
CLIMATE FINANCE INDIA PRIVATE LIMITED

Fair Practices Code

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1. Introduction

This Fair Practices Code (“Code”) has been prepared in accordance with the Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025 vide its circular no. *RBI/DOR/2025-26/362 DOR.MCS.REC.No.281/01-01-039/2025-26*.

This document is approved by the Board of Directors in accordance with the requirements set forth under the aforementioned regulations.

2. Objective

As a responsible Financial Institution, at Climate Finance India Private Limited (hereinafter referred to as the “Company”), we are committed to conducting our business in a fair, transparent, and ethical manner. This Fair Practices Code has been formulated with the objective of ensuring that all our stakeholders, especially borrowers, are treated with dignity and respect.

Our objective is to provide customers with clear, adequate, and timely information allowing them to make informed decisions regarding the financial products and services offered by the Company. The Code aims to establish a framework for consistent and responsible practices in all customer interactions, to enhance transparency in terms and conditions, and to promote a clear understanding of the rights and obligations of both the customer and the Company.

It seeks to protect customer interests by discouraging unfair practices, encouraging responsible lending and ensuring that services are delivered in a professional and accountable manner. Through this Code, the Company endeavours to strengthen customer confidence and foster long-term relationships built on trust, integrity, and mutual respect.

3. Applications for loans and their processing

- i. All communications to the borrower will be in a language as understood by the borrower or a vernacular language if requested by the borrower.
- ii. Loan application forms shall include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by another lender can be made, and informed decision can be taken by the borrower. The loan application form (as applicable) shall indicate the documents required to be submitted with the application form.
- iii. The Company will devise a system of giving acknowledgement for receipt of all loan applications. The time frame within which loan applications will be disposed of will be indicated in the acknowledgement.

4. Loan appraisal and terms / conditions

- i. The Company shall convey in writing to the borrower in the language as understood by the borrower, or a vernacular language as requested by the borrower, by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record.

The Company shall mention the penalties charged for late repayment in bold in the loan agreement.

- ii. The Company shall furnish a copy of the loan agreement as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans.

Not furnishing a copy of the loan agreement or enclosures quoted in the loan agreement is an unfair practice

5. Disbursement of loans including changes in terms and conditions

- i. The Company shall give notice to the borrower in a language as understood by the borrower, or a vernacular language as requested by the borrower, of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.

The Company shall also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard must be incorporated in the loan agreement.

- ii. Decision to recall / accelerate payment or performance under the agreement will be in consonance with the loan agreement.

6. General

- i. The Company shall refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless information, not earlier disclosed by the borrower, has been noticed).
- ii. In case of receipt of request from the borrower for transfer of borrower account, the consent or otherwise i.e., objection of the Company, if any, shall be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- iii. In the matter of recovery of loans, the Company shall not resort to undue harassment viz., persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. As complaints from customers also include rude behaviour from the staff of the companies, the Company shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.

7. Grievance Redressal

The following information will be displayed prominently, for the benefit of the borrowers on the website and at the corporate office / other locations of the Company, where business is transacted:

- i. The name and contact details (Telephone / Mobile nos. as also email address) of the Grievance Redressal Officer.
- ii. If the borrower's complaint / concern is not redressed within a period of 30 days, the borrower can lodge a complaint in line with the Integrated Ombudsman Scheme, 2021.

8. Language and mode of communicating Fair Practice Code

The Company shall ensure that, while it may enhance the scope of the Fair Practices Code, it shall not sacrifice the spirit underlying the Code.

The Company's Fair Practice Code shall be put up on its website, for the information of various stakeholders.

9. Regulation of excessive interest charged by NBFCs

- i. The Board of the Company shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances.

The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.

- ii. The rates of interest and the approach for gradation of risks shall also be made available on the website of the companies or published in the relevant newspapers. The information published on the website or otherwise published shall be updated whenever there is a change in the rates of interest.

The rate of interest shall be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

Interest Rate Resets and Charges :-

- i. Any reset of the interest rate during the loan tenure shall be carried out in accordance with the terms and conditions specified in the loan agreement.
- ii. At the time of reset of interest rates, The Company provides, as per Board approved policy, the option to switch over to a fixed rate. However, there shall be a restriction of the number of times a borrower will be allowed to switch during the tenor of the loan.
- iii. All applicable charges for switching of loans from floating to fixed rate and any other service charges / administrative costs incidental to the exercise of the above options, including processing fees, penal charges, pre-payment penalty, arranger fees, etc. shall be as per the sanction letter or such document as communicated with acceptance of the customer at the time of revision of such charges / costs from time to time
- iv. The Company shall share / make accessible to the borrowers, through appropriate channels, a statement at the end of each quarter which shall enumerate the Instalment amount principal and interest recovered till date, number of Instalments left and annualized rate of interest for the entire tenor of the loan.

10. Prepayment Charges on Loans

For all floating rate loans granted for business purpose to Micro and Small Enterprises (MSEs), as defined in Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, with or without co-obligant(s):

- i. an NBFC-Upper Layer shall not levy any pre-payment charges.
- ii. an NBFC-Middle Layer shall not levy any pre-payment charges on loans with sanctioned amount/ limit up to ₹50 lakh.

The above is irrespective of the source of funds used for pre-payment of loans, either in part or in full, and without any minimum lock-in period.

Note:

- (i) The above Regulatory measures / restriction is applicable for all MSME term loan only
- (ii) in case of term loans, pre-payment charges, if levied by the Company, shall be based on the amount being prepaid
- (iii) In case of cash credit / overdraft facilities,
 - pre-payment charges on closure of the facility before the due date shall be levied on an amount not exceeding the sanctioned limit
 - no pre-payment charges shall be applicable if the borrower intimates the Company of intention not to renew the facility before the period as stipulated in the loan agreement, provided that the facility gets closed on the due date
- (iv) The company shall not levy any charges where pre-payment is effected at the instance of the company.
- (v) The applicability or otherwise of pre-payment charges shall be clearly disclosed in the sanction letter and loan agreement. i.e. No pre-payment charges which have not been disclosed as specified herein shall be charged by the Company. Further, in case of loans and advances KFS is to be provided, the same shall also be mentioned in the KFS.
- (vi) The company shall not levy any charges / fees retrospectively at the time of pre-payment of loans, which were waived off earlier by the Company.

11. Key Facts Statement (KFS) for Loans & Advances

Applicable in cases of all MSME term loan products extended by the company.

(1) The Company shall provide a KFS to all prospective borrowers to help them take an informed view before executing the loan contract, as per the standardised format given in the Annex I.

Contents of KFS shall be explained to the borrower and an acknowledgement shall be obtained that they have understood the same.

(2) The KFS shall be provided with a unique proposal / sanction with a validity period. Explanation: Validity period refers to the period available to the borrower, after being provided the KFS by the Company, to agree to the terms of the loan. The Company shall be bound by the terms of the loan indicated in the KFS, if agreed to by the borrower during the validity period.

(3) The KFS shall also include a computation sheet of annual percentage rate (APR), and the amortisation schedule of the loan over the loan tenor.

(4) The Charges recovered from the borrowers by an NBFC on behalf of third-party service providers on actual basis, such as insurance charges, legal charges etc., shall also form part of the APR and shall be disclosed separately.

In all cases wherever the company is involved in recovering such charges, the receipts and related documents shall be provided to the borrower for each payment, within a reasonable time.

(5) Any fees, charges, etc. which are not mentioned in the KFS, cannot be charged by the NBFCs to the borrower at any stage during the term of the loan, without explicit consent of the borrower

(6) The KFS shall also be included as a summary box to be exhibited as part of the loan agreement.

12. Release of Security

12.1 Release of Movable / Immovable Property charge and Documents

- i. The Company shall release all security, within a period of 30 days, on repayment of all dues or on realisation of the outstanding amount of loan (i.e. the full repayment / settlement of the loan account) subject to any legitimate right or lien for any other claim they may have against borrower.

If such right of set off is to be exercised, the borrower shall be given notice about the same with full particulars about the remaining claims and the conditions under which the Company is entitled to retain the securities till the relevant claim is settled/paid.

i.e. The Company shall also release all the related original movable / immovable property documents and remove the charges registered with any registry within the aforesaid period of 30 days .

- ii. The timeline and place of return of original movable / immovable property documents shall be mentioned in the loan sanction letters issued.

12.2 Repossession of vehicles financed by the Company

- i. The Company shall have a built-in re-possession clause in the contract / loan agreement with the borrower which must be legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement shall also contain provisions regarding:
 - Notice period before taking possession
 - Circumstances under which the notice period can be waived
 - The procedure for taking possession of the security
 - A provision regarding final chance to be given to the borrower for repayment of loan before the sale/ auction of the property
 - The procedure for giving repossession to the borrower
 - The procedure for sale / auction of the property.
- ii. A copy of such terms and conditions must be made available to the borrower. The Company shall invariably furnish a copy of the loan agreement along with a copy each of

all enclosures quoted in the loan agreement to all the borrowers at the time of sanction/ disbursement of loans, which forms a key component of such contracts / loan agreements.

13. Responsibilities of Collections function of the Company

The Company shall ensure adherence to the below requirements:

- i. The Company shall ensure that the collections team / agents, if any, are properly trained to handle their responsibilities with care and sensitivity, particularly aspects such as soliciting customers, hours of calling, privacy of customer information and conveying the correct terms and conditions of the products on offer, etc.
- ii. The Company's collection team / agents, if any shall abide by the code of conduct, adhere to the Fair Practices Code. It is essential that the personnel refrain from action that could damage the integrity and reputation of the Company and that they observe strict customer confidentiality.
- iii. The Company shall strictly ensure that it or its agents, if any, do not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the debtors' family members, referees and friends, sending inappropriate messages either on mobile or through social media, making threatening and / or anonymous calls, persistently calling the borrower and / or calling the borrower before 8:00 a.m. and after 7:00 p.m. for recovery of overdue loans, making false and misleading representations, etc.
- iv. The Company shall:
 - Not engage Telemarketers (DSAs / DMAs) who do not have any valid registration certificate from DoT, Government of India, as telemarketers; the Company shall engage only those telemarketers who are registered in terms of the guidelines issued by TRAI, from time to time, for all their promotional / telemarketing activities.
 - Furnish the list of Telemarketers (DSAs / DMAs) engaged by them along with the registered telephone numbers being used by them for making telemarketing calls to TRAI; and
 - Ensure that all agents presently engaged by them register themselves with DoT as telemarketers.

14. Responsibility of Board of Directors

The Board of Directors shall also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievance redressal mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Board annually.

15. Policy review

The Code will be reviewed by the Board and amended as and when required or atleast once every year for incorporating changes and regulatory updates to the Code.

In case of any inconsistency between the provisions of this Code and applicable regulations, the regulations shall prevail and supersede the Code.

References

References to key RBI circulars

| No. | Circular | Latest Issue Date |
|-----|---|-------------------|
| 1 | Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025 | November 28, 2025 |
| 2 | Integrated Ombudsman Scheme, 2021 | November 12, 2021 |

NOTE :-

The Company shall comply with the Master Direction – RBI (Internal Ombudsman for Regulated Entities) Directions, 2023 (Ref: RBI/CEPD/2023-24/108 CEPD.PRD.No. S1228 /13.01.019/2023-24), as and when applicable to the Company.

Applicability: The guidelines are applicable to the following NBFCs:

- i. Deposit-taking NBFCs (NBFCs-D) with 10 or more branches
- ii. Non-Deposit taking NBFCs (NBFCs-ND) with asset size > Rs.5,000 crore and having public customer interface.

Key Facts Statement (Facility / Exposure Details)

Part 1 (Interest rate and fees/charges)

| FACILITY / EXPOSURE DETAILS | PROPOSED FACILITY | | EXISTING FACILITY | |
|--|-------------------|-------------|-------------------|-------------|
| EXPOSURE DETAILS | | | | |
| Loan proposal / Account number | | | | |
| Type of loan | | | | |
| Sanctioned Amount (in INR) | | | | |
| Agreement Amount | | | | |
| | Limit | Outstanding | Limit | Outstanding |
| Fund Base | | | | |
| Non-Fund Base | | | | |
| DISBURSEMENT SCHEDULE | | | | |
| (i) Disbursement in stages or 100% upfront. | | | | |
| (ii) If stage wise, mention the clause of loan agreement having relevant details | | | | |
| REPAYMENT DETAILS | | | | |
| Tenure | | | | |
| Principal Start Date | | | | |
| PRICING DETAILS | | | | |
| INTEREST RATE (%) | | | | |
| Interest Rate (Fixed / Floating / Hybrid) | | | | |
| - Reference Benchmark | | | | |
| - Benchmark Rate (%) - A | | | | |
| - Spread (%) - B | | | | |
| Interest Reset Periodicity | | | | |
| Spread Reset Periodicity | | | | |
| FEE INCOME | | | | |
| - Processing Fee | | | | |
| - Underwriting Fee | | | | |
| - Syndication Fee | | | | |
| - Advisory Fee | | | | |
| - Other Loan Processing Fee | | | | |
| FEE PAYOUT | | | | |
| - Processing Fee | | | | |
| - Syndication Fee | | | | |
| - Any Other Fee | | | | |
| OTHER FEE | | | | |
| - Penal Charges Delayed Instalment Payment | | | | |
| - Penal Charges – Non-Security Creation | | | | |
| - Pre-payment / Foreclosure Charges | | | | |
| - Any Other Charges | | | | |
| ANNUAL PERCENTAGE RATE (APR) (%) | | | | |
| - Annual Interest Rate | | | | |
| - Annual Blended Rate (Incl. Fee) | | | | |

Part 2 (Other qualitative information)

| | | |
|---|--|--|
| 1 | Clause of Loan agreement relating to engagement of recovery agents | |
| 2 | Clause of Loan agreement which details grievance redressal mechanism | |
| 3 | Phone number and email id of the nodal grievance redressal officer (An NBFC may furnish generic email id, provided a response is made within 1 working day) | |
| 4 | Whether the loan is, or in future maybe, subject to transfer to other REs or securitisation (Yes/ No) | |
| 5 | In case of lending under collaborative lending arrangements (e.g., co-lending / outsourcing), following additional details may be furnished | |
| | Name of the originating RE, along with its funding proportion | Name of the partner RE along with its proportion of funding |
| | | Blended Rate of interest |
| | | |