OUTSOURCING POLICY

Regulatory Basis	RBI (Non-Banking Financial Companies – Managing Risks in Outsourcing) Directions, 2025
Approving Authority	Board of Directors
Review Frequency	At least annually and earlier where required

1. Purpose and Regulatory Framework

This Policy establishes the governance, risk-management, due-diligence, contractual, monitoring, business-continuity, termination and grievance-redressal framework applicable to outsourcing of financial services by Comero Leasing and Financials Private Limited (the "Company").

The Policy has been redrafted with reference to the Reserve Bank of India (Non-Banking Financial Companies – Managing Risks in Outsourcing) Directions, 2025, RBI/DOR/2025-26/363, DOR.ORG.REC. No.282/21-04-158/2025-26 dated 28 November 2025 ("RBI Outsourcing Directions").

The Company is treated for this Policy as an NBFC in the Base Layer (NBFC-BL), with customer interface and public funds exposure as represented by the Company. Under paragraph 3(2) of the RBI Outsourcing Directions, Chapter III applies to Base Layer NBFCs, while Chapter IV on IT outsourcing and IT-specific provisions in Chapter II are applicable to Middle Layer and above. Accordingly, this Policy focuses on the mandatory financial-services outsourcing requirements applicable to the Company under the RBI Outsourcing Directions. Technology/IT outsourcing remains subject to all other applicable RBI directions and the Company's information security/cyber policies, as applicable.

2. Scope and Applicability

This Policy applies to all material outsourcing arrangements for financial services entered by the Company with an external service provider or a group/conglomerate entity, whether the service provider is in India or outside India.

Examples of financial services that may fall within the scope include, as applicable:

- loan application processing, loan origination support and document processing;
- marketing and research activities connected with financial products;
- supervision/monitoring of loans;
- data processing and back-office financial-service activities;
- customer-facing sales/sourcing activities performed by DSAs/DMAs;
- recovery/collection activities and recovery agents;
- cash-management activities where applicable; and
- other continuing financial-service activities that would ordinarily be undertaken by the Company.

The RBI Outsourcing Directions do not apply to outsourcing of IT services under Chapter III, or to activities unrelated to financial services such as courier, catering, housekeeping/janitorial services,

premises security, and movement/archiving of records. The exclusion does not prevent the Company from applying appropriate internal vendor-management controls to such activities.

3. Definitions

Outsourcing: Use of a third party, including an affiliated/group entity or an external service provider, to perform activities on a continuing basis that would normally be undertaken by the Company. A continuing basis includes agreements for a limited period.

Material Outsourcing: An outsourcing arrangement which, if disrupted, has the potential to significantly impact business operations, reputation, profitability or customer service.

Service Provider: The third party/group entity engaged by the Company for the outsourced activity, including DSAs/DMAs and recovery agents where relevant.

Senior Management: The Company's senior management personnel responsible for implementing and overseeing this Policy and related outsourcing arrangements.

4. Core Principles and Retained Accountability

- Outsourcing shall not diminish the obligations of the Company, its Board or Senior Management, who retain ultimate responsibility for the outsourced activity.
- The Company shall remain responsible to customers and RBI for the actions of its service providers,
- The Company shall retain ultimate control over every outsourced activity and shall ensure that outsourcing does not impede RBI's supervisory functions.
- Outsourcing shall not compromise or weaken internal controls, business conduct, customer protection or the Company's reputation.
- The service provider shall apply the same high standard of care that would be expected if the activity were performed by the Company itself.
- The Company shall not require prior RBI approval for financial services outsourcing, but such arrangements remain subject to RBI's on-site/off-site monitoring, inspection and scrutiny.

5. Activities that Shall Not be Outsourced

The Company shall not outsource core management functions, including:

1. **Internal Audit & Governance**

- Approving the annual audit plan and final audit reports for the Board.
- Enforcing action on audit findings.
- *(Note: Contract auditors may assist with testing, but oversight stays internal).*

2. **Strategic Management**

- Setting company strategy, business goals, and annual budgets.
- Deciding capital allocation and overall corporate policies.
- Approving major corporate deals (mergers, acquisitions, or restructuring).

3. **Compliance & Legal Oversight**

- Setting KYC, Anti-Money Laundering (AML), and regulatory compliance policies.
- Submitting official filings and communicating directly with regulators (like the RBI).
- Appointing key compliance officers (e.g., CCO, Principal Officer).

4. **Core Operational Decisions**

- **KYC Approvals:** Final approval of customer identity for opening accounts.
- **Credit Sanctioning:** Approving or rejecting retail and commercial loan applications.
- **Treasury & Investment:** Managing the investment portfolio and setting risk limits.

Where permitted for an NBFC within a group/conglomerate, such functions may be outsourced within the group only subject to the requirements applicable to group outsourcing under this Policy and the RBI Outsourcing Directions.

6. Board and Governance Framework

6.1 Board / Delegated Board Committee

- Approve a framework to evaluate the risks and materiality of all existing and prospective outsourcing arrangements and approve the Policy.
- Lay down appropriate approval authorities based on risk and materiality.
- Set up an appropriate administrative framework for Senior Management.
- Regularly review outsourcing strategies and arrangements for continued relevance, safety and soundness.
- Decide which business activities of a material nature may be outsourced and approve such arrangements.
- Approve a policy for outsourcing financial services to a group entity.
- Ensure half-yearly review of records of all material financial services outsourcing arrangements by the Board or, where delegated, by the Risk Management Committee

6.2 Senior Management

- Evaluate risk and materiality of existing and proposed outsourcing based on the Board-approved framework.
- Develop and implement prudent outsourcing procedures proportionate to the nature, scope and complexity of outsourcing.
- Periodically review the effectiveness of outsourcing policies and procedures.
- Report material outsourcing risks to the Board in a timely manner.
- Ensure realistic and probable-scenario contingency plans are in place and tested.

- Ensure independent review and audit for compliance with this Policy and applicable regulatory requirements.
- Periodically review outsourcing arrangements and identify new material risks as they arise.

7. Materiality Assessment

An outsourcing arrangement shall be assessed for materiality using, at minimum, the following factors:

- importance of the activity to the Company and significance of the risk posed;
- potential impact on earnings, solvency, liquidity, funding, capital and risk profile;
- impact on reputation, brand value and ability to achieve business objectives, strategy and plans if the service provider fails;
- cost of outsourcing as a proportion of total operating costs;
- aggregate exposure to the same service provider where multiple functions are outsourced; and
- significance of the outsourced activity for customer service and customer protection.

The materiality assessment shall be documented before appointment/renewal and revisited whenever there is a material change in scope, criticality, provider, concentration or risk profile.

8. Risk Management

The Company shall identify, assess and manage, as applicable, the following outsourcing risks:

- Strategic risk;
- Reputation risk;
- Compliance risk;
- Operational risk;
- Legal risk;
- Exit strategy risk;
- Counterparty risk;
- Country risk;
- Contractual risk; and
- Concentration and systemic risk.

9. Confidentiality and Security of Customer Information

- The Company shall ensure confidentiality, security, preservation and protection of customer information in the custody/possession of a service provider.
- Access to customer information shall be strictly acquired on a need-to-know basis and limited to information necessary to perform the outsourced function.
- The Company shall regularly review and monitor the service provider's security practices and control processes and require prompt disclosure of security breaches.

- Where a service provider serves multiple entities, safeguards shall prevent comingling or combining information, documents, records and assets.
- The service provider should be capable of isolating and clearly identifying the Company's customer information, documents, records and assets.
- The Company shall immediately notify RBI in the event of a breach of security and leakage of confidential customer-related information. The Company remains liable to customers for damage arising from such breach as prescribed by RBI.

10. Service Provider Selection and Due Diligence

Before appointment and on renewal, the Company shall conduct risk-based due diligence covering, as applicable:

- qualitative, quantitative, financial, operational, legal and reputational factors;
- risks arising from undue concentration with a single or limited number of service providers;
- experience and demonstrated competence over the contracted period;
- financial soundness and ability to perform under adverse conditions;
- business reputation and culture, compliance record, complaints, and outstanding/potential litigation;
- quality of due diligence performed by the service provider on its employees and subcontractors;
- security and internal controls, audit coverage, reporting, monitoring and business continuity arrangements;
- political, economic, social and legal conditions of the jurisdiction in which the service provider operates; and
- compatibility with the provider's systems and standards of performance, including customer service.

Where feasible, the Company should obtain independent reviews and market feedback to supplement its own due diligence.

11. Conflict of Interest and Eligibility

A service provider that is not a group company shall not be owned or controlled by a director of the Company or their relatives, as defined under the Companies Act, 2013 and applicable Rules, subject to the limited group-related permissions under the RBI Outsourcing Directions.

12. Outsourcing Agreement – Mandatory Clauses

Every outsourcing arrangement shall be governed by a written agreement vetted by the Company, clearly defining the scope of services, service standards, responsibilities, confidentiality and customer-data protection, monitoring and audit rights, access to records by the Company and RBI, subcontracting controls, business continuity arrangements, termination and exit provisions, and preservation of records after termination. The agreement shall ensure that the Company retains

adequate control over the outsourced activity and that outsourcing does not restrict RBI's supervisory access or diminish the Company's legal, regulatory or customer-related responsibilities.

13. Monitoring, Audit and Central Record

- The Company should maintain a management structure for monitoring and controlling outsourced activities.
- A central record of all material outsourcing of financial services shall be maintained and kept updated promptly.
- The central record shall be reviewed by the Board or Risk Management Committee on a half-yearly basis, as applicable.
- Internal or external audits shall assess adequacy of outsourcing risk management, compliance with the Company's risk-management framework and compliance with the RBI Outsourcing Directions.
- At least annually, the financial and operational condition of each service provider shall be reviewed to assess continuing ability to meet obligations; risk-based frequency may be more frequent.
- For cash-management or similar services requiring reconciliation, reconciliation between the Company and service provider/subcontractor shall be completed in a timely manner.

14. Business Continuity, Disaster Recovery and Exit

- Service providers shall maintain robust documented, maintained and tested business continuity and recovery procedures.
- The Company shall ensure periodic testing by the service provider and may conduct joint testing/recovery exercises.
- Contingency planning should consider alternative service providers and/or bringing the activity in-house, including cost, time and resources.
- The service provider shall be capable of isolating the Company's information, records and assets so that, upon adverse conditions or termination, they can be returned to the Company or deleted/destroyed/rendered unusable as appropriate.
- The Company shall retain sufficient control and intervention rights to continue operations if a provider is unexpectedly terminated, becomes insolvent or is liquidated.
- Termination and exit arrangements shall provide for orderly transition and protection of customers.

15. Customer Grievance Redressal and Customer Protection

- Outsourcing shall not affect customers' rights against the Company or their ability to obtain redressal.

- Where customers deal with a service provider, product literature/brochures shall state that the Company may use service providers for sales, marketing or other relevant services, with the role described broadly.
- Responsibility for redressal of customer grievances relating to outsourced services shall remain with the Company.
- The Company shall maintain grievance-redressal machinery in accordance with the RBI (Non-Banking Financial Companies Responsible Business Conduct) Directions, 2025, as applicable.
- The name and contact details of the Grievance Redressal Officer shall be displayed prominently at branches/places where business is transacted.
- The Company's grievance mechanism shall expressly cover services provided by outsourced agencies.
- Customers shall have a 30-day period for preferring complaints/grievances, as prescribed by the RBI Outsourcing Directions.
- The grievance procedure and response timelines shall be placed on the Company's website.
- Where a complaint is rejected wholly/partly, or no response is received within 30 days, the customer shall have the applicable escalation route to the RBI Ombudsman under the Integrated Ombudsman Scheme, 2021, where applicable, or to the relevant RBI Consumer Education and Protection Cell (CEPC), as prescribed.

16. Regulatory Reporting and Compliance

- The Company shall remain responsible for filing Currency Transaction Reports (CTRs) and Suspicious Transaction Reports (STRs) with FIU or any other competent authority in respect of customer-related activities carried out by service providers, wherever applicable.
- The Company shall immediately notify RBI of security breaches and leakage of confidential customer-related information as required by the RBI Outsourcing Directions.
- The Company shall ensure that outsourcing does not impede RBI supervision or access to records.
- The Company shall comply with all other applicable RBI directions, statutory requirements and sector-specific requirements relevant to the outsourced activity.

17. Records and Documentation

The Company shall maintain a centralized repository of outsourcing records, including:

- **Onboarding & Approvals:** Document all materiality assessments, vendor due diligence reports, periodic renewal reviews, and official approval notes with proper delegated authority signoffs.
- **Contracts & Subcontracting:** Maintain fully executed outsourcing agreements, Service Level Agreements (SLAs), and explicit written records of any approved subcontractor arrangements.
- **Oversight & Audit:** Preserve routine vendor performance monitoring reports, operational incident logs, corrective action plans, internal/external audit findings, and formal management responses.

- **Business Continuity & Risk:** Retain documented results of annual Business Continuity Plan (BCP) and disaster recovery tests conducted with or for third-party service providers.
- **Reviews & Exit Management:** Maintain records of half-yearly material outsourcing reviews presented to the Board/Committee, along with exit strategy documentation, contract termination records, and mandatory customer notification logs.

shall be maintained for the period prescribed under applicable law/regulation and the Company's record-retention policy.

18. Review and Amendments

This Policy shall be reviewed by the Board at least once every financial year and earlier whenever there is a material change in the Company's outsourcing profile, risk profile, applicable law or RBI directions. Any conflict between this Policy and an applicable RBI direction shall be resolved in favour of the applicable regulatory requirement, subject to formal policy amendment at the earliest opportunity.