



THIRD PARTY DUE DILIGENCE POLICY

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1.0	01.06.2021	Compliance Risk Committee	RiskPro	Group CEO	No Changes
1.1	17.11.2021	Compliance Risk Committee	RiskPro	Group CEO	Updated Conflict Check, CRC responsibilities

TECHNO BRAIN THIRD PARTY DUE DILIGENCE POLICY

Introduction

All transactions by Company with third parties are made based on quality, service, competitive price. This guidance document provides a framework to ensure appropriate rationale, risk categorization, due diligence¹, contracting, training and monitoring of third parties until the end of a business relationship.

Scope

This framework applies to all entities under Techno Brain Hold Co Ltd (each entity shall be referred to as “Company” for the purpose of this document), employees, AND the third parties which includes Partners, Subcontractors, Consultants, Suppliers for Service Provider and Vendors.

Management Process

The following types of third parties are either in scope or out of scope of this

In Scope	Out of Scope
<p>-Any party supplying goods to Company, and/or performing services for or on behalf of the Company.</p>	<p>-Low risk entities engaged for administrative transactions e.g. Courier, housekeeping, caterers, photographers etc. -Suppliers of Hardware, Software, Devices and Equipment -Standard Service Providers like Auditors, Law Firms, Company Secretary firm. -All out of scope suppliers will be reviewed annually from a risk based approach to check if they pose any integrity risk on Techno Brain. If yes, then we have to bring those suppliers under 'in scope'. - Samples of Third Party Due Diligence Forms that have been filed for “Low Risk” third parties are reviewed annually to ensure that the designation of “Low Risk” is being applied appropriately and to evaluate whether changes are needed, and that such review is recorded in an auditable fashion; - Document the reasoning and archive those moved from Out of scope to in scope suppliers.</p>

¹ Due diligence is a thorough assessment of a potential or existing third party with the objective of having all the relevant information at hand to take an informed, risk-based decision on whether and how Company should enter into a contractual relationship or modify/ terminate an existing relationship.

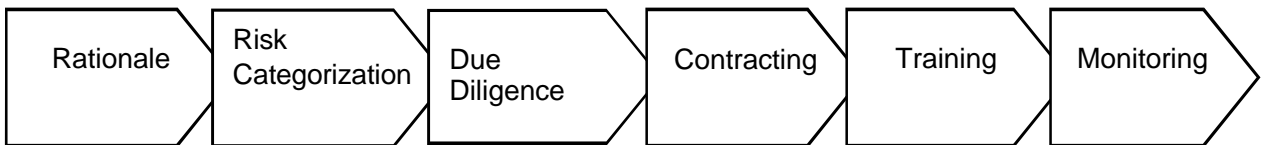
	- Document rationale for the rest of the out of scope suppliers for not bringing them under 'in scope'
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Responsibilities

Roles	Responsibilities
Business Function	<ul style="list-style-type: none"> -Ensure staff involved are adequately trained on this framework -Ensure business need for engaging a third party -Perform risk categorization and appropriate due diligence -Resolve red flags in consultation with relevant functions -Use legally approved agreement template/ agreement drafted by legal with appropriate covenants surrounding Anti-Bribery provisions -Ensure review and sign off of third party due diligence form -Rollout /conduct third party trainings if required -Conduct routine monitoring -Ensure Archive of all records
Compliance & CRC	<ul style="list-style-type: none"> - Provide necessary support and guidance to resolve red flags -Monitor adherence to this framework - Review of the Due diligence records and get required documents from vendors through business functions - After reviewing the DD outcome if red flags are noticed then approval is based after thorough deliberations with the BU team following a risk based approach. Further document the rationale of approving the vendor. - CO and/or CRC review and sign the Third Party Due Diligence Form prior to engaging any third parties for whom “red flags” have been identified or who are categorized as “High Risk” under the policy; - CO and/or CRC review and approve any request to modify the standard integrity/anti-corruption language in contracts with third parties;
Legal	<ul style="list-style-type: none"> -Provide necessary support and guidance to resolve red flags -Provide appropriate agreement template/draft agreement - Provide appropriate representations and warranties

Shared Services	Track the validity of third party due diligence forms – timely reinitiating, intermittent on-line fact checks etc.
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Procedure



Rationale

The Strategic Business Unit needs to ensure a strong business rationale for engaging a third party.

Risk Categorization

The Strategic Business Unit needs to perform a risk categorization on third parties to classify them as “low risk” or “high risk” third parties.

The following risk assessment questionnaire needs to be used for the risk categorization:

Risk Assessment Questionnaire ²	Yes	No
Will the third party be working on the Company’s projects with End Customers (especially Government Customers) and providing Services in the capacity of Technology Partners, Sub Contractors, Consultants, etc. For example: Sales Consultants, Services for the Project,	High Risk	Low Risk
Will the third party be handling Company’s Solutions and IP? For example: External consultants working on our IP, Partner development	High Risk	Low Risk
Will the third party be interacting with any Government agency or Government Official? For example: Customs House Agents; OEM Technical Services and Support,	High Risk	Low Risk
Will the goods and/ or services to be provided by the third party considered critical for the continuation of operations? For example: Sole service vendors where we do not have a BCP option	High Risk	Low Risk
Will the third party have access to sensitive confidential information? For example: IP Development Consultant, Sub Contractor working on Projects, Reseller,	High Risk	Low Risk

Due Diligence

Depending on the third party risk categorization, the following due diligence activities needs

² A third party will be considered as a “High Risk third party” if the response to any of the questions above is ‘Yes’.

to be completed for a third party under consideration.

The “Questionnaire for Third Party” stating that the third party must submit relevant documents in support of its responses (e.g., in response to the question regarding whether the third party has a compliance program);

The Compliance & CRC team to conduct the “Definitive” and “red flag” reviews.

Level of due diligence	Scope	Available Tools	Risk Category	
			Low Risk	High Risk
Basic due diligence	Legal entity/ Owner structure; Detailed invoicing/site address; Banking details, contact details; Anti-Corruption Compliance; Business Overview (Type/ Key Services/ Key Representatives); Conflict & Integrity checks	<ol style="list-style-type: none"> 1. Vendor master form 2. Questionnaire for third party 3. Assurance confirmation for anti-corruption compliance 4. Third party due diligence form 5. Company's supplier code of Conduct ³ 	✓	✓
In-depth due diligence	Risk Assessment (Financial Risk; Supply Risk; Quality and Safety Risk; Legal Risk; Reputation/ SHE/ Social/ Ethics/ Human Rights Risk); Site visit	<ol style="list-style-type: none"> 1. Independent assessment ⁴(In-depth due diligence results) 2. Third party due diligence form 		✓

The due diligence process may identify Red Flags ⁵that need to be fully investigated and satisfactorily resolved in consultation with relevant functions before entering into the engagement.

Examples of Red Flags include but are not limited to:

- Adverse Media
- Conflict of Interest
- Refusal to disclose information
- Legal, Reputational, Financial issues/risks

The Strategic Business Unit needs to document the outcome of the due diligence along with actions to resolve red flags (if any) in the ‘third party due diligence form’ (see Appendix III).

³ Company Supplier code of conduct can be download from Company's website.

⁴ This assessment can be internalized depending on the scope and level of internal expertise. In such case the Strategic Business Unit needs to maintain appropriate documents as evidence of in-depth due diligence performed. CO and/or CRC direct and oversee any “independent assessment”

⁵ A Red Flag is information that indicates an increased risk of corruption or another potential issue with a third party, such as any undesirable characteristic that pertain to a company's ownership, business structure or relationships and/or compliance with laws.

CO/CRC to discuss in a meeting and approve or disapprove the third party when there is a red flag or with high risk. The approval has to be documented.

The 'third party due diligence form' needs to be signed by the Strategic Business Unit to document the decision of third party selection.

Contracting

Before a third party can be engaged, or receive any payment from the Company, agreement templates approved or drafted by Legal needs to be used for engagement. Any amendment to the signed Contract, shall have to undergo the set process of approval for the type of Contract.

Training

The appointed third party may require relevant training to fulfil the contractually agreed obligations according to Company's standards and expectations. The Strategic Business Unit in consultation with the Compliance and Risk Committee shall decide the content, approach and extent of such training.

Monitoring

The level of risk that a third party poses may change over time. Therefore, Strategic Business Unit needs to monitor the relationship with the third parties.

It is recommended that the Strategic Business Unit monitors the third party at regular intervals to look for the following indicators:

- Changes in ownership /entity structure
- Newly identified Red Flags
- Non-compliance with terms & conditions of the agreement
- Unmet or poorly met business Key Performance Indicators
- Samples of monitoring records are reviewed annually to ensure that monitoring is being conducted and recorded appropriately.

In absence of a standard template, the Strategic Business Unit may use the template suggested in this framework to document the evidence/outcome of the monitoring (see Appendix IV).

Tracking & Archival

All documents providing evidence of due diligence, contracting, training (if any) and monitoring needs to be archived by the respective Strategic Business Unit on a Company specifies archival folder (Example: One Drive). This will include but not limited to the questionnaires, third party due diligence form, in-depth due diligence results, agreement, training records (if any) & monitoring reports.

Any due diligence that has been completed may later be used by the same or other Strategic Business Units, provided that (i) the due diligence is not older than 2 years, and (ii) there are no changes in ownership or entity structure of the third party (iii) no Red Flags have been identified since due diligence was last completed.

List of Appendices

Appendix I Assurance confirmation for anti-corruption compliance (To be filled by the third party)

Appendix II Questionnaire for third party
(To be filled by the third party)

Appendix III Third party due diligence form
(To be filled by the Business Function)

Appendix IV Suggested template for monitoring
(To be filled by the Business Function)

APPENDIX I - ASSURANCE CONFIRMATION FOR ANTI-CORRUPTION COMPLIANCE

(To be filled by the third party)

Third parties are requested to provide a confirmation on the ‘anti-corruption compliance requirements’ by signing this form.

Note: Do not leave any section Blank. Do not mention Not Applicable ‘NA’.

Third party		Contact Person	
Name:		Name:	
Phone:		Designation:	
Email:		Phone:	
Registered Address:		Email:	

We are aware that Techno Brain does a risk based local corruption risk assessment of its external business

We herewith confirm the following:

1. We are committed to compliance and integrity in all business dealings. We comply with all applicable laws, regulations and industry codes, as well as the Techno Brain’s integrity standards as set forth in the Techno Brain Group Code of Conduct and Techno Brain Supplier Code of Conduct (if applicable). Especially we will desist from any form of corrupt behavior (e.g. offer, give, solicit or accept bribes or improper advantages; fraud;
2. We do not create any false documents. All documents we create are true and reflect in a transparent way the services we have provided.
3. We require our own Business Partners with whom we are doing business on Techno Brain behalf to also comply with all applicable laws, regulations and industry codes, as well as Techno Brain Group integrity standards. Therefore, we conduct an adequate due diligence before entering into a Definitive Agreement.
4. To the best of our knowledge, there are no past or current allegations, investigations, convictions or prosecutions relating to corruption involving (i) us, or (ii) as far as we are aware our Business Partners with whom we are doing business on Techno Brain’s behalf.
5. We will immediately inform appropriate Techno Brain contact and/or Company Compliance and Risk Committee, if we or any of our own Business Partners: have/has a compliance concern or question;
6. In case of a reasonable suspicion of a non-compliance behavior of us, we will fully collaborate with any requests for information, documents or assistance arising out of an audit by Techno Brain or an independent third party.
7. In case Techno Brain is the subject of an investigation of authorities, we will fully cooperate with the Investigator.
8. We understand Techno Brain’s integrity standards and commit to adhere to those. We realize that Techno Brain does not tolerate non-compliant behavior and that it reserves the right to take appropriate action.

Authorized Representative

Signature

Name:

Title

Date:

Place

Stamp:

APPENDIX II - QUESTIONNAIRE FOR THIRD PARTY

(To be filled by the third party)

Third parties are requested to fill this form and provide the necessary information for further evaluation. Note: Do not leave any section Blank. Do not mention Not Applicable 'NA'.

Third party		Contact Person	
Name:		Name:	
Phone:		Designation:	
Email:		Phone:	
Registered Address:		Email:	

Type of Business	
Private Company	
Public Company	
Partnership	
Proprietorship	
Others (Please Specify)	

Formation			
Year of Incorporation:		Place of Incorporation:	

Organization Activities			
Sr. No.	Brief Description (Including Business Operations & Facilities relevant to the proposed agreement)	Years of Experience	Use of Subcontractors Yes / No

List of Major Owners/ Directors			
Sr. No.	Name		Current Position
Conflict Check		Yes	No
Is the individual (listed above) or his close family member affiliated to a Government Body?			
Is the individual (listed above) or his close family member affiliated to			

current clients or partners of Techno Brain?		
Does the individual's (listed above) close family member work for Techno Brain?		
Is the individual (listed above) or his close family member affiliated to any company providing goods & services to Techno Brain?		
If Yes, please provide details		

Additional Checks	Yes	No
Does the organization have effective compliance program?		
Does the organization have effective training program?		
Does the organization/it's agent/it's subcontractor have any existing or past negative integrity record ⁷ ?		
Is the organization aware about the Techno Brain's Supplier Code of Conduct & Anti-Corruption		
If yes please provide details		

Authorized Representative	
<p>-I hereby certify that the information provided is true and complete to the best of my knowledge and belief</p> <p>-I hereby give consent to Techno Brain for maintaining & processing this information in compliance with applicable local & data protection & Privacy laws.</p>	
Name	
Designation	
Date	
Place	
Signature	
Stamp	

⁷ Negative integrity record can be any record where the organization or its agents/sub-contractors have been accused or found guilty for a misconduct including but not limited to bribery or corruption.

APPENDIX III - THIRD PARTY DUE DILIGENCE FORM

(To be filled by the Business Function)

This 'third party due diligence form' ⁸needs to be filled by the Strategic Business Unit for all third parties. The Strategic Business Unit needs to ensure that the rationale for engaging the third party is established. Note: Do not leave any section Blank. Mention 'N/A' where Not Applicable.

Company Initiator		Third party	
Name:		Name:	
Designation:		Contact Person:	
Function:		Phone:	

Risk Categorization	
Low Risk	High Risk

Question	Yes/ No	Comments (If any)
Are the company's structure and the owners of the third party known?		
Is the detailed invoicing/site address of the third party known?		
Are the banking & other related details obtained from the third party?		
Are the independent references about the third party available?		
Are the key contact person who will work with Techno Brain identified?		
Does the third party have the right qualification & experience for the services ?		
Does the third party plan to use Subcontractors or individuals other than their own employees to perform services?		
Are there any conflicts disclosed by the third party or Identified by Techno Brain?		
Has the Supplier Code of Conduct been shared with the third party?		

⁸ Refer the 'Guidance on third party due diligence' to learn How to Risk Categorize a third party Section I: Basic due diligence (Low Risk & High Risk third parties)

The following questions should be answered for a Low Risk & High Risk third party. Review responses of the third party before answering questions below (Questionnaire for Third Party/Assurance confirmation).

Has the third party signed the Assurance Confirmation for Anti- Corruption Compliance?		
Does the third party have adequate controls in place (e.g. trainings and compliance programs etc.)?		
Has the third party self-disclosed any integrity issues?		
Will the amount of compensation be consistent with the third party services and not beyond the Fair Market Value?		

Section II: In-depth due diligence (High Risk third parties)

The following questions should be additionally answered for a High Risk third party (Not applicable for Low Risk third party). Review the Independent assessment report (in-depth due diligence results) before answering questions below.

Question	Yes/ No	Comments (If any)
Financial Risk: Are there any financial risks identified from the in- depth due diligence?		
Supply Risk: Are there any supply risks identified from the in-depth due diligence?		
Quality Risk: Are there any quality risks identified from the in-depth due diligence?		
Legal Risk: Are there any Legal risks identified from the in-depth due diligence?		
Sustainability Risk: Are there any Sustainability risks identified from the in-depth due diligence?		
Intellectual Property Risk: Are there any Intellectual Property risks identified from the in-depth due diligence?		
Reputational Risk: Are there any Reputational risks identified from the in-depth due diligence?		

Section III: Red Flags (Low Risk & High Risk third parties)

The 'Red Flags' identified if any during the due diligence process should be listed along with actions taken (if any) to resolve the same.

Red Flags*		Resolution	
Sr. No.	Details	Type	Details
		<Accept> or	
		<Mitigate> or	
		<Avoid>	

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*Refer the 'Guidance on third party Due Diligence' to learn 'What Constitutes a Red Flag'.

Section IV: Decision of Strategic Business Unit (For Low Risk & High Risk third party)

Business Decision	
Selected	Rejected

Supporting Documents Attached	Yes/ No	Comments (If any)
Vendor master form		
Questionnaire for third party		
Assurance confirmation for anti-corruption compliance		
In-depth due diligence results		
Email acknowledgment for XYZ Company supplier code of conduct		

Reviewer	
Name:	
Designation:	
Date: Due Diligence Completion Date*	
Signature:	

*This third party due diligence will be considered valid for two years from this date.

Note: Any due diligence that has been completed may later be used by the same or other Business Units, provided that (i) the due diligence is not older than 2 years, and (ii) there is no changes in ownership or entity structure of the third party (iii) no Red Flags have been identified since due diligence was last completed.

APPENDIX IV - SUGGESTED TEMPLATE FOR MONITORING

(To be filled by the Business Function)

In absence of a standard template, the Strategic Business Unit may use this template to document the evidence/outcome of the monitoring.

Name of the third party:		Type:	<High Risk> or <Low Risk>
Due diligence Start Date:		Due diligence End Date:	
Monitoring Date:		Monitored by:	

Topic	Monitoring Observations	Attach Supporting (If any)

Concluding Remarks

Reviewer	
Name	
Designation	
Function	
Date	
Signature	