

**CHARTERED FINANCE & LEASING LTD.
(CFL)**

**(“NBFC/ B-13.02480”)
OUTSOURCING POLICY**

SUMMARY OF POLICY

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Approver	Board of Directors of Chartered Finance & Leasing Ltd

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II	05-May-2025	Reviewed by Board
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OUTSOURCING POLICY

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1. INTRODUCTION:

This policy shall be termed as the Outsourcing Policy for Chartered Finance & Leasing Ltd (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.

With the speedy development and growth in the finance industry, Non-Banking Financial Companies (NBFCs) have been outsourcing various activities to either an affiliated entity within a group or third- party external to the group) to perform activities on continuing basis that would normally be undertaken by the NBFC itself, now or in the future.

Generally, outsourced financial services include application processing (loan origination), document processing, marketing and research, supervision of loans, data processing and back office related activities etc. Due to outsourcing of various activities, NBFCs are exposed to 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. The failure of a service provider in providing a specified service, a breach in security/confidentiality, or non-compliance with legal and regulatory requirements by the service provider can lead to financial losses or loss of reputation for the Company and could also lead to systemic risks.

Therefore, the Reserve Bank of India (RBI), in the public interest and with a view to putting in place necessary safeguards applicable to outsourcing of activities by NBFCs, has issued the Reserve Bank of India (Non-Banking Financial Companies – Managing Risks in Outsourcing) Directions, 2025, as amended from time to time, for facilitating adoption of sound and responsive risk management practices for effective oversight, due diligence and management of risks while outsourcing activities. The provisions of Chapter III of the said Directions shall apply to material outsourcing arrangements for financial services, and shall not apply to outsourcing of IT services as defined in the said Directions (which are governed by Chapter IV of the said Directions) and to activities unrelated to financial services like usage of courier, catering of staff, housekeeping and janitorial services, security of the premises, movement and archiving of records, etc..

An NBFC intending to outsource any of its financial activities shall put in place a comprehensive outsourcing policy, approved by its Board. The Company had in its meeting of the Board of Directors of the Company held on 07-Apr-2022, approved this Outsourcing Policy and amended on time-to-time basis as per the requirement.

2. OBJECTIVE OF THE POLICY:

The objective of this Policy is to identify the criteria for selection of such activities that may be outsourced as well as 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.

3. ACTIVITIES THAT CAN BE OUTSOURCED:

The Services that may be outsourced by the Company may generally include application processing (loan origination), document processing, marketing and research, supervision of loans, data processing and back office related activities etc. An indicative list of activities that may be considered for outsourcing shall be as under:

- Sourcing/Lead Generation/Recommendation of prospective Borrowers;
- Collection of Loans from Borrowers/Defaulting Borrowers;
- Field Investigation, Risk Containment Unit;
- Verification of Documents, Fraud Control, Customer Profile, Credit checks;
- Managing Customer Queries;
- Marketing of Company's products;
- Recruitment, Selection and Training of Personnel;
- Background verification of personnel for employment;
- Administration of Payroll and Taxation;
- Technology infrastructure management, maintenance & support;
- Application development, maintenance and testing;
- Storage, movement and archiving of records;
- Use of Courier Services, Travel Agents;
- Housekeeping and Maintenance Services;
- Legal Services

Items at (Technology infrastructure management, maintenance & support) and (Application development, maintenance and testing) constitute outsourcing of IT services and shall be governed by Chapter IV of the said Directions; items at (Storage, movement and archiving of records), (Courier Services, Travel Agents) and (Housekeeping and Maintenance Services) are activities unrelated to financial services to which Chapter III does not apply.

The above list is indicative and not exhaustive. The Company may outsource any activities other than those mentioned above which are permissible to be outsourced as per the RBI Guidelines.

4. ACTIVITIES THAT SHALL NOT BE OUTSOURCED:

The Company shall not outsource core management functions including Internal Audit, strategic and compliance functions, and decision-making functions such as determining compliance with KYC norms, giving sanction for loans (including retail loans) and management of investment portfolio. Provided that these functions may be outsourced within the group subject to compliance with the said Directions. While internal audit function itself is a management process, the internal auditors can be on contract.

5. MATERIAL OUTSOURCING:

Material outsourcing arrangements are those, which if disrupted, have the potential to significantly impact the business operations, reputation or profitability or customer service. Materiality of outsourcing would be based on:

- 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.

6. RISKS ARISING OUT OF OUTSOURCING:

Outsourcing of financial services exposes the Company to number of risks which need to be evaluated and effectively managed and mitigated. The key risk that may arise due to outsourcing

are:

- a. Strategic Risk - The Service Provider may conduct business on its behalf, which is inconsistent with the overall strategic goals of the Company.
- b. Reputation Risk - Poor service from the Service Provider and its customer interaction may not be consistent with the overall standards expected by the Company.
- c. Compliance Risk – Privacy, consumer and prudential laws may not be adequately complied with by the Service Provider.
- d. Operation Risk - Arising due to technology failure, fraud, error, inadequate financial capacity of Service Provider to fulfil obligations and/or provide remedies.
- e. Legal Risk - Where the Company is subjected to fines, penalties or punitive damages resulting from supervisory actions, as well as private settlements due to omissions and commissions of the Service Provider.
- f. Exit Strategy Risk - This could arise from over-reliance on one firm, the loss of relevant skills in the Company itself preventing it from bringing the activity back in-house and contracts entered into wherein speedy exits would be prohibitively expensive.
- g. Counter party Risk – Due to inappropriate underwriting or credit assessments.
- h. Country Risk – Due to political, social or legal climate creating added risk.
- i. Contractual Risk – arising from whether or not the Company has the ability to enforce the contract.
- j. Concentration and Systemic Risk – Due to lack of control of individual Company over a Service Provider, more so when overall financing industry has considerable exposure to one Service Provider.

7. 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 follow the below-mentioned principles applicable to arrangements entered into by the Company with the Service Provider. A well-defined structure of roles & responsibilities discussed hereinafter shall be in place to decide on the activities to be outsourced, selection of service provider, terms & conditions of outsourcing and monitoring mechanism etc.:

- 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. The Company shall ensure that outsourcing, whether the service provider is located in India or outside, (a) does not impede RBI in carrying out its supervisory functions and objectives, or diminish the ability of the Company to fulfil its obligations to the regulator; (b) does not impede or interfere with the ability of the Company to effectively oversee and manage its activities; (c) does not result in the compromise or weakening of its internal control, business conduct or reputation; and (d) that the service provider employs the same high standard of care in performing the services as would be employed by the Company.
- e. Past experience and competence to implement and support the proposed activity over the

contracted period;

- f. Service Provider's resources and capabilities, including financial soundness, to perform the outsourcing work within the timelines fixed;
- g. Compatibility of the practices and systems of the Service Provider with the Company's requirements and objectives;
- h. Market feedback of the prospective Service Provider's business reputation and track record of their services rendered in the past;
- i. Security and internal control, audit coverage, reporting and monitoring environment, business continuity management and
- j. ensuring due diligence by Service Provider to its employees.
- k. The due diligence shall involve an evaluation of all available information about the service provider, including (i) qualitative, quantitative, financial, operational, legal and reputational factors; (ii) risks arising from undue concentration, if outsourcing to a single or a limited number of service providers; (iii) past experience and demonstrated competence; (iv) financial soundness and ability to service commitments even under adverse conditions; (v) business reputation and culture, compliance, complaints and outstanding or potential litigation; (vi) quality of due diligence exercised by the service provider of its employees and sub-contractors; (vii) security and internal control, audit coverage, reporting and monitoring procedures, and business continuity management; and (viii) political, economic, social and legal environment of the jurisdiction in which the service provider operates. Where possible, independent reviews and market feedback shall be obtained, and compatibility of systems and acceptability of standards of performance including customer service shall be evaluated.
- l. 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

8. ROLE OF THE BOARD AND SENIOR MANAGEMENT:

8.1. Role of the Board:

The Board of the Company or 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;
- e. Deciding on business activities of a material nature to be outsourced and approving of such arrangements;
- f. approving a policy for outsourcing financial services to a group entity; and
- g. reviewing records of all material outsourcing on half yearly basis, in which case the delegation shall be to the Risk Management Committee only.

Approval authorities for outsourcing arrangements, depending on risks and materiality, shall be as follows: (a) non-material outsourcing arrangements with an annual contract value of up to ₹25 lakh – the head of the user function, with the concurrence of the Chief Financial Officer; (b) non-material outsourcing arrangements with an annual contract value above ₹25 lakh – the MD & CEO; (c) material outsourcing arrangements, and any outsourcing to a group or related entity – the Board or the Risk Management Committee of the Board, on the recommendation of the MD & CEO after due diligence, with arrangements with related parties also requiring the approval of the Audit Committee; and (d) renewal or material modification of an arrangement – the authority competent to approve the original arrangement.

8.2. 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.

9. 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. If the premises of the Company are shared with group entities for the purpose of cross-selling, the Company shall take measures to ensure that the entity's identification is distinctly visible and clear to the customers. The risk management practices to be adopted by the Company while outsourcing to a related party (i.e., party within the group / conglomerate) shall be identical to those for a non-related party.

10. 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. The Company shall ensure that it, its auditors, and the RBI (or persons authorised by it) are

able to access, on a timely basis, all information, records and documents relating to the outsourced activity, wherever located, and that such access and audit rights are contractually mandated with the off-shore service provider.

- d. As regards the offshore 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.
 - The jurisdiction of the courts in the offshore 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.

11. 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 Provider 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.

12. 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.
- f. 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 would be

liable to its customers for any damages.

13. 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 Agents shall adhere to the Fair Practice Code of the Company as also their own code for collection of dues and repossession of security. The Company shall have a due diligence process in place for engagement of recovery agencies, conforming to these Outsourcing Directions, and shall obtain an undertaking from each recovery agency that its agents will abide by the code of conduct. Recovery agents shall observe strict customer confidentiality and refrain from any action that could damage the integrity and reputation of the Company.
- c. The Company and its agents shall not resort to harsh methods of collection or recovery, including those specified in the said Directions. These include intimidation or harassment of any kind, verbal or physical, against the borrower or guarantor or their relatives, referees, friends or co-workers; acts intended to humiliate publicly or intrude upon privacy; posting recordings or personal details on social media; sending inappropriate messages; making threatening or anonymous calls; excessive calling or calling outside 08:00 to 19:00 hours; and making false or misleading representations.

14. LOANS SOURCED BY THE COMPANY OVER DIGITAL LENDING PLATFORMS:

In accordance with Chapter III of the Reserve Bank of India (Non-Banking Financial Company – Credit Facilities) Directions, 2025, as amended from time to time, the Company presently conducts its digital lending activities through its own website, which is the Company's own Digital Lending Application (DLA), and does not engage any third-party Lending Service Provider (LSP) or digital lending platform to source borrowers or recover dues. The Company shall report all DLAs deployed by it, including its own DLA, on the CIMS portal of the Reserve Bank and update the same as and when DLAs are added or cease, with certification by the Chief Compliance Officer or other official designated by the Board, and shall disclose details of all its digital lending products and DLAs on its website. In the event the Company engages any digital lending platform/LSP as its agent to source borrowers and/or recover dues in the future, it shall follow the following instructions:

(a) Digital lending involving an LSP shall be carried out under a contractual agreement clearly defining the respective roles, rights and obligations; (b) enhanced due diligence shall be conducted before entering into an agreement with an LSP, taking into account its technical capabilities, robustness of data privacy policies and storage systems, fairness in conduct with borrowers, past records of conduct and ability to comply with all applicable regulations and statutes; (c) the conduct of the LSP shall be periodically reviewed against the agreement; (d) details of LSPs and their DLAs along with the activities for which they have been engaged shall be disclosed on the Company's website; (e) digitally signed KFS, sanction letter, terms and conditions and other documents shall automatically flow to the borrower's registered and verified email / SMS upon execution of the loan contract; (f) nodal grievance redressal officers shall be designated by the Company and the LSP; and (g) the Company shall remain fully responsible and liable for all acts and omissions of the LSP.

15. 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 Company shall require its service provider to develop and establish a robust framework for documenting, maintaining and testing business continuity and recovery procedures, and shall ensure that the service provider periodically tests the Business Continuity and Recovery

Plan; occasional joint testing and recovery exercises may also be considered.

- c. 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.

- d. 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.
- e. 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.
- f. 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, 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.

16. MONITORING AND CONTROL OF OUTSOURCED ACTIVITIES:

- a. The Company shall have in place a management structure to monitor and control its outsourcing activities.
- b. Regular audits by either the internal auditors 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.
- c. The Company shall at least on an annual basis, review the financial and operational condition of the service provider to assess its ability to continue to meet its outsourcing obligations. Such due diligence reviews, which can be based on all available information about the service provider shall highlight any deterioration or breach in performance standards, confidentiality and security, and in business continuity preparedness.
- d. 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.
- e. A robust system of internal audit of all outsourced activities shall also be put in place and monitored by the Audit Committee of the Board.
- f. The Audit Committee of the Board shall review the ageing analysis of entries pending reconciliation with outsourced vendors and make efforts to reduce the old outstanding items therein at the earliest. Where outsourced services involve reconciliation of transactions between the Company and the service provider (or its subcontractors), the Company shall ensure that such reconciliation is carried out in a timely manner.

17. MAINTENANCE OF RECORDS:

- a. The records relating to all material activities outsourced shall be preserved centrally so that the same is readily accessible for review by the 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.

18. REDRESSAL OF GRIEVANCES RELATED TO OUTSOURCED SERVICES:

The Company has appointed Mr. Santoshkumar Pandey, Director 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. Outsourcing

arrangements shall not affect the rights of customers against the Company, including their ability to obtain redressal. Responsibility for redressal of customers' grievances related to outsourced services shall rest with the Company. The name and contact details (telephone / mobile numbers and email address) of the Grievance Redressal Officer shall be displayed prominently at places where business is transacted, and it shall be clearly indicated that the Company's Grievance Redressal Machinery will also deal with issues relating to services provided by the outsourced agency. A time limit of 30 days shall be given to customers for preferring their complaints / grievances, and the grievance redressal procedure and time frame for responding shall be placed on the website. If a complaint is rejected wholly or partly, or the complainant is not satisfied or does not get a reply within 30 days, the complainant may approach the RBI Ombudsman under the Integrated Ombudsman Scheme, 2021. Product literature shall state that services of service providers, including in sales and marketing, may be used, indicating their role in broad terms.

19. REPORTING REQUIREMENTS:

The Company shall be responsible for making Currency Transactions Reports and Suspicious Transactions Reports to FIU or any other competent authority in respect of the Company's customer related activities carried out by the Service Providers.

20. OUTSOURCING OF IT SERVICES:

This chapter provides, inter alia, for: (i) the roles and responsibilities of the Board, Committees of the Board, Senior Management, IT function, business function, and oversight and assurance functions in respect of outsourcing of IT services; (ii) criteria for selection of such services and service providers; (iii) parameters for defining material outsourcing based on the criteria specified in the said Directions, as set out below; (iv) delegation of authority depending on risk and materiality (non-material IT outsourcing with an annual contract value of up to ₹25 lakh – the IT Steering Committee; non-material IT outsourcing above ₹25 lakh – the MD & CEO; and material IT outsourcing – the Board, on the recommendation of the IT Strategy Committee); (v) disaster recovery and business continuity plans; (vi) systems to monitor and review the operations of these services; and (vii) termination processes and exit strategies, including business continuity in the event of a service provider exiting the arrangement. The Company shall ensure that cyber incidents are reported to it by the service provider without undue delay, so that an incident is reported by the Company to the RBI within six hours of detection by the service provider.

For the purposes of item (iii) above, an outsourcing of IT services shall be treated as material where, if disrupted or compromised, it has the potential to significantly impact the Company's business operations, or where any unauthorised access to, or loss or theft of, customer information may have a material impact on the Company's customers. In assessing materiality, the Company shall consider, inter alia: (a) the criticality of the service to the Company's operations and to customer service, and the impact of its disruption; (b) the nature, sensitivity and volume of customer and Company data accessed, processed or stored by the service provider; (c) the cost of the arrangement relative to the Company's total IT and operating costs, and the aggregate exposure to the same service provider; (d) the substitutability of the service provider, including the time, cost and complexity of transferring the service to an alternative provider or bringing it in-house; and (e) the legal, regulatory and reputational impact of a failure of, or breach at, the service provider. The materiality assessment shall be documented before entering into, and at each renewal of, an arrangement, and an arrangement shall be treated as material where the assessment is not conclusive.

All IT outsourcing agreements shall comply with the provisions of the said Directions; existing IT outsourcing agreements were required to comply at the time of renewal or by April 10, 2026, whichever was earlier.

21. REVIEW:

The policy shall be reviewed annually or as and when considered necessary by the management/
Board of Directors of the Company.