



## **Policy on Outsourcing of Activities**

### **1. Purpose**

This policy governs outsourcing of activities by Shesh ESG Rating Provider (“the ERP”) to ensure compliance with SEBI regulations, maintain confidentiality, avoid conflicts of interest, and protect rating integrity.

### **2. Scope**

This policy applies to all departments, committees, employees, consultants, and vendors engaged by Shesh ESG Rating Provider. It covers outsourcing of non-core and support activities only.

### **3. Activities Not Allowed to Be Outsourced (Core Activities)**

As per SEBI Master Circular, the ERP **shall not outsource** the following:

1. Development, review, and approval of ESG Rating Methodology.
2. Assignment of ESG Ratings, Core ESG Ratings, Transition Scores, and Combined Scores.
3. Rating Committee functions.
4. Key analytical assessments.
5. Decision-making related to rating outcomes.
6. Communication of rating actions to issuers or stock exchanges.
7. Internal audit of rating process.
8. Any activity which may compromise independence, objectivity, or confidentiality.

### **4. Activities Allowed to Be Outsourced (Non-Core Activities)**

Non-core operational or administrative tasks may be outsourced, such as:

1. Data entry, formatting, and document management.



2. IT infrastructure management, software support, servers, cloud hosting.
3. Website maintenance and digital operations.
4. HR, payroll, and general administration.
5. Non-analytical research support that does not influence rating outcomes.
6. Call centre / helpdesk operations for general enquiries.

However, **ownership and accountability remain with the ERP.**

### **5. Vendor Selection and Due Diligence**

Before outsourcing, the ERP shall:

1. Conduct due diligence of the service provider's capability, competence, financial soundness, data-security controls, and reputation.
2. Ensure the service provider has adequate safeguards for confidentiality and data protection.
3. Ensure vendor has no conflict of interest with rated issuers or related entities.

### **6. Outsourcing Agreement Requirements**

Every outsourcing arrangement must include:

1. Clear description of services.
2. Confidentiality and non-disclosure obligations.
3. Data-protection and cybersecurity requirements.
4. Right of audit, inspection, and monitoring by ERP.
5. Prohibition on sub-outsourcing without written approval.
6. Mandatory compliance with SEBI rules and Indian laws.
7. Immediate reporting of breaches, cyber incidents, or operational issues.
8. Termination clause and data-return/ deletion requirement.



## 7. Monitoring & Performance Review

The ERP shall continuously:

1. Monitor outsourced activities and vendor performance.
2. Review compliance with contract obligations.
3. Maintain documentation of monitoring records.
4. Report material failures or breaches to senior management.

## 8. Confidentiality and Data Security

Vendors shall:

1. Maintain strict confidentiality of all issuer information.
2. Not retain, share, or use ERP data for any purpose other than contract execution.
3. Implement strong data-security controls (firewalls, encryption, access controls).
4. Immediately notify any data breach.

ERP remains **fully responsible** for ensuring confidentiality under SEBI regulations.

## 9. Conflict of Interest

Vendors must:

1. Disclose any potential conflict of interest.
2. Not engage in activities that may influence ESG ratings.
3. Not work with the same issuer in any capacity that creates impairment.

ERP must ensure separation and firewall integrity.

## 10. Business Continuity and Contingency

ERP shall:

1. Ensure outsourced vendors have Business Continuity Plans.
2. Maintain backup systems and alternative arrangements.



3. Ensure service continuity even if outsourcing contract terminates.

## 11. Responsibility & Accountability

Even when outsourcing:

- **All responsibility for ESG Rating operations, integrity, and compliance remains with Shesh ESG Rating Provider.**
- Outsourcing does not dilute accountability of the Board, Committees, or Senior Management.

## 12. Record-Keeping

ERP shall maintain:

1. All outsourcing contracts and amendments.
2. Due diligence records.
3. Monitoring and performance reports.
4. Compliance assessments.

Approved by  
Dr. Umang Shah  
Board of Director  
Shesh ESG Rating Private Limited  
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