonwealth of The Bahamas		<input type="radio"/>
10	Crimea Region	<input type="radio"/>	
11	Democratic Republic of the Congo		<input type="radio"/>
12	Donetsk People's Republic (a self-declared republic)	<input type="radio"/>	
13	Federal Democratic Republic of Ethiopia		<input type="radio"/>
14	Federal Republic of Nigeria		<input type="radio"/>
15	Federal Republic of Somalia		<input type="radio"/>
16	Gibraltar		<input type="radio"/>
17	Hong Kong		<input type="radio"/>
18	Islamic Republic of Afghanistan		<input type="radio"/>
19	Islamic Republic of Iran	<input type="radio"/>	
20	Islamic Republic of Pakistan		<input type="radio"/>
21	Jamaica		<input type="radio"/>
22	Jordan		<input type="radio"/>
23	Kingdom of Cambodia		<input type="radio"/>
24	Kingdom of Morocco		<input type="radio"/>
25	Lao People's Democratic Republic		<input type="radio"/>
26	Lebanese Republic		<input type="radio"/>
27	Libya		<input type="radio"/>
28	Luhansk People's Republic (a self-declared republic)	<input type="radio"/>	
29	Mongolia		<input type="radio"/>
30	Montenegro		<input type="radio"/>
31	Nepal		<input type="radio"/>

	Country / Territory	Banned Country / Territory	Country / Territory Requiring Caution
32	North Korea	○	
33	Palestine		○
34	People's Democratic Republic of Algeria		○
35	People's Republic of China		○
36	Principality of Monaco		○
37	Republic of Albania		○
38	Republic of Angola		○
39	Republic of Belarus		○
40	Republic of Botswana		○
41	Republic of Bulgaria		○
42	Republic of Burundi		○
43	Republic of Cameroon		○
44	Republic of Cote d'Ivoire		○
45	Republic of Croatia		○
46	Republic of Cuba	○	
47	Republic of Ghana		○
48	Republic of Guatemala		○
49	Republic of Guinea		○
50	Republic of Guinea-Bissau		○
51	Republic of Haiti		○
52	Republic of Iceland		○
53	Republic of Iraq		○
54	Republic of Kenya		○
55	Republic of Maldives		○
56	Republic of Mali		○
57	Republic of Malta		○
58	Republic of Mauritius		○
59	Republic of Moldova		○
60	Republic of Mozambique		○
61	Republic of Namibia		○
62	Republic of Nauru		○
63	Republic of Nicaragua		○
64	Republic of Niger		○
65	Republic of the Philippines		○
66	Republic of Panama		○
67	Republic of Senegal		○

	Country / Territory	Banned Country / Territory	Country / Territory Requiring Caution
68	Republic of Serbia		○
69	Republic of South Africa		○
70	Republic of the Union of Myanmar (Burma)	○	
71	Republic of Trinidad and Tobago		○
72	Republic of Tunisia		○
73	Republic of Turkey		○
74	Republic of Uganda		○
75	Republic of Yemen		○
76	Republic of Zimbabwe		○
77	Russian Federation		○
78	Socialist Republic of Viet Nam		○
79	Syrian Arab Republic		○
80	The Republic of South Sudan		○
81	The Republic of the Sudan		○
82	Ukraine		○
83	United Arab Emirates		○
84	United Republic of Tanzania		○
85	The British Virgin Islands		○
86	Plurinational State of Bolivia		○

**Risk Categorisation of Customers shall be as under:**

**(i) Risk Categorisation for Accounts in the Name of Individuals:**

Type	Recommended Risk Categorization	Risk Perception
Salaried Customer associated with any of the High-Risk Industry [As referred in point no (iii)]	High Risk	Individuals associated with High Risk industries are more prone to money laundering risk and the Company needs to be extra vigilant on those set of Customers.
Senior citizens, Housewife	High Risk (if they are main Borrower)	Probability of such accounts being operated by third parties are high.
Non-Resident Individual	High Risk	Income in Foreign Currency & various statutory regulations applicable to them
Politically Exposed Person	High Risk	It is global practise to treat such cases as HIGH Risk.
Salaried- Working with Pvt Ltd Companies or Partnership firms or LLP	Medium or Low Risk	Medium: Salaried applicants with only variable income, receiving salary in cheque. Low: If salary is structured and uniform.
Salaried- Working with Public Ltd Companies	Low Risk	Source on income is fixed and pattern of entries in the account can be correlated with known sources of income/expenditure.
Self Employed	Low Risk	All Self-employed Customer other than the one associated with High Risk Industries should be tagged as Low Risk

**(ii) Risk Categorisation for Accounts in the Name of Non-Individuals**

Type	Recommended Risk Categorization	Risk Perception
Trusts – Public Charitable Trust/ NGO's and any other organization accepting donations	High Risk	The pattern of entries in the account may not be correlated with known sources of Income/expenditure.
Trusts – Private Trust	High Risk	These may be unregistered trusts and the pattern of entries in the account may not be correlated with known sources of income/expenditure.
Trusts – Registered	Low Risk	To be considered as Low Risk due to registration.
Unregistered Societies / Clubs /Associations	High Risk	These are not highly regulated entities and the pattern of entries in the account may not be correlated with known sources of income/expenditure.
Registered Societies	Low Risk	To be considered as Low Risk due to registration.
NFFC Customers	High Risk	As per recent RBI Guidelines
Multi-Level Marketing Companies (MLM)	High Risk	MLM Companies are more prone to money laundering risk due their nature of business
<u>Partnership Firm or LLP</u>	Medium / Low Risk	<ol style="list-style-type: none"> <li>Depending on the clarity of the shareholding structure and the nature of operations/source of income. ; and</li> <li>holding company / partnership firm / LLP (if applicable) is incorporated in India or listed on recognized stock exchange in India (as the case may be)</li> </ol>
Pvt Ltd Companies	Medium / Low Risk	<ol style="list-style-type: none"> <li>Depending on the clarity of the shareholding structure and the nature of operations/source of income, such companies would be classified. ; and</li> <li>Holding company (if applicable) is company incorporated in India or listed on recognized stock exchange in India.</li> </ol>
Pvt Ltd Companies / Unlisted Public Company or Listed Public Company or Partnership Firm / LLP.	High Risk	<u>If holding company of such Private Limited Company or Unlisted Public Company or Listed Public Company / Partnership Firm / LLP is located in High-Risk Jurisdiction and categorised as Country / Territory with Caution</u>

Hindu Undivided Family (HUF)	Medium Risk	These are unregistered bodies and the pattern of entries in the account may not be correlated with known sources of Income/expenditure.
Listed Public Ltd. Companies in Indian Stock Exchange	Medium / Low Risk	Listed entities with proper disclosures in public domain
<u>Unlisted Public Companies</u>	Medium / Low Risk	Depending on the clarity of the shareholding structure and the nature of operations/sources of income, such companies would be classified.
Local Authorities or Public Bodies	Low Risk	They are constituted under Special Acts. Operations are governed by such Acts/Rules.
Public Sector Undertakings, Government Departments or Statutory Corporations	Low Risk	These types of entities are governed by specific Acts, Notifications, etc. framed by the Government of India or the State Govt. and are controlled and run by the Govt.
Mutual Funds/Scheduled Commercial Banks/Insurance companies/Financial Institutions	Low Risk	These entities are strictly regulated by their respective regulators.
All types of non-individuals	High Risk	If the Beneficial Owner or relatives or close associates of the non-individual is identified as the Politically Exposed Person, then the non-individual will be categorized as High-risk Customer.

**(iii) Risk Categorisation on the basis of Industry**

The Risk categorization is dependent on industries which are inherently High Risk or may exhibit high cash intensity, as below:

No	Industry
(a)	Arms Dealers
(b)	Money Changer Exchange houses
(c)	Gems / Jewelry / Precious metals / Bullion dealers (including sub-dealers) / Real Estate Agents
(d)	Construction / Offshore Corporation
(e)	Bar / casino / night club / Import/Export agents (traders; goods not used for own Manufacturing/retailing) / Share & Stockbrokers
(f)	Art/antique dealers

(g)	Auto dealers (used/reconditioned vehicles/motorcycles)
(h)	Business activity relating to Real estate, convenience stores, vending machine operators, and parking garages
(i)	Virtual Currencies
(j)	Marijuana, liquor stores, Liquor distributorship
(k)	Scrap metal dealers
(l)	Commodities middlemen
(m)	Co-operative Banks
(n)	Multi Level Marketing (MLM) Firms
(o)	All other industries basis the nature of business (as and when required to be included)

**Exhibit 5**

**CDD Process in case where an Obligor (Individual)**

- (1) Obtain OVD of the Obligor either for permanent or current address proof. Please refer Exhibit 1 for further details.
- (2) Obligor's personal email id and Mobile Number (should preferably be linked to his / her Aadhaar) should preferably be obtained.
- (3) In case Obligor submits a KYC Identifier (C-KYC number) or his explicit consent to download his KYC records from the CKYCR has been obtained in writing, then retrieve the KYC records online from the CKYCR. In such case, obtain his current address details (if current address is different than permanent address) as mentioned above obtain his/her PAN copy or form No. 60., if same is not available in CKYC records.

*Note: In such cases:*

- (a) No other OVD shall be required;
- (b) Obligor shall not be required to submit the same KYC records or information or any other additional identification documents or details, unless –
  - there is a change in the information of such Obligor as existing in the records of Central KYC Records Registry.
  - the KYC record or information retrieved is incomplete or is not as per the current applicable KYC norms.
  - the validity period of downloaded documents has lapsed
  - the Company considers it necessary in order to verify the identity or address (including current address) of the Obligor/Customer, or to perform enhanced due diligence or to build an appropriate risk profile of the Customer

- (4) Process laid down in Point (5) below need not be followed if Obligor submits any of following Documents:

- (i) Aadhaar card with Offline Verification; or

**Note: If Customer submits a copy of possession of Aadhaar number containing Aadhaar number, ensure that such Customer redacts or blacks out the first 8 digits of his / her Aadhaar Number.**

- (ii) Masked Aadhaar card downloaded from UIDAI Portal
  - (iii) Documents shared through Digi Locker or Equivalent E -documents issued by issuing authority.

*Note: Equivalent e-document" means an electronic equivalent of a document, issued by the issuing authority of such document with its valid digital signature including documents issued to the digital locker account of the Obligor.*

- (5) Physical verification of OVD: if documents as mentioned in Point (1) above is not provided by Obligor then the employee is required to verify the certified true copy of OVD with the original and shall have to affix their name, signature, employee ID as well as date of verification on certified true copy of OVD and also state on such certified true copy 'Original seen and verified';
- (6) Obtain most recent passport size colour photograph of Obligor
- (7) In case of Walk-in Obligor (person other than account holder), where the amount involved is equal to or exceeds Rs 50,000 (in cash), whether conducted as a single Transaction or several Transactions that appear to be connected, the CDD process as listed above need not be followed, however copy of PAN needs to be obtained
- (8) Such other documents including in respect of the nature of business and financial status of the Customers.
- (9) If the Customer has provided Equivalent e-document, then verify the Digital Signature as per the I.T. Act and / or Rules issued thereunder.
- (10) Customer may be onboarded in face-to-face mode through Aadhaar biometric based e-KYC authenticating and, in such case, if Customer wants to provide a current address, different from the address as per the identity information available in the UIDAI database (i.e., Central Identities Data Repository), he/she may give a self-declaration to that effect to the Company

**CDD Process for Obligor who is Non-Individual**

**(Whether Sole Proprietor / Private or Public Limited Company (Listed or Unlisted) / Partnership Firm/ LLP / Society / Trust)**

- (1) Identify such Obligor by obtaining KYC documents as more particularly specified in the **Exhibit 1** of this Policy.

**Note:** For on-boarding Sole proprietor as a Customer, CDD of Individual (Proprietor) shall have to be carried out.

- (2) Identify the representative and management of such Obligor and verify the identity of those individuals in order to be able to perform a screening on the management of such Obligor and ensure that the persons purporting to act on behalf of such Obligor are authorized to do so.

**Note:**

- (a) *Obtain OVD of authorized representative of such Obligor at the time of onboarding & carry out the process as stated in point number (1) above.*
- (b) *Obtain document such as Board Resolution or Power of Attorney authorising person to transact on and behalf of Obligor (in case of Finance Lease and Loan Transaction).*
- (c) *If above document is not available, then obtain letter or email confirmation from the Company Secretary or Director of the Company (other than authorised person) to confirm the authority of authorised person*

- (3) Beneficial Owner (BO) and taking reasonable measures to verify the identity of the BO.

**Note:**

- (a) *Where BO cannot be identified by reference to shareholding, voting rights or ownership, the Obligor's managing director or chief executive will be designated as the beneficial owner.*
- (b) *BO details shall have to be obtained only in case the Obligor is the PVT Ltd. Company or a Public LTD Company (which is not listed on recognized stock exchange of India or jurisdictions notified by the Central Government and listed on stock exchanges in such jurisdictions) or A Trust or Society or Partnership Firm or unincorporated association or body of individuals.*
- (a) *It is clarified that the BO details shall not be required if the (i) PVT Company or Unlisted Public company is the subsidiary of the Company listed on recognized stock exchange of India or jurisdictions notified by the Central Government and listed on stock exchanges in such jurisdictions or (ii) local bodies or (iii) government companies or companies established under special statutes.*

**CDD Process for Politically Exposed Persons (PEPs)**

The Company will consider establishing a relationship with PEPs provided that:

- (1) Sufficient information including information about the sources of funds/wealth accounts of family members and close associates is gathered on the PEP;
- (2) The identity of the person shall have been verified before accepting the PEP as a Customer;
- (3) Opening an account with PEP can be done only with the approval of CRO & CCO or his designates
- (4) All such accounts are to be categorized as 'HIGH Risk' & subjected to Enhanced Due Diligence procedure as specified in Exhibit 12 below on an on-going basis;
- (5) In the event of an existing Customer or the Beneficial Owner of an existing account subsequently becoming a PEP, CRO & CCO or his designates approval is to be obtained to continue the business relationship;
- (6) These instructions shall also be applicable to accounts where a PEP is the Beneficial Owner or family members or close associates of PEPs
- (7) In case Customer who has not submitted his/her status as PEP under Declaration as stated in Exhibit 13, alternate procedure shall have to be performed to verify the status of such Customer as PEP (such as review of World-check or similar tools available with the Company)

**CDD Process for NFFC**

- (1) Apart from obtaining the current address proof, verify the current address through positive confirmation before allowing operations in the account. Positive confirmation may be carried out by means such as address verification letter, contact point verification, deliverables, etc.
- (2) NFFC Customers shall be categorized as high-risk Customers and accounts opened in non-face to face mode shall be subjected to enhanced monitoring until the identity of the Customer is verified in face-to-face manner. Further, CDD procedure will be completed within a year
- (3) Transactions in NFFC accounts shall be permitted only from the mobile number used for account opening.
- (4) Alternate mobile numbers of any Customers shall not be linked post CDD with NFFC accounts for Transaction updates, unless the procedures of updating mobile numbers as per approved Business / Operations SOPs are diligently followed.
- (5) First transaction with NFCC shall be a credit from existing KYC-complied bank account. Due Diligence process to be followed in case of change in registered mobile number for NFFC account:
  - (a) Customer will approach the Company through secure channels viz. branch visit or email for change in registered mobile number ('Request')
  - (b) The Request will contain the basic details of the account and reason for change in mobile number.
  - (c) The Request to also contain a declaration along with the latest (not older than 2 months) bill or invoice issued by the service provider that the proposed number belong to the Customer.

**THIRD PARTY DECLARATION**

To,

The Manager,

ORIX Leasing & Financial Services India Ltd (OLFS)

Sir,

This is to confirm that I have made a payment of Rs \_\_\_\_\_ to OLFS, as per the details mentioned below on behalf of \_\_\_\_\_ (Borrower) towards the Loan Account Number \_\_\_\_\_.

I have made this payment voluntarily to help \_\_\_\_\_ (Borrower) who is my Relative/Friend/ Business associates etc [please select as appropriate] and I hereby undertake that I shall not lay any claim in future from OLFS In lieu of this payment.

I hereby confirm that amount paid by me is my clean money earned through legitimate source, I also confirm that I am no way involved in any kind of activity such as Money Laundering, Tax evasion etc. which is prohibited by law.

I am not affiliated with any individual or entity that is subject to sanctions or regulatory restrictions.

I authorize OLFS to share my payment details with statutory authorities/law enforcement agencies etc. in case if it is required as per applicable Laws of India.

Payment details are as mentioned:

Mode of Payment: - Cheque/Demand Draft/ Online Payment /Cash

Cheque/ Demand Draft no: -

UTR No: -

Payee bank: -

Bank account No: -

Name of Bank Branch: -

Date of Transaction: -

Thanks

Name: -

Date: -

Signature: -

---

**BORROWER'S DECLARATION**

I, Borrower Name, hereby certify that the information declared herein by \_\_\_\_\_ is true and correct. I further confirm that I have no objection to the funds received towards my Loan Account No\_\_\_\_\_ from \_\_\_\_\_.

---

Borrower's Signature

**THIRD PARTY DECLARATION**

To,

The Manager,

ORIX Leasing & Financial Services India Ltd (OLFS)

Sir,

This is to confirm that I have made a payment of Rs \_\_\_\_\_ to OLFS, as per the details mentioned below on behalf of \_\_\_\_\_ (Borrower) towards the Loan Account Number \_\_\_\_\_.

I have made this payment voluntarily to help \_\_\_\_\_ (Borrower) who is my Relative/Friend/ Business associates etc [please select as appropriate] and I hereby undertake that I shall not lay any claim in future from OLFS In lieu of this payment.

I hereby confirm that amount paid by me is my clean money earned through legitimate source, I also confirm that I am no way involved in any kind of activity such as Money Laundering, Tax evasion etc. which is prohibited by law.

I am not affiliated with any individual or entity that is subject to sanctions or regulatory restrictions.

I authorize OLFS to share my payment details with statutory authorities/law enforcement agencies etc. in case if it is required as per applicable Laws of India.

Payment details are as mentioned:

Mode of Payment: - Cheque/Demand Draft/ Online Payment /Cash

Cheque/ Demand Draft no: -

UTR No: -

Payee bank: -

Bank account No: -

Name of Bank Branch: -

Date of Transaction: -

Thanks

Name: -

Date: -

Signature: -

**DECLARATION FROM BORROWER**

To,

The Manager,

ORIX Leasing & Financial Services India Ltd (OLFS)

Dear Sir,

I, [Borrower's Name], residing at [Address], hereby declare and confirm the following:

1. I authorize [Name of Third Party], residing at [Address], to make a payment of [Amount in Words] [Amount in Numbers] on my behalf towards the Loan Account No \_\_\_\_\_.
2. I confirm that the funds being used for this payment are obtained legally and are not derived from any illegal activities, including money laundering or financing of terrorism.
3. I understand that the payment made by [Name of Third Party] is subject to Anti-Money Laundering laws and regulations, and I shall provide all necessary information and documentation to verify the legitimacy of this transaction.
4. I consent to the use of my personal information and this declaration for the purpose of complying with statutory requirements such as Anti-Money Laundering requirements and verifying the legitimacy of the payment made on my behalf.
5. I affirm that all information provided in this declaration is true and accurate to the best of my knowledge.
6. I am not affiliated with any individual or entity that is subject to sanctions or regulatory restrictions.
7. I further agree to indemnify, defend and hold harmless OLFS, their agents, representatives, directors and affiliates from any and all claims, losses, damages, liabilities, costs, and expenses arising directly or indirectly from this payment made by \_\_\_\_\_ on my behalf.

Signed this [Date] day of [Month, Year].

Signature: \_\_\_\_\_

Address: \_\_\_\_\_

Contact Number: \_\_\_\_\_

**Exhibit 10**

**CDD Procedure and sharing KYC information with Central KYC Records Registry (CKYCR)**

- (1) Capture Customer's KYC records and upload onto CKYCR within 10 days of commencement of an account-based relationship with the Customer, with adherence to Operational Guidelines for uploading the KYC data as released by CERSAI.
- (2) Capture the KYC information for sharing with the CKYCR in the manner mentioned in the Rules, as per the KYC templates prepared for 'Individuals' and 'Legal Entities' (LEs), as the case may be. The templates may be revised from time to time, as may be required and released by CERSAI.
- (3) Upload KYC records pertaining to accounts of LEs opened on or after April 1, 2021, with CKYCR. The KYC records have to be uploaded as per the LE Template released by CERSAI. For accounts opened prior to April 1, 2021, CKYC records shall be updated at the time of Periodic Updation of KYC or when the updated KYC information is obtained/received from the Customer (whichever is earlier), as per the terms of this Policy.
- (4) Once KYC Identifier is generated by CKYCR, ensure that the same is communicated to the individual / LE on their registered contact details.
- (5) Whenever the Company obtains additional or updated information from any Customer including during Periodic Updation or for verification of his/her identity, the Company shall within seven days or within such period as may be notified by the Central Government, furnish the updated information to CKYCR,
- (6) Once CKYCR informs the Company regarding an update in the KYC record of an existing Customer, the Company shall retrieve the updated KYC records from CKYCR and update the KYC record maintained by the Company
- (7) Where a Customer, for the purposes of establishing an account-based relationship, submits a KYC Identifier to the Company, with an explicit written consent to download records from CKYCR, then the Company will retrieve the KYC records online from the CKYCR using the KYC Identifier and the Customer shall not be required to submit the same KYC records or information or any other additional identification documents or details, unless:
  - (i) There is a change in the information of the Customer as existing in the records of CKYCR;
  - (ii) the KYC record or information retrieved is incomplete or is not as per the current applicable KYC norms
  - (iii) The Company considers it necessary in order to verify the identity or address of the Customer, or to perform enhanced due diligence or to build an appropriate risk profile of the Customer.
  - (iv) The validity period of documents downloaded from CKYCR has lapsed.

**Exhibit 11**

Following are the indicative list of Suspicious Transactions and Red Flags which are bifurcated into Regulatory and Non-Regulatory, respectively. [Regulatory means Suspicious Transactions which are required to be reported to Principal Officer for onwards reporting to FIU-IND under PMLA and RBI Master Direction and Non-Regulatory are those which are required to be reported to Group Chief Compliance Officer or his designate]

Sr, No	Suspicious Transactions	Department Responsible for Reporting
(1)	<b>Regulatory</b>	
	(a) Obligor's documents identified as forged, after onboarding	Credit/Operations/Collections
	(b) Monthly instalments sought to be paid in cash which breaches the threshold value as specified in PMLA as referred in Clause (d) below.	Operations
	(c) all cash transactions of the value of more than rupees ten lakhs (10,00,000)	Operations
	(d) all series of cash transactions integrally connected to each other which have been individually valued below rupees ten lakh where such series of transactions have taken place within a month and the monthly aggregate exceeds an amount of ten lakh rupees	Operations
	(e) Monthly instalments / part payment received from a third-party bank account, unless the <b>AML declaration as referred in Exhibit 9 above</b> is obtained.	Operations
	(f) Unable to comply with the relevant CDD measures in relation to the Customer.	Credit
(2)	<b>Non-Regulatory (Red flags)</b>	
	(a) Prospective Obligor attempts to obtain any financial facility basis the forged document	All Business & Functional Units and/or Credit
	(b) Negative media, news with respect to the Customer	All Business & Functional Units and/or Credit
	(c) Welcome letter undelivered after 2 attempts.	Operations
	(d) Any known case when Customer is involved in fraud / dispute over any financial transaction with any other Banks or financial institutions	All Business & Functional Units and/or Credit

	(e) Any Obligor is identified as PEP during the tenure of active relationship	All Business & Functional Units and/or Credit
	(f) Any other Transactions deemed as a suspicious in nature	Operations
	(g) Non-Individual entities which demonstrated a long period of inactivity following incorporation, followed by a sudden and unexplained increased in the activity	Credit
	(h) Non-Individual entity which is registered under a name that indicates that the company performs activities or services that it does not provide without good reason	Credit
	(i) Refusal to identify sources of funds upon request	Credit
	(j) Use of non-traditional business methods or payment methods to complete a transaction that may indicate a client is attempting to evade or circumvent economic sanctions or conceal its activity	Operation

**Enhanced Due Diligence of the Obligors/Customers or its holding company categorised as High-Risk based on residence of / incorporated in High-Risk Jurisdiction under category of Country / Territory with Caution**

- (1) Of Obligors/Customer: At the time of Onboarding and Periodic Updation of Obligors/Customer:
  - (i) Verify the business activities (through financial statements and in-person visit to office address),
  - (ii) CIBIL records
  - (iii) Carry out World-check of Obligors / Customers as well as their directors (to the extent possible/feasible basis available information about such Directors) .
- (2) Of holding company of the Obligor:
  - (i) Carry out World-check of holding company of Obligor/Customer and also carry out, to the extent feasible, world-check of the BO of such holding company of Obligor

**Declaration for Verification of Beneficial Owner (BO)<sup>7</sup> at the time of Transaction<sup>8</sup> Pursuant to RBI KYC Master Direction, 2016**

(Applicable to Company/ Partnership Firm/ Trust/Unincorporated association/Body of individuals)

(1)	Name of the Entity (Customer):	
(2)	Registration Number (If Applicable)	
(3)	Registered Address	

The Customer as stated above hereby confirms and declares that on the below date (*Please tick the correct box*):

- A.  The Customer is a Company:
- B.  The Customer is a Partnership Firm:
- C.  The Customer is a Trust:
- D.  The Customer is an Unincorporated Association or Body of Individuals (including societies):

Please fill the table below relating to point A to D above, and provide identification document (Identity and Address Proof):

Sr No.	Full Name of Beneficial Owner	Date of Birth	Nationality	Nature of Relation with Customer as BO	Whether *Politically Exposed Person or family members or close associates of PEPs ( <i>Tick as appropriate</i> )
					<input type="checkbox"/> Does not apply <input type="checkbox"/> Applies

- E.  Whether the Customer or its holding company is (i) the Company is listed on recognized Stock Exchange in the following country as notified by Central Government\* or (ii) it is subsidiary of a listed Company is (iii) local bodies or (iv) government companies or companies established under special statutes:

- (i)  India or in
- (ii)  \*United States of America or

<sup>7</sup> In terms of RBI Master Direction on KYC of 2016, as amended from time to time

<sup>8</sup> means any financial transaction carried out or sought to be carried out with Customer

- (iii)  \*Japan or
- (iv)  \*South Korea or
- (v)  \*United Kingdom excluding British Overseas Territories or
- (vi)  \*France or
- (vii)  \*Germany or
- (viii)  \*Canada, or
- (ix)  \*International Financial Services Center in India.

F.  There is no natural person(s) who exercise Control or have a controlling ownership interest in the Customer as stated under Point A to E mentioned above, therefore details of natural person(s) holding the position of senior management in the Customer is provided:

The Customer undertakes the facts stated above are true and correct.

If there are any changes to the declared content, please promptly notify OLFS and resubmit this declaration. If no notice of changes is made, it will be considered that there are no changes to the content of the declaration with regard to subsequent transactions during the term of association with OLFS and verification will be omitted.

For and on behalf of \_\_\_\_\_

Signature of the Authorized Official: \_\_\_\_\_

Full Name of the Authorized Official: \_\_\_\_\_

Designation / Position: \_\_\_\_\_

Date: \_\_\_\_\_