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Fair Practices Code

Company: ART Climate Finance (India) Private Ltd

Document Title: Fair Practices Code

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Approved By: Board of Directors

Recommended By: Chief Executive Officer (CEO)

1. BACKGROUND

The Reserve Bank of India, by its notification no. RBI/2006-07/138 DNBS.(PD)/CC No. 80/03.10.042/2005-06 dated 28 September 2006, read with notification no. RBI/2011-12/470 DNBS.PD/CC.No. 266/03.10.01/2011-12 dated 26 March 2012 and Master Circular DNBS (PD) CC No.388/03.10.042/2014-15 dated 1 July 2014 have prescribed the broad guidelines on fair practices that are to be framed and approved by the Board of Directors of all Non-Banking Financial Companies (NBFCs), for the information of the public.

ART Climate Finance (India) Private Limited (hereinafter referred to as “ACF” or “the Company”) is a private limited company incorporated under the provisions of the Companies Act, 1956 and is a Non-Banking Financial Company, registered with the Reserve Bank of India. ACF is engaged in the business of granting loans to MSMEs (i.e., small-sized corporates) working on climate action. Further, ACF may carry on such other business as may be permitted to be carried out by an NBFC from time to time after obtaining necessary approvals.

2. LOANS AND THEIR PROCESSING

- All communications to the borrower shall be in the English language with an option to choose a vernacular language as understood by the borrower.
- As part of the loan process, to inter alia ensure utmost transparency, the Company will provide all necessary information to the customer along with the term sheet/application/proposal as the case may be including but not restricted to nature of security required, fees/charges, if any, payable for processing, the non-refundable nature of fees including in the case of non-acceptance of loan proposal, pre-payment options, checklist in respect of information/papers required for considering loan and any other matter which effects the interest of the customer so that a meaningful comparison with the terms and conditions offered by other Non Banking Financial Companies (‘NBFCs’) can be made and informed decision can be taken by the customer
- The customer shall be explained the processes involved till the sanction and disbursement of the loan, and will be notified of the timeframe within which all the processes for such sanction and disbursement are expected to be completed.
- The Company may occasionally find it necessary to call for additional information and support documentation for the purpose of processing a client application. The need for calling for such additional information and support documentation shall, in all such cases,

be explained to the client, and a reasonable time shall be provided to the customer for submission of the same.

- The Company shall provide an acknowledgement for receipt of all loan applications. The acknowledgement shall preferably include the time frame within which loan applications will be disposed of.

3. LOAN APPRAISAL AND TERMS AND CONDITIONS

- The Company shall scrutinise the information submitted by the customer, and additional data, if any, required should be called promptly to facilitate expeditious disposal of the loan.
- The Company shall convey in writing to the borrower in English language with an option to choose a vernacular language as understood by the borrower, by means of a sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof and shall keep on record the acceptance of these terms and conditions by the borrower.
- The loan agreement shall expressly stipulate, in bold, the penal interest chargeable for late payment/repayment of dues by the borrower.
- All the fees/charges/interest would be payable by the borrower as per the agreement/s executed with the Company.
- The Company shall furnish a copy of the loan agreement in English as understood by the borrower, along with a copy of all relevant enclosures quoted in the loan agreement to the borrower at the time of sanction/disbursement of the loan, and the same shall be duly approved/ countersigned by the authorised officials of the Company. If the borrower does not understand English, we shall explain the contents in the vernacular language as understood by the borrower.

4. DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS

- Once sanctioned, the loan shall be disbursed within the required timeframe, subject to compliance of all the terms and conditions of the sanction by the borrower.
- The Company shall give notice to the borrower in English language with an option to choose a vernacular language as understood by the borrower, of any change in the terms and conditions of the loan, including disbursement schedule, interest rates, service charges, prepayment charges, etc.
- Any changes in interest rates and charges shall be effected only prospectively. The loan agreement shall contain the necessary provisions, as applicable, in this regard.
- Decision to recall/accelerate payment or performance under the agreement should be in consonance with the loan agreement.
- The Company shall release all securities on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim the Company may have against the 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.

- All communications, like acceptances (including for amendments or addenda) with the customer in relation to the sanction /facilities/loan/mandate/ proposals shall be in writing and preserved for a minimum period of 6 years.

5. RATE OF INTEREST

- Pursuant to notification no. DNBS.204/CGM (ASR)-2009 dated 2 January 2009 in respect to regulation of excessive interest charged by NBFCs, the Company has adopted an Interest Rate Policy taking into account relevant factors such as cost of funds, margin and risk premium, etc. to determine the rate of interest to be charged for loans and advances.
- The Interest Rate Policy also covers the rate of interest and the approach for gradation of risk and rationale for charging different rates of interest to different categories of borrowers
- The Company provides information on interest rates, common fees and charges through putting up notices in its offices; through telephone; on its website; through designated staff; or by providing a service guide/ tariff schedule.

6. GENERAL

- 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).
- In case of receipt of a request from the borrower for transfer of the borrowal account, the consent or otherwise - i.e., objection of the Company, if any- shall be conveyed to the borrower within 21 days from the date of receipt of such request. Such transfer shall be as per transparent contractual terms in consonance with the law.
- In the matter of recovery of loans, the Company shall not resort to undue harassment, viz., persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. The Company shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner, so as to avoid the staff behaving in a rude manner while dealing with customers.
- As a measure of customer protection, the Company shall not charge foreclosure charges/prepayment penalties on all floating rate term loans sanctioned to individual borrowers.
- The Company may arrange for enforcing security charged to it of the delinquent borrower, if required, with an aim only to recover dues and will not be aimed at whimsical deprivation of the underlying security. The Company shall ensure that the entire process of enforcing security, valuation and realisation thereof is fair and transparent.

7. GRIEVANCE REDRESSAL MECHANISM

- The Board of Directors of the Company has laid down the appropriate grievance redressal mechanism (GRM) within the organisation to resolve disputes. Such a mechanism ensures that all disputes arising out of the decisions of the company are heard and disposed of, at least at the

next higher level. The customer shall be informed of the customer complaint process / GRM followed by the Company.

- The customer shall be entitled to approach the Grievance Redressal Officer of the Company, who shall ensure taking up the grievance promptly and try to resolve the matter expeditiously.
- The Company shall display the following information prominently at its places where business is transacted:
 - the name and contact details (Telephone / Mobile nos. as also email address) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company.
 - If the complaint/dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the Regional Office of DNBS of RBI (along with complete contact details of the Officer-in-Charge), under whose jurisdiction the registered office of the Company falls.
- The Company shall review, on a yearly basis, compliance with this Code and the functioning of the grievance redressal mechanism at various levels of management. A consolidated report of such review may be submitted to the board of directors of the Company every year.

The Company will abide by this Code, following the spirit of the Code and in a manner that may be applicable to its business. The Code shall be displayed on the company website for the information of various stakeholders.
