CONTINGENCY AND RECOVERY PLAN FOR SAMPATI SECURITIES LIMITED

Prepared by Legal & IT Team

SAMPATI SECURITIES LIMITED

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1. Introduction:

The Contingency and Recovery Plan outlines the procedures and protocols to be followed by Sampati Securities Limited in the event of unforeseen disruptions or emergencies that may affect the operation of digital lending services. The objective of this plan is to ensure the continuity of digital lending operations, minimize service disruptions, and mitigate the impact of adverse events on borrowers and stakeholders.

2. Risk Assessment:

Sampati Securities Limited will conduct a comprehensive risk assessment to identify potential threats and vulnerabilities that could impact digital lending operations. The detailed comprehensive Risk Assessment for Digital Lending Operations includes but not limited to the following:

i. **Cybersecurity Risks:**

- **Threat**: Data breaches, hacking attempts, malware, ransomware attacks.
- **Vulnerabilities**: Weak encryption protocols, unsecured APIs, inadequate network security measures.
- **Mitigation**: Instruct digital lending app/lending service provider to implement robust cybersecurity measures such as encryption, firewalls, intrusion detection systems, regular security audits, and employee training on cybersecurity best practices. The same process shall also be done internally by the company as well.

ii. **Operational Risks:**

- **Threat**: System failures, power outages, infrastructure disruptions.
- **Vulnerabilities**: Single points of failure, outdated technology infrastructure, insufficient backup systems.
- **Mitigation**: Instruct digital lending app/lending service provider to implement redundancy measures, maintain backup systems, conduct regular maintenance and joint testing, and establish a business continuity plan to ensure uninterrupted operations. Further the company will also purchase is own cloud storage to store the customer data so that in case digital lending app/lending service provider fails to retrieve the data from their server, the same can be retrieved from the cloud storage managed by the company.

iii. **Compliance and Regulatory Risks:**

- **Threat**: Non-compliance with regulatory requirements, changes in regulations.
- **Vulnerabilities**: Inadequate compliance monitoring, lack of understanding of regulatory requirements, failure to update policies and procedures.
- **Mitigation**: Stay informed about regulatory changes, conduct regular compliance audits, implement robust compliance monitoring processes, and establish a compliance management system. The company will also update digital lending app/lending service provider regarding regulatory changes and instruct them to make necessary changes in mobile app to comply with the latest regulatory requirements.

iv. **Credit and Financial Risks:**

- **Threat**: Default by borrowers, fraud, credit risk.
- **Vulnerabilities**: Inadequate credit risk assessment processes, lack of fraud detection mechanisms, over-reliance on inaccurate data.
- **Mitigation**: Implement stringent credit risk assessment procedures, employ fraud detection tools and analytics, conduct regular portfolio reviews, and diversify the loan portfolio to mitigate concentration risk. Provide the rigorous recovery mechanism to the authorized recovery agency and take their follow up on regular intervals.

v. **Reputation Risks:**

- **Threat**: Negative publicity, customer complaints, loss of trust.
- **Vulnerabilities**: Poor customer service, data breaches, unethical lending practices.
- **Mitigation**: Focus on transparency and accountability, prioritize customer service excellence, establish a robust grievance redressal mechanism, and maintain a positive public image through responsible digital lending app/lending service provider.

vi. **Market Risks:**

- **Threat**: Economic downturn, changes in market conditions.
- **Vulnerabilities**: Over-reliance on specific market segments, lack of diversification in loan products.
- **Mitigation**: Diversify loan portfolio across different market segments, conduct thorough market research and analysis, and monitor macroeconomic indicators to anticipate market changes.

vii. **Technology Risks:**

- **Threat**: System failures, software bugs, technological obsolescence.
- **Vulnerabilities**: Inadequate software testing, lack of system upgrades, reliance on outdated technology.
- **Mitigation**: Instruct digital lending app/lending service provider to implement regular software updates and patches, conduct thorough joint testing of new technologies, invest in modern and scalable technology infrastructure, and establish a technology risk management framework.

viii. **Vendor and Third-Party Risks:**

- **Threat**: Service disruptions, security breaches, non-compliance by vendors.
- **Vulnerabilities**: Lack of vendor oversight, dependence on single vendors, inadequate due diligence.
- **Mitigation**: Perform thorough due diligence before engaging vendors, establish clear service level agreements, conduct regular vendor assessments.

ix. **Legal and Litigation Risks:**

- **Threat**: Legal disputes, regulatory fines, litigation costs.
- **Vulnerabilities**: Non-compliance with contractual obligations, inadequate legal documentation, failure to address customer grievances.
- **Mitigation**: Ensure compliance with contractual agreements and regulatory requirements, maintain accurate legal documentation, address customer grievances promptly, and seek legal counsel to mitigate legal risks.

x. **Human Capital Risks:**

- **Threat**: Key employee turnover, inadequate training, insider threats.
- **Vulnerabilities**: Lack of succession planning, insufficient training programs, inadequate background checks.
- **Mitigation**: Implement robust human resource management practices, including succession planning, training and development programs, background checks, and establish clear policies and procedures to mitigate insider threats.

xi. **Geopolitical and External Risks:**

- **Threat**: Political instability, natural disasters, global economic downturn.
- **Vulnerabilities**: Exposure to geopolitical hotspots, lack of disaster preparedness, dependency on international markets.
- **Mitigation**: Diversify geographical exposure, conduct geopolitical risk assessments, establish disaster recovery and contingency plans, and monitor global economic trends and geopolitical developments.

xii. **Emerging Risks:**

- **Threat**: New technologies, evolving customer behaviors, regulatory changes.
- **Vulnerabilities**: Lack of preparedness, failure to adapt to changing market dynamics.
- **Mitigation**: Instruct digital lending app/lending service provider to stay abreast of emerging trends and technologies, conduct regular risk assessments to identify emerging risks, and adopt a proactive approach to adapt to changing market conditions and regulatory requirements.

3. Contingency Planning:

Sampati Securities Limited will develop;

- contingency plans and alternative strategies to address identified risks and ensure the continuity of digital lending operations.
- Establish cloud storage backup systems, redundant infrastructure, and failover mechanisms to mitigate the impact of technical failures and system outages.

- Implement disaster recovery measures, including data backup and recovery procedures, to restore normal operations in the event of data loss or corruption.
- Establish communication protocols and channels to notify stakeholders, including borrowers, employees, regulatory authorities, and business partners, in the event of service disruptions or emergencies.

Further in terms of failure of digital lending app, Sampati Securities Limited will take steps as stated below;

i. **Immediate Response:**

Activate the emergency response team responsible for managing the situation.

Notify all relevant stakeholders, including customers, employees, and regulatory authorities, about the app failure through alternative communication channels such as email, SMS, and social media.

ii. **Communication Strategy:**

The company will develop a detailed communication plan outlining the messaging to be communicated to different stakeholders and will provide clear instructions to customers on alternative channels for accessing support and assistance with their loan accounts.

iii. **Alternative Access Channels:**

The company will provide alternative access channels for customers to manage their loan accounts, such as a web-based portal, phone-based customer support, or in-person assistance at physical branches.

iv. **Data Recovery and Backup:**

The company will initiate data recovery procedures to restore any lost or corrupted data associated with customer accounts and ensure that regular backups of customer data are maintained to minimize data loss in the event of a system failure.

v. **Customer Support:**

The company will ramp up customer support resources to handle increased inquiries and requests from affected customers and will provide dedicated support channels and additional staff training to assist customers with accessing alternative access channels and addressing their concerns.

vi. **Regulatory Compliance:**

The company will ensure compliance with regulatory requirements by promptly reporting the app failure to the relevant regulatory authorities and providing updates on the resolution progress.

vii. **Incident Review and Improvement:**

The company will conduct a thorough review of the incident to identify root causes and areas for improvement in the app's infrastructure, security, and resilience and will implement necessary enhancements to prevent similar incidents in the future and enhance the overall reliability of the digital lending app.

viii. **Customer Reassurance:**

The company will reassure customers about the security and reliability of the digital lending app once the issue is resolved and preventive measures are implemented.

ix. **Continuous Monitoring and Preparedness:**

The company will establish mechanisms for continuous monitoring of the digital lending app's performance and reliability to detect and address potential issues proactively.

The company will regularly review and update the contingency plan based on lessons learned from incidents and changes in the technological landscape through digital lending app/lending service provider.

5. Recovery Procedures:

The company will define recovery procedures and escalation protocols to be followed in the event of a disruption or emergency.

The company will activate response teams and designate responsible individuals to coordinate recovery efforts and execute contingency plans.

The company will implement recovery measures to restore critical business functions and services within predefined recovery time objectives (RTOs) and recovery point objectives (RPOs).

The company will conduct post-incident reviews and assessments to identify lessons learned and opportunities for improvement in contingency and recovery procedures.

6. Communication and Stakeholder Management:

The company will establish communication protocols and channels for timely and transparent communication with stakeholders during emergencies and service disruptions and will provide regular updates and status reports to stakeholders regarding the status of recovery efforts and expected timelines for resuming normal operations. Further the company will coordinate with regulatory authorities and other relevant stakeholders to ensure compliance with regulatory requirements.

7. Training and Awareness:

The company will provide training and awareness programs for employees to familiarize them with contingency and recovery procedures and their roles and responsibilities during emergencies.

The company will conduct regular drills, exercises, and simulations to test the effectiveness of contingency plans and ensure preparedness for various scenarios.

8. Continuous Improvement:

The company will conduct periodic reviews and assessments of the contingency and recovery plan to identify areas for improvement and incorporate lessons learned from past incidents and will update and revise the plan regularly to reflect changes in business processes, technologies, regulatory requirements, and industry best practices.

9. Conclusion:

The Contingency and Recovery Plan for company provides a framework for ensuring the continuity of digital lending operations and minimizing the impact of disruptions on borrowers and stakeholders. By implementing proactive measures, establishing robust contingency plans, and continuously improving response capabilities, the company aims to enhance resilience and maintain the trust and confidence of borrowers and stakeholders in its digital lending services.

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