

**VERSION CONTROL:**

<b>VERSION</b>	<b>DATE OF ADOPTION</b>	<b>PARTICULARS</b>	<b>OWNER</b>	<b>CUSTODIAN</b>	<b>APPROVING AUTHORITY</b>
1.0	18-Jul-2018	Outsourcing Policy	Relationship Management Team and Credit & Appraisal Team	Compliance	Board of Directors
1.2	12-May-2020	Outsourcing Policy	Relationship Management Team and Credit & Appraisal Team	Compliance	Board of Directors
1.3	10-Mar-2021	Outsourcing Policy	All departments dealing with outsourcing activities	Compliance	Board of Directors
1.4	29-May-2023	Outsourcing Policy	All departments dealing with outsourcing activities	Compliance	Board of Directors
1.5	12-Nov-2024	Outsourcing Policy	All departments dealing with outsourcing activities	Compliance	Board of Directors

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## **OUTSOURCING POLICY**

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## **1. INTRODUCTION:**

This Policy shall be termed as the Outsourcing Policy for Ashv Finance Limited (hereinafter referred to as “Company”). The terms in this Policy shall be considered as defined by the Reserve Bank of India in its various directions, guidelines as issued and may be issued from time to time and, or as defined herein below.

RBI has defined outsourcing as NBFC’s use of a third party (either an affiliated entity within a corporate group or an entity that is external to the corporate group) to perform activities on a continuing basis that would normally be undertaken by the NBFC itself, now or in the future.

Therefore, Reserve Bank of India (RBI) has in view of the public interest so to do and with a view to put in place necessary safeguards applicable to outsourcing of activities by NBFCs, issued instructions on “Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs” also referred in the Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023 as updated from time to time and directions for loans sourced by Banks and NBFCs over digital lending platforms adherence to fair practices code and outsourcing for facilitating adoption of sound and responsive risk management practices for effective oversight, due diligence and management of risks while outsourcing the activities. The guidelines are applicable to outsourcing arrangements and loans sourced through digital lending platforms entered into by the NBFCs with the Service Provider(s) located in India and outside India. They assist the NBFCs to mitigate various risks such as Strategic Risk, Reputation Risk, Compliance Risk, Operational Risk, Legal Risk, Exit Strategy Risk, Counter Party Risk, Country Risk, Contractual Risk, Access Risk, Concentration and Systemic Risk.

## **2. OBJECTIVE OF THE POLICY:**

The objective of this Policy is to establish requirements for identifying, justifying, implementing and reviewing outsourcing arrangements with outsourcing Service Providers; defining the criteria for selection of Service Provider(s), delegation of authority depending on risks arising out of outsourcing, materiality and systems to monitor, review the operations and management of these risks.

Further, the NBFC shall also ensure that the Outsourcing arrangements neither diminish its ability to fulfil its obligations to customers and the Reserve Bank nor impede effective supervision by the Reserve Bank. The NBFC shall not engage in Outsourcing that would result in their Internal Control, Business conduct or reputation being compromised or weakened.

## **3. ACTIVITIES THAT CAN BE OUTSOURCED:**

The Services which do not fall under the definition of core activities for an NBFC into the business of lending and are not specifically prohibited by the Reserve Bank of India, any other applicable law and by this Policy may be outsourced by the Company.

The following activities may be outsourced at the discretion of the Company but the provisions of this Policy shall not apply to outsourcing of such activities:

- Use of Courier Services, Travel Agents;
- Housekeeping and Maintenance Services (e.g. Janitor, premise security);
- Legal Services- consultancy, litigation, notice issue, etc.
- Consultancy services from Chartered Accountant firm/ Company Secretary firm/ any other consulting firm
- Information Technology Services (separate policy in place)
- Appointment of Statutory Auditors/ Information Security Auditors/ Secretarial Auditors
- Appointment of valuers

#### **4. ACTIVITIES THAT SHALL NOT BE OUTSOURCED:**

The Company shall not outsource its core management functions or activities. In case of a Non-Banking Finance Company, the following activities can be considered as core management function which shall not be outsourced:

- Business Strategy
  - Compliance and Risk function
  - Customer Grievance Management
  - Cybersecurity Governance
  - Decision-making functions such as determining compliance with KYC norms for opening of accounts, sanction for loans, management of investment portfolio
  - Internal Audit\*
  - Any other activity not related to financial services

\*Internal auditors can be on contract.

However, the Company can outsource the above-mentioned functions within the group subject to compliance with instructions as provided in Outsourcing of activity to group companies.

#### **5. MATERIAL OUTSOURCING:**

Notwithstanding an outsourcing arrangement is considered as material if the estimated annual expenditure is likely to exceed 10% of the total expenditure incurred by the Company on during the preceding year on all outsourcing activities, outsourcing arrangements shall be considered material also if vendor has access to key information of Company's customers or employees and disruption of the said service has the potential to significantly impact the business operations, reputation or profitability or customer service.

Without limiting the scope, the criteria for assessing the materiality of outsourcing arrangements should have regard to the following key factors:

- a. The level of importance and significance of the risk to the Company, of the activity being outsourced.
- b. The potential impact of the outsourcing on the Company, on various parameters such as, earnings, solvency, liquidity, funding capital and risk profile.
- c. The likely impact on the Company's reputation and brand value and ability to achieve its business objectives, strategy and plans, should the Service Provider fail to perform the service.
- d. The cost of the outsourcing as a proportion of total operating costs of the Company.
- e. The aggregate exposure to that particular Service Provider, in case where the Company outsources various functions to the same Service Provider.
- f. The significance of activities outsourced in context of customer service and protection
- g. Degree of difficulty and time required to replace the outsourcing Service Provider or if necessary to bring the activity in-house
- h. Interrelationship of outsourced activity with other activities within the Company
- i. Aggregate exposure to a particular Outsourcing Service Provider where the Company outsources multiple activities to the same outsourcing Service Provider.

#### **6. SELECTION OF SERVICE PROVIDER:**

To enable sound and responsive risk management practices for effective oversight, due diligence and management of risks arising from outsourcing activities, all concerned departments who decide to outsource a financial activity/service shall additionally carry out due diligence in terms of Annexure I of this Policy for all activities considered material.

The Company must take into consideration following qualitative and quantitative, financial, legal, operational and reputational factors before selection of all outsourcing Service Providers and for evaluating their capability at regular intervals.

- a. The outsourcing of any activity by the Company shall not diminish its obligations, and those of its Board and senior management, who have the ultimate responsibility for the outsourced activity. The Company would therefore be responsible for the actions of their service provider including Direct Sales Agents/ Direct Marketing Agents and recovery agents and the confidentiality of information pertaining to the customers that is available with the service provider. The Company shall retain ultimate control of the outsourced activity.
- b. In considering or renewing an outsourcing arrangement, appropriate care, skill and diligence shall be performed to assess the capability of the Service Provider to comply with obligations in the outsourcing agreement.
- c. Also, all relevant laws, regulations, guidelines and conditions of approval, licensing or registration shall also be considered while outsourcing of any activities.
- d. Past experience and competence to implement and support the proposed activity over the contracted period;
- e. Service Provider's resources and capabilities, including financial soundness, to perform the outsourcing work within the timelines fixed;
- f. Compatibility of the practices and systems of the Service Provider with the Company's requirements and objectives;
- g. Market feedback of the prospective Service Provider's business reputation and track record of their services rendered in the past;
- h. Security and internal control, audit coverage, reporting and monitoring environment, business continuity management and
- i. ensuring due diligence by Service Provider to its employees.
- j. Business reputation and culture, complaints and outstanding or potential litigation;
- k. Service Provider is permitted by applicable law to undertake the activities outsourced;
- l. Assessment of details of technology, infrastructure stability, security and data backup arrangements and the capacity of Service Provider to identify and segregate Company's data;
- m. Business continuity management along with disaster recovery plan and potential conflict of interest of the Service Provider.
- n. The Service Provider, if not a group company of the Company, shall not be owned or controlled by any director of the Company or their relatives. These terms have the same meaning as assigned under Companies Act, 2013

## **7. ROLE OF THE BOARD AND SENIOR MANAGEMENT:**

### **7.1 Role of the Board:**

The Board of the Company or Risk Management Committee of the Board to which powers have been delegated shall be responsible inter alia for the following:

- a. Approval of framework to evaluate the risks and materiality of all existing and prospective outsourcing and the policies that apply to such arrangements;
- b. Laying down appropriate authorities for outsourcing depending on risks and materiality;
- c. Setting up suitable administrative framework of senior management for the purpose of these directions;
- d. Undertaking regular reviews of outsourcing strategies and arrangements for their continued relevance and safety and soundness; and
- e. Deciding on business activities of a material nature to be outsourced and approving of such arrangements.

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**7.2 Responsibilities of the Senior Management:**

- a. Evaluate the risks and materiality of all existing and prospective outsourcing, based on the framework approved by the Board;
- b. Develop and implement sound and prudent outsourcing policies and procedures commensurate with the nature, scope and complexity of the outsourcing activity;
- c. Review periodically the effectiveness of policies and procedures;
- d. Communicate information pertaining to material outsourcing risks in the Board in a timely manner;
- e. Ensure that contingency plans, based on realistic and probable disruptive scenarios, are in place and tested;
- f. Ensure that there is independent review and audit for compliance with set policies; and
- g. Undertake periodic reviews of outsourcing arrangements to identify new material outsourcing risks as they arise.

**8. OUTSOURCING OF ACTIVITY TO GROUP COMPANIES:**

- a. The Company may outsource its activity to any of its Group Companies to act as the Service Provider.
- b. The Company shall ensure that an arm's length distance is maintained in terms of manpower, decision-making, record keeping, etc. for avoidance of potential conflict of interests between the Company and Group Companies and accordingly necessary disclosures in this regard shall be made as part of the outsourcing agreement. Before entering into such arrangements with group entities, the Company shall have a Board approved policy and also service level agreements/ arrangements with the group entities, which shall also cover demarcation of sharing resources i.e., premises, personnel, etc. Moreover, the customers shall be informed specifically about the company which is actually offering the product/ service, wherever there are multiple group entities involved or any cross selling observed.
- c. While entering into such arrangements, the Company shall ensure that these:
  - are appropriately documented in written agreements with details like scope of services, charges for the services and maintaining confidentiality of the customer's data;
  - do not lead to any confusion to the customers on whose products/ services they are availing by clear physical demarcation of the space where the activities of the Company and those of its other group entities are undertaken;
  - do not compromise the ability to identify and manage risk of the Company on a stand-alone basis;
  - do not prevent the RBI from being able to obtain information required for the supervision of the Company or pertaining to the group as a whole; and
  - shall incorporate a clause under the written agreements that there is a clear obligation for any service provider to comply with directions given by the RBI in relation to the activities of the Company.
- d. The Company shall ensure that their ability to carry out their operations in a sound fashion would not be affected if premises or other services (such as IT systems, support staff) provided by the group entities become unavailable.
- e. The Company shall not publish any advertisement or enter into any agreement stating or suggesting or giving tacit impression that they are in any way responsible for the obligations of its group entities;
- f. The marketing brochure used by the group entity and verbal communication by its staff / agent in the Company's premises shall mention nature of arrangement of the entity with the Company so that the customers are clear on the seller of the product;
- g. The arrangement should be compliant with the Related Party transaction Policy of the Company.

**9. OFF-SHORE OUTSOURCING OF FINANCIAL SERVICES:**

- a. The engagement of service providers in a foreign country exposes the Company to country risk - economic, social and political conditions and events in a foreign country that may adversely affect the Company. Such conditions and events could prevent the service provider from carrying out the terms of

- its agreement with the Company. To manage the country risk involved in such outsourcing activities, the Company shall take into account and closely monitor government policies and political, social, economic and legal conditions in countries where the service provider is based, both during the risk assessment process and on a continuous basis, and establish sound procedures for dealing with country risk problems. This includes having appropriate contingency and exit strategies. In principle, arrangements shall only be entered into with parties operating in jurisdictions generally upholding confidentiality clauses and agreements. The governing law of the arrangement shall also be clearly specified.
- b. The activities outsourced outside India shall be conducted in a manner so as not to hinder efforts to supervise or reconstruct the India activities of the Company in a timely manner.
  - c. As regards the off-shore outsourcing of financial services relating to Indian Operations, the Company shall additionally ensure that
    - Where the off-shore service provider is a regulated entity, the relevant off-shore regulator will neither obstruct the arrangement nor object to RBI inspection visits/ visits of Company's internal and external auditors.
    - The availability of records to management and the RBI will withstand the liquidation of either the offshore custodian or the Company in India.
    - The regulatory authority of the offshore location does not have access to the data relating to Indian operations of the Company simply on the ground that the processing is being undertaken there (not applicable if off shore processing is done in the home country of the Company).
    - The jurisdiction of the courts in the off shore location where data is maintained does not extend to the operations of the Company in India on the strength of the fact that the data is being processed there even though the actual transactions are undertaken in India and
    - All original records continue to be maintained in India.

#### **10. OUTSOURCING AGREEMENTS:**

- a. All outsourcing arrangements shall be executed only by way of a clearly defined and legally binding written agreement with each of the Service Provider and vetted by the Company's Legal counsel on their legal effect and enforceability;
- b. The agreement shall be sufficiently flexible to allow the Company to retain an appropriate level of control over the outsourcing and the right to intervene with appropriate measures to meet legal and regulatory obligations;
- c. The agreement shall also bring out the nature of legal relationship between the parties - i.e., whether agent, principal or otherwise
- d. Due care shall be taken to ensure that the Outsourcing Agreement:
  - i. clearly defines what activities are going to be outsourced, including appropriate service and performance levels;
  - ii. to ensure that it has the ability to access all books, records and information relevant to the outsourced activity available with the service provider;
  - iii. provides for mutual rights, obligations and responsibilities of the Company and the Service Provider including indemnity by the parties;
  - iv. provides for the liability of the Service Provider to the Company for unsatisfactory performance/other breach of the contract;
  - v. provides for the continuous monitoring and assessment by the Company of the Service Providers so that any necessary corrective measures can be taken up immediately, i.e., the contract shall enable the Company to retain an appropriate level of control over the outsourcing and the right to intervene with appropriate measures to meet legal and regulatory obligations;
  - vi. includes, where necessary, conditions of sub-contracting by the Service Provider, i.e. the contract shall provide for the prior approval/ consent by the Company of the use of subcontractors by the service provider for all or part of an outsourced activity
  - vii. has unambiguous confidentiality clauses to ensure protection of proprietary and customer data during the tenure of the contract and also after the expiry of the contract and service providers' liability in

case of breach of security and leakage of confidential customer related information shall be incorporated;

- viii. specifies the responsibilities of the Service Provider with respect to the IT security and contingency plans, insurance cover, business continuity and disaster recovery plans, force majeure clause, etc.;
- ix. provides for preservation of the documents and data by Service Provider as required by law and take suitable steps to ensure that its interests are protected in this regard even post termination of the services;
- x. Provides for the mechanisms to resolve disputes arising from implementation of the outsourcing contract;
- xi. provides for a termination clause and minimum period to execute a termination provision, if deemed necessary, termination rights, transfer of information and exit strategies;
- xii. Addresses additional issues arising from country risks and potential obstacles in exercising oversight and management of the arrangements when Company outsources its activities to foreign Service Provider. For example, the agreement shall include choice-of-law provisions and agreement covenants and jurisdictional covenants that provide for adjudication of disputes between the parties under the laws of a specific jurisdiction; l) neither prevents nor impedes the Company from meeting its respective regulatory obligations, nor the regulator from exercising its regulatory powers; and
- xiii. Provides for the Company and /or the regulator or the persons authorized by it to have the ability to inspect, right to conduct audit through internal or external auditors, obtain copies of any audit or review reports, access all books, records and information relevant to the outsourced activity with the Service Provider.
- xiv. Provides for the RBI or officials authorised by it to access the Company's documents, record of transactions, and other necessary information given to, stored or processed by the Service Provider within a reasonable time and also right to conduct inspection on Service Provider and its books and account.

#### **11. CLIENT CONFIDENTIALITY & SECURITY:**

- a. The Company is expected to take appropriate steps to protect its proprietary and confidential customer information and ensure that it is not misused or misappropriated.
- b. The Company shall prevail upon the Service Provider to ensure that the employees of the Service Provider have limited access to the data handled and only on a "need to know" basis and the Service Provider shall have adequate checks and balances to ensure the same.
- c. The Company shall ensure that the service provider is able to isolate and clearly identify the Company's customer information, documents, records and assets to protect the confidentiality of the information. In instances, where service provider acts as an outsourcing agent for multiple NBFCs, care shall be taken to build strong safeguards so that there is no comingling of information / documents, records and assets.
- d. In cases where the Service Provider is providing similar services to multiple entities, the Company shall ensure that adequate care is taken by the Service Provider to build safeguards for data security and confidentiality.
- e. The Company shall review and monitor the security practices and control processes of the service provider on a regular basis and require the service provider to disclose security breaches.

The Company shall immediately notify RBI in the event of any breach of security and leakage of confidential customer related information. In these eventualities, the Company liable to its customers for any damages.

#### **12. RESPONSIBILITIES OF DIRECT SALES AGENTS (DSA)/ DIRECT MARKETING AGENTS (DMA)/ RECOVERY AGENTS:**

- a. The Company shall ensure that DSA/DMA/Recovery Agents are properly trained to handle their responsibilities with care and sensitivity, particularly aspects such as soliciting customers, hours of calling, privacy of customer information and conveying the correct terms and conditions of the products



on offer etc.

- b. Recovery Agent shall adhere to extant instructions on Fair Practices Code of the Company as also their own code for collection of dues and repossession of security, it is essential that the Recovery Agents refrain from action that could damage the integrity and reputation of the Company and that they observe strict customer confidentiality.
- c. The Company and their agents shall 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 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.

### **13. LOANS SOURCED BY THE COMPANY OVER DIGITAL LENDING PLATFORMS:**

In view of the of Banks and NBFCs engaging digital lending platforms to source borrowers and/or to recover dues, the RBI has issued circular on loans sourced by Banks and NBFCs over digital lending platforms: adherence to fair practices code and outsourcing directs that wherever the Company engages digital lending platforms as their agents to source borrowers and/ or to recover dues, they must follow the following instructions:

- i. Names of digital lending platforms engaged as agents shall be disclosed on the website of the Company.
- ii. Digital lending platforms engaged as agents shall be directed to disclose upfront to the customer, the name of the Company on whose behalf they are interacting with him.
- iii. Immediately after sanction but before execution of the loan agreement, the sanction letter shall be issued to the borrower on the letter head of the Company.
- iv. A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement shall be furnished to all borrowers at the time of sanction/ disbursement of loans.
- v. Effective oversight and monitoring shall be ensured over the digital lending platforms engaged by the Company.
- vi. Adequate efforts shall be made towards creation of awareness about the grievance redressal mechanism.

### **14. BUSINESS CONTINUITY AND MANAGEMENT OF DISASTER RECOVERY PLAN:**

- a. Specific contingency plans shall be separately developed for each outsourcing arrangement, as is done in individual business lines.
- b. The concerned Senior Management shall take appropriate steps to assess and address the potential consequence of a business disruption or other problems at the Service Provider level. Notably, it shall consider contingency plans at the Service Provider level; co-ordination of contingency plans at both levels and in the event of non-performance by the Service Provider.
- c. In order to mitigate the risk of unexpected termination of the outsourcing agreement or liquidation of the service provider, the Company shall retain an appropriate level of control over their outsourcing and the right to intervene with appropriate measures to continue its business operations in such cases without incurring prohibitive expenses and without any break in the operations of the Company and its services to the customers.
- d. In establishing a viable contingency plan, the Company shall consider the availability of alternative service providers or the possibility of bringing the outsourced activity back in-house in an emergency and the costs, time and resources that would be involved.
- e. The Company shall ensure that service providers are able to isolate the Company's information, documents and records, and other assets. This is to ensure that in appropriate situations, all documents,

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records of transactions and information given to the service provider, and assets of the Company, can be removed from the possession of the service provider in order to continue its business operations, or deleted, destroyed or rendered unusable.

**15. MONITORING AND CONTROL OF OUTSOURCED ACTIVITIES:**

The Company shall have in place a management structure to monitor and control its outsourcing activities. The Company shall ensure that the performance of the Service Provider to whom the activity is outsourced is monitored and reviewed at least on annual basis in consultation with risk/compliance function and respective function head, if any. A detailed evaluation report should be placed before the Risk Committee and Board of Directors every year for review of material outsourcing arrangements, the monitoring of performance may take place on shorter intervals as may be required depending on criticality or any other reasons.

The criteria used for review would be the same as those used on the Pre-outsourcing evaluation with the following additions as applicable:

- a. Performance evaluation including transaction volumes, processing errors, service levels;
- b. Past breaches of confidentiality, if any;
- c. adverse auditor comments (internal/external);
- d. Cases of willful misconduct or gross negligence, if any;
- e. Regulatory/compliance breaches, if any;
- f. Process deviation;
- g. Productivity;
- h. Clients/ Customer complaints and feedback;
- i. Financial and operational condition of the Service Provider to assess its ability to meet its obligations;
- j. any legal cases filed against Service Provider which shall impair its ability to provide services.

The Annual review of the Outsourced Service Provider, if any, will be done by the Company's respective function after the month of October as per the appended checklist under **Annexure II**.

Regular audits by either the internal audit function or external auditors of the Company shall assess the adequacy of the risk management practices adopted in overseeing and managing the outsourcing arrangement, the Company's compliance with its risk management framework and the requirements of these directions.

In the event of termination of the outsourcing agreement for any reason in cases where the service provider deals with the customers, the same shall be publicized by displaying at a prominent place in the branch, posting it on the web-site, and informing the customers so as to ensure that the customers do not continue to deal with the service provider.

**16. MAINTENANCE OF RECORDS:**

- a. The records relating to all material activities outsourced shall be preserved centrally by the risk/compliance function so that the same is readily accessible for review by the Risk Management Committee or Board of the Company and / or its senior management, as and when needed. The records shall be updated promptly and half yearly reviews shall be placed before the Board or Risk Management Committee.
- b. Such records shall be regularly updated and may also form part of the corporate governance review by the management of the Company.
- c. Such records shall be preserved for a minimum period of 3 years from the end of outsourcing contract

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period unless a longer period is prescribed under applicable laws.

**17. REDRESSAL OF GRIEVANCES RELATED TO OUTSOURCED SERVICES:**

The Company has appointed Ms. Shristi Padia, Company Secretary and Chief Compliance Officer of the Company as Grievance Redressal Officer. The designated officer shall ensure that genuine grievances of the Customers are forwarded to concerned department and redressed promptly without any delay. Generally, time limit of 30 days shall be given to the customers for resolving their complaints/grievances. The grievance redressal procedure of the Company and the time frame fixed for responding to the complaints shall be placed on the Company's website.

**18. REPORTING REQUIREMENTS:**

The list of material outsourcing in the Company will be presented to the Risk Management Committee on a half yearly basis. Further, the detailed evaluation report on the outsourcing activities will be placed before the Risk Management Committee or any other committee so authorized and Board of Directors at least on annual basis. Any adverse observation by the management shall be reported to Committee/ Board.

**19. REVIEW:**

This policy will be reviewed on an annual basis by the Management. If there is any change to the policy, then the Management will seek Board approval.

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**Annex I – Due Diligence – Outsourced Service Providers**

Nature of Risk	Questions to be responded	Answers	Supporting document
Strategic Risk	Which activities carried out by outsourcing service Provider on its own behalf that are inconsistent with overall strategic goals of the Company		
	What is the possibility of failure to implement appropriate oversight of outsourcing service provider		
	Do we have adequate expertise to oversee outsourcing service provider		
Reputation Risk	Is the standard of service provided by the outsourcing service provider as per the standards accepted by the Company		
	Is the outsourcing service provider engaged in any unethical practices that may tarnish the reputation of the Company		
Compliance Risk	Any customer interaction that is inconsistent with Company’s standards		Copy of customer interaction
	Is vendor in compliance with applicable laws?		
	Is there a risk to customer data confidentiality from outsourcing engagement		Information technology team approval
	Has there been any regulatory breach/violation finding of a process that has been outsourced to service provider		Copy of any notice/circular from any regulator
Operational Risk	Is there a risk of error, fraud or technological failure in the activity outsourced?		
	Does the outsourcing service provider have sufficient financial capacity to fulfill obligations and/or to provide remedies/restitution?		Financial Statements of vendor
	Are sufficient reviews/ inspections of the outsourcing service provider conducted for these risks?		Internal evaluation document from the department
	Are there appropriate controls in place to oversee the functioning of service provider		
	Has Service Provider recognized “essential personnel” who provide core services in case of any BCP/DR event?		List of key employees of service provider
Legal Risk	Is Ashv subjected to fines, penalties or punitive damages resulting from supervisory actions, due to omission and commission of the service provider		
Exit	Are we over-reliant on one service		List of activities

Strategy/Concentration Risk	provider (multiple activities outsourced to one service provider or critical activities outsourced to limited service providers)		outsourced to the vendor
	Do we have the relevant skills or resources to bring the outsourced activity back in-house?		
	Is there any contract clause which makes exit the contract prohibitively expensive?		Copy of agreement and clause no. to be mentioned
Contractual Risk	Is there an inability to enforce contract due to any reasons?		
Information Risk	Is there a risk of materially incorrect information being provided by the outsourcing service provider		
	Is there risk of delays in providing timely data and information to the Company and RBI as a result of the outsourcing agreement?		
Information Security Risk	Whether Infosec team has provided clearance basis the standard infosec review covering service providers practices on data protection, data segregation, data confidentiality, data security, processing or storage of data, data backup?		Approval from infosec team/CISO
	Whether Service Provider has necessary due diligence process in place with respect to its employee and sub-contractors?		
Country Risk	For off shore outsourcing: i. Is there is any risk with respect to the Government policies and political, social, economic and legal conditions in countries where the service provider is based?  ii. Does the law of the country in which service provider is based uphold confidentiality clauses and agreements?  iii. Will outsourcing cause hinderances in supervision of the Company's activities  iv. Is the off-shore service provider a regulated entity? If yes, the relevant off-shore regulator will neither obstruct the arrangement nor object to the Reserve Bank inspection		

	<p>visits/visits of NBFCs internal and external auditors</p> <p>v. Will the records be available to the Company and RBI even if either entity is undergoing liquidation?</p> <p>vi. If processing of information is undertaken outside India,  a. the regulator of the service provider should not have access to data of the Company;  b. Courts of the country in which service provider is based shall have jurisdiction over the operations of the Company</p> <p>vii. Original records are being maintained in India?</p>		
Others	Is the confidentiality of any commercially sensitive/customer information being compromised by the involvement of an outsourcing service provider?		
	Is there any negative feedback of the service provider from the market/independent review?		
	Any other factor which will have a significant impact on the Company or its clients/customers not covered above		
	Regulatory Status of the Service Provider		COI/COR/MSME certificate

Annex II – Annual Assessment

Sr. No.	Checkpoints	Analysis	Mitigation Plan, if any
	State the estimated annual expenditure under the proposed outsourced activity		
	The financial, reputational and operational impact on the Company of the failure of a service provider to adequately perform the activity		
	Potential losses to Company and/or its Clients/customers in the event of any disruption in the service/failure of the service provider		
	Consequences of outsourcing the activity on the ability and capacity of the Company to conform with regulatory requirements and changes in requirements		
	Interrelationship of the outsourced activity with other activities within the Company		
	Affiliation or other relationship between the Company and the Service Provider		Declaration from Service Provider
	Degree of difficulty and time required to select an alternative service provider or to bring the business activity in-house, if necessary		
	Complexity of the outsourcing arrangement – process/term sheet		
	Aggregate Exposure – Are there multiple activities (including the proposed outsourced activity) outsourced to the same vendor		
	Material impact, if any on Company’s customers in the event of unauthorized access, loss or theft of customer information		
	Any other relevant factors having significant impact on the Company or its clients/customers		
	Whether or not there is any conflict of interest between Service Provider and the Company		
	Financial soundness and ability to service commitments even under adverse conditions		Audited Financial Statements
	Business reputation and culture, compliance, complaints and outstanding or potential litigation		
	Security and internal control, audit coverage, reporting and monitoring environment, Business continuity		

	management and Disaster Recovery Plan		
	External factors like political, economic, social and legal environment of the jurisdiction in which the service provider operates and other events that may impact service performance risk		
	Ensuing due diligence by service provider of its employees and its subcontractors		
	Whether the service providers' systems are compatible with their own and with Company's standards of performance		
	Technology, infrastructure stability, security and data backup arrangements and the capacity of service provider to verify and segregate Company's data		
	Does the Service Provider have systems to protect confidential information of both the Company and its client from intentional or inadvertent disclosures to authorized persons		
	Has the Service Provider been involved in matter of accepting bribes by checking business records, legal proceedings, internet searches and social media checks		Declaration from Service Provider