

TaS WASH and Waste Fund

A scheme under Zero Poverty Ventures India Funds
Category II Alternative Investment Fund

☎ 080-28436577

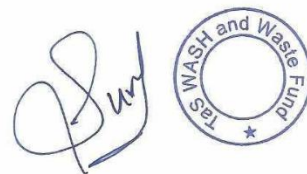
✉ suresh@yunusfb.com

🌐 www.yusfb.in

TaS WASH and Waste Fund OUTSOURCING POLICY

Version 1

Approved by the Board of Directors of Yunus Social Business Fund Bengaluru Private Limited
(Investment Manager of TaS WASH and Waste Fund) on 06th February 2025

A handwritten signature in blue ink is positioned to the left of a circular blue stamp. The stamp contains the text "TaS WASH and Waste Fund" around the perimeter and a small star at the bottom.

Registered Office: 103-106-107, Anjanapura Main Road,
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1. OVERVIEW OF THE FUND

The **TaS WASH and Waste Fund** (‘the Fund’) is registered as a Category II Alternative Investment Fund (‘AIF’) with the Securities and Exchange Board of India (‘SEBI’) under Registration No: IN/AIF2/23-24/1377. The Fund is a scheme of **Zero Poverty Ventures India Funds**, established as a trust under the Indian Trusts Act, 1882, and governed by the SEBI (Alternative Investment Fund) Regulations, 2012 (‘AIF Regulations’).

The Fund is managed and sponsored by **Yunus Social Business Fund Bengaluru Private Limited** (‘Sponsor’ or ‘Investment Manager’ or YSBFB). **Axis Trustee Services Limited** serves as the Trustee. The Fund focuses on investing in Small and Medium Enterprises (‘SMEs’) in India’s **WASH and Waste Sectors**, including drinking water, sanitation, hygiene, and solid waste management, with a mission to generate social and environmental impact alongside financial returns.

2. PURPOSE OF THE POLICY

This Outsourcing Policy is established to provide a robust framework for the outsourcing of activities by YSBFB, in its capacity as the Sponsor and Investment Manager of the **TaS WASH and Waste Fund**. The primary objectives of this policy are to:

- a) Ensure that outsourcing arrangements adhere to SEBI regulations and the Fund’s governing documents.
- b) Safeguard the interests of investors and maintain the operational integrity of the Fund.
- c) Mitigate risks associated with outsourcing through rigorous governance and oversight mechanisms.

YSBFB remains fully accountable for all outsourced activities and their compliance with applicable regulations and fiduciary obligations.


3. SCOPE

This policy applies to all outsourcing arrangements undertaken by YSBFB on behalf of the Fund. It encompasses:

- a) Permissible and prohibited activities for outsourcing.
- b) Criteria for the selection, evaluation, and monitoring of service providers.
- c) Risk management, data confidentiality, and grievance redressal procedures.



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- d) Regulatory compliance and reporting obligations.

For the purposes of this policy, outsourcing is defined as the delegation of non-core or support functions to third-party service providers, either within or outside the YSBFB group.

4. CORE PRINCIPLES OF OUTSOURCING

YSBFB adheres to the following principles to ensure effective and responsible outsourcing:

- a) **Accountability:** YSBFB retains full responsibility for all outsourced activities and ensures compliance with the same standards applicable to in-house operations.
- b) **Risk Management:** Adequate systems and controls shall be implemented to identify, monitor, and mitigate risks associated with outsourcing.
- c) **Compliance:** All outsourcing arrangements must align with SEBI guidelines, the Fund's operational requirements, and applicable laws.
- d) **Investor Protection:** The interests of investors shall remain paramount, with no compromise on service quality or confidentiality.
- e) **Transparency:** Material outsourcing arrangements shall be disclosed to investors, auditors, and regulatory authorities as required.

5. PERMISSIBLE AND PROHIBITED ACTIVITIES

a) Permissible Activities

YSBFB may outsource non-core and support activities that do not involve critical decision-making or regulatory compliance. Examples include:

- i) **Accounting and Financial Reporting:** Payroll processing, tax filings, and preparation of books of accounts.
- ii) **Information Technology (IT):** Infrastructure maintenance, cybersecurity, and software development.
- iii) **Administrative Functions:** Document management, vendor coordination, and operational support.
- iv) **Human Resource Management:** Recruitment, employee benefits administration, and training programs.

b) Prohibited Activities

The following activities, critical to the Fund's operations and fiduciary obligations, shall not be outsourced:

- i) Investment decision-making and portfolio management.



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- ii) Monitoring and execution of trading activities.
- iii) Compliance with Know Your Customer (KYC) and Anti-Money Laundering (AML) norms.
- iv) Risk management and governance-related functions.
- v) Any activity that directly impacts investor rights or the Fund's fiduciary responsibilities.

6. SELECTION AND EVALUATION OF SERVICE PROVIDERS

a) Due Diligence

Prior to engaging a service provider, YSBFB shall conduct comprehensive due diligence, evaluating the provider's:

- i) **Reputation and Expertise:** Track record in delivering the proposed services.
- ii) **Financial Stability:** Capacity to sustain operations and deliver consistent services.
- iii) **Operational Capacity:** Adequacy of infrastructure, personnel, and technical capabilities.
- iv) **Security Standards:** Measures to safeguard sensitive data and prevent breaches.
- v) **Compliance:** Adherence to applicable legal and ethical standards.

7. RISK ASSESSMENT

YSBFB shall assess risks associated with outsourcing, including:

- i) Operational risks due to non-performance or service interruptions.
- ii) Reputational risks arising from errors or misconduct by the provider.
- iii) Legal and regulatory risks, ensuring compliance with SEBI guidelines and contractual obligations.

8. OUTSOURCING AGREEMENTS

All outsourcing arrangements shall be governed by formal, legally binding agreements. These agreements shall include:

- a) **Scope of Services:** Clear definition of outsourced activities, including performance benchmarks and timelines.
- b) **Confidentiality and Data Protection:** Obligations to protect sensitive information and comply with data privacy laws.

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- c) **Audit Rights:** Provisions for YSBFB and SEBI to inspect and audit the service provider's processes and records.
- d) **Monitoring and Reporting:** Requirements for periodic performance reviews and compliance updates.
- e) **Termination and Dispute Resolution:** Clauses detailing termination rights, dispute resolution mechanisms, and penalties for non-compliance.

9. CONFIDENTIALITY AND DATA PROTECTION

YSBFB shall ensure that:

- a) Service providers implement robust controls to safeguard sensitive investor and Fund information.
- b) Data access is restricted to authorized personnel and used exclusively for the purposes specified in the outsourcing agreement.
- c) Regular audits are conducted to verify compliance with confidentiality and data protection clauses.
- d) A breach response plan is in place to address any unauthorized access or data leaks promptly.

10. MONITORING AND OVERSIGHT

YSBFB shall continuously monitor the performance of service providers to ensure compliance with contractual obligations. Monitoring activities shall include:


- a) Periodic audits whether internal or external, if necessary to evaluate adherence to service benchmarks and security standards.
- b) Timely resolution of deficiencies or breaches identified during evaluations.

11. RISK MANAGEMENT

YSBFB shall establish a comprehensive risk management framework for outsourcing, addressing:

- a) **Operational Risks:** Implementation of backup arrangements and disaster recovery plans.
- b) **Reputational Risks:** Selection of service providers with proven track records and robust controls.

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- c) **Regulatory Risks:** Continuous monitoring to ensure compliance with SEBI regulations and contractual obligations.

12. REVIEW MECHANISM

This Outsourcing Policy shall be reviewed annually, or such other time period as decided by YSBFB to ensure alignment with:

- a) Changes in SEBI regulations or Fund policies.
- b) Feedback from audits, investors, or operational reviews.
- c) Industry best practices and technological advancements.

Recommendations from the review shall be incorporated into the policy to enhance its effectiveness and relevance.

13. CONTINGENCY PLANNING

YSBFB shall ensure operational continuity by:

- a) Requiring service providers to implement disaster recovery and business continuity plans.
- b) Maintaining backup arrangements for critical outsourced functions.
- c) Periodically testing contingency plans to validate their readiness and effectiveness.

14. GRIEVANCE HANDLING

Grievances arising from outsourced activities shall be addressed in accordance with the Fund's **Grievance Redressal Policy**. The process includes:

- a) Prompt acknowledgment and investigation of complaints.
- b) Resolution of grievances within defined timelines.
- c) Escalation to SEBI or other dispute resolution mechanisms if unresolved.

15. REGULATORY AND INVESTOR ACCESS

YSBFB shall:

- a) Provide SEBI and authorized auditors with unrestricted access to outsourcing records, systems, and facilities.



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- b) Inform investors about material outsourcing arrangements and their implications on Fund operations.

16. REVIEW OF POLICY

The Fund's outsourcing policy shall be subject to periodic review to ensure its continued relevance and effectiveness. This review process will include:

- a) Annual assessments of the policy and its implementation.
- b) Identification and incorporation of any necessary changes based on regulatory updates, operational challenges, and feedback from stakeholders.
- c) Approval of any policy amendments by the senior management and the Board of Directors.

The review aims to ensure the policy remains aligned with best practices and regulatory requirements, thereby safeguarding the interests of the Fund and its investors.

