

POLICY ON OUTSOURCING

(Version 1.0)

DOCUMENT CHANGE CONTRaOL

Version	Author	Date	Outline of changes
1.0	Compliance Officer	02/05/2025	Policy on Outsourcing for CareEdge Global IFSC Limited

POLICY ON OUTSOURCING

I. OVERVIEW

This policy on Outsourcing provides a framework for outsourcing of activities of CareEdge Global IFSC Limited (CGIL) from outside of International Financial Services Centre (IFSC) as per applicable regulations, circulars and guidelines.

This policy has been prepared as required under International Financial Services Centres Authority (Capital Market Intermediaries) Regulations, 2025 dated April 11, 2025 and Master Circular for Credit Rating Agencies in the IFSC dated August 05, 2025.

The purpose is to ensure that all outsourcing activities comply with regulatory requirements, maintain operational integrity and manage risks effectively.

II. SCOPE

This policy applies to all outsourcing arrangements by CGIL, including but not limited to, activities outsourced from third-party service providers, affiliates, or subsidiaries, outside of IFSC.

III. DEFINITIONS

- **Outsourcing:** Outsourcing refers to the delegation of one or more business processes or functions to an external service provider outside of the IFSC.
- **Service Provider:** Any third party engaged to perform outsourced activities.
- **Affiliates/ Group Companies:** Affiliate means, with respect to any company, (i) any other company that controls such first company; (ii) any other company controlled by such first company; or (iii) any other company that is under common control with such first company, where "control" shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner, including by holding interest, whether direct or indirect, to the extent of more than fifty per cent. (50%) of voting rights or interest.
Provided that a director or officer of an entity shall not be considered to be in control over such entity, merely by virtue of holding such position.
Group Company/entity means, an entity of a business group that consists of a parent company or of any other type of legal person exercising control over the rest of the group, together with branches and/or subsidiaries.

IV. INTERNAL POLICY

This is CGIL's internal policy to guide the assessment of whether and how relevant activities can be appropriately outsourced from outside of IFSC. The Board of Directors of CGIL (hereinafter referred to as the "**the Board**") shall approve the policy and have the overall responsibility for ensuring that all ongoing outsourcing decisions taken by CGIL and the activities undertaken by the Third Parties are in compliance with this Policy.

Activities which are to be outsourced from outside of IFSC may be done so only after assessment of the below outsourcing principles.

Outsourcing Principles

A. Risk Management

1. CGIL shall make an assessment of outsourcing risk related to outsourcing any activity from any Third Party located outside the IFSC and outsourcing shall not increase any operational, reputational, or compliance risks for CGIL. Prior to any outsourcing arrangements from outside of IFSC, CGIL shall appropriately assess:
 - a) The impact of failure of a third party to adequately perform the activity on the financial, reputational and operational performance of CGIL and on its clients/investors;
 - b) Ability of CGIL to cope up with the work, in case of non-performance or failure by a third party by having suitable back-up arrangements;
 - c) Such arrangements shall be permissible under the regulatory framework of IFSCA or any other regulator to which the service provider may be subject to.
 - d) There shall not be any concentration risk whereby the outsourced activities of multiple intermediaries like CGIL are concentrated with a limited number of Third Parties. In instances, where the Third Party acts as an outsourcing agent for multiple intermediaries including CGIL, it is duty of the Third Party and CGIL to ensure that strong safeguards are put in place so that there is no co-mingling of information/documents, records, assets.

B. Responsibility

1. CGIL shall ensure that the third party takes complete responsibility and accountability for the activities that are being outsourced.
2. Outsourcing arrangements shall not affect the rights of an investor or client against the CRA in any manner. CGIL shall be liable to the investors for the loss incurred by them due to the failure of the Third Party and also be responsible for redressal of the grievances received from investors arising out of the activities rendered by the Third Party.
3. Outsourcing arrangements shall not impair the ability of IFSCA / appropriate self-regulatory organization (SRO) or auditors to exercise its regulatory responsibilities such as supervision/ inspection of CGIL.

C. Appropriate due diligence and monitoring of its performance

1. CGIL shall conduct appropriate due diligence in selecting any Third Party for outsourcing, that are located outside IFSC and monitor its performance. While conducting due diligence and monitoring activity, CGIL shall exercise due care, skill, and diligence in the selection of the Third Party to ensure that the Third Party has the ability and capacity to undertake the provision of the relevant service effectively.
2. The due diligence undertaken by CGIL shall include assessment of:
 - a) third party's resources and capabilities, including financial soundness, to perform the outsourced work within the timelines fixed;
 - b) compatibility of the practices and systems of the third party with CGIL's requirements and objectives;
 - c) market feedback of the prospective third party's business reputation and track record of their services rendered in the past;
 - d) level of concentration of the outsourced arrangements with a single third party and
 - e) the environment, where the Third Party is located- be it regulatory, political or economic.

D. Written Contracts

1. Outsourcing relationships shall be governed by clearly defined and legally binding written contracts/ agreements / terms and conditions (as deemed appropriate) (hereinafter referred to as "**Contract**") that clearly describe all material aspects of the outsourcing arrangement, including the rights, responsibilities and expectations of the parties to the Contract, client confidentiality issues, termination procedures, etc.
2. Care shall be taken to ensure that the outsourcing Contract:
 - a) clearly defines what activities are going to be outsourced, including appropriate service and performance levels;
 - b) provides for rights, obligations and responsibilities of CGIL and the third party, including indemnity by that Third Party in favour of CGIL;
 - c) provides for the liability of the third party to CGIL for unsatisfactory performance/other breach of the contract;
 - d) provides for the continuous monitoring and assessment by CGIL of the third party so that any necessary corrective measures can be taken up immediately, i.e., the Contract shall enable CGIL to retain an appropriate level of control over the outsourcing and the right to intervene with appropriate measures to meet legal and regulatory obligations;
 - e) includes, where necessary, conditions of sub-contracting by the Third Party, i.e. the Contract shall enable CGIL to maintain a similar control over the risks when a Third Party outsources to further third parties as in the original direct outsourcing;
 - f) 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;
 - g) specifies as appropriate the responsibilities of the Third Party with respect to the IT security and contingency plans, insurance cover, business continuity and disaster recovery plans, force majeure clause, etc.;
 - h) provides for preservation of the documents and data by the Third Party;
 - i) provides for the mechanisms to resolve disputes arising from implementation of the outsourcing Contract;
 - j) provides for termination of the Contract, termination rights, transfer of information and exit strategies;
 - k) Jurisdictions over the Contract;
 - l) If applicable, address additional issues arising from country risks and potential obstacles in exercising oversight and management of the arrangements when CGIL outsources its activities to any foreign Third Party. For example, the Contract 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;
 - m) neither prevents nor impedes CGIL from meeting its respective regulatory obligations, nor IFSCA from exercising its regulatory powers; and
 - n) provides for CGIL and /or the regulator or the persons authorized by it to have the ability to inspect, access all books, records and information relevant to the outsourced activity with the third party.

In cases where outsourcing arrangements involve Affiliate or Group Companies, CGIL may, at its discretion, modify or ease specific requirements as deemed appropriate.

E. Contingency Plans

1. CGIL and its Third Parties shall as appropriate establish and maintain contingency plans, including a plan for disaster recovery and periodic testing of backup facilities.
2. CGIL shall take appropriate steps to assess and address the potential consequence of a business disruption or other problems at the Third Party level. Notably, it shall consider contingency plans at the Third Party; co-ordination of contingency plans at both CGIL and the Third Party and contingency plans of CGIL in the event of non-performance by the Third Party.

F. Confidentiality Protection

1. CGIL shall take appropriate steps to require that Third Parties protect confidential information of both CGIL and its customers and ensure that it is not misused, misappropriated or disclosed to unauthorised persons.
2. CGIL shall prevail upon the Third Party to ensure that the employees of the Third Party have limited access to the data handled and only on a "need to know" basis and the third party shall have adequate checks and balances to ensure the same.
3. In cases where the third party is providing similar services to multiple entities, that Third Party should ensure that adequate care is taken by it to build safeguards for data security and confidentiality of the information of CGIL and its customers.

V. OUTSOURCING ACTIVITIES FROM AFFILIATE/ GROUP COMPANIES

1. CGIL may seek services from resources from its group companies to execute specific assignments or activities on a project basis or receive services of resources on deputation or secondment basis. Such arrangements for outsourcing from group companies or affiliates shall be subject to valid written contracts and shall be on arm's length basis. All such arrangements shall be approved by the Board of CGIL. Necessary disclosures in this regard shall be made as part of the related party transactions of CGIL and Group entity.
2. CGIL shall review the outsourcing arrangements with its affiliate or group companies to which it has outsourced certain activities from outside IFSC in order to assess its ability to continue to meet the outsourced obligations in accordance with applicable law.

VI. APPLICATION OF OUTSOURCING POLICY WITH OTHER POLICIES AND PROCEDURES

This Policy on Outsourcing is intended to be complementary to all other policies and procedures adopted by CGIL.

VII. RECORD RETENTION

All records pertaining to outsourcing arrangements and related correspondence shall be retained and maintained as per applicable regulatory requirements.

VIII. POLICY REVIEW

This policy shall be reviewed as required to reflect changes in regulatory requirements, business practices, or risk environment. Any changes to the policy shall be subject to the approval of the Board or the MD & Group Chief Executive Officer (CEO) of CareEdge Group or the CEO of CGIL subject to further ratification by the Board.

In case of any doubt or queries on interpretation or applicability of this Policy, kindly contact the Compliance Officer of CGIL.