

BEACON TRUSTEESHIP LIMITED
EMPANELMENT POLICY

I. PURPOSE

This policy has been framed for the purpose of empanelment of external agencies for carrying out due diligence in terms of SEBI Circular dated November 03, 2020, continuous monitoring in terms of SEBI Circular dated November 12, 2020, and to comply with the provisions of SEBI Circular dated August 04, 2022. Empanelment of external agency will be governed by two policies namely empanelment of external agencies policy and conflict of interest policy as laid in Para III and IV respectively and the same shall be displayed on the website of Beacon Trusteeship Limited ("Beacon").

II. DEFINITIONS

1. **External Agencies** – any third party / professionals / advisors / experts such as Practicing Chartered Accountants, Practicing Company Secretaries, Registered Valuers, Merchant Bankers, Practicing Advocates, etc. empaneled with BEACON to perform activities in accordance with SEBI circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 dated Nov 03, 2020, continuous monitoring in terms of SEBI Circular dated November 12, 2020, and SEBI/HO/DDHS/DDHS- Div1/CIR/2022/106 dated August 04, 2022, and updated from time to time by SEBI.
2. **Conflict of Interest** – the External Agencies, external experts and advisors engaged for carrying out due diligence in accordance with this policy and Conflict of Interest policy of BEACON do not have pecuniary relationship with the issuer company 3 years prior to the issue.

III. EMPANELMENT OF EXTERNAL AGENCIES POLICY

1. ACTIVITIES THAT CAN BE CARRIED OUT BY THE EXTERNAL AGENCIES

Activities which are not a core part of trusteeship business may be carried out by an external agency and these include but are not limited to activities like due diligence, valuation of the properties, title search, verification of the asset cover, security cover, ROC Search Report etc. as required under the SEBI Circular Ref. No. SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 dated Nov 03, 2020. The circular enabled the debenture trustee to carry out the due diligence by itself or through its advisors or expert as per para 6 of the circular. Arrangements with entities only for the purpose of hiring associates to perform a part of an activity where such associates are fully supervised by the company employees would not be treated as prohibited activities under this policy. Activities that would impair BEACON's right to assess, or its external carry out supervisory activities cannot be carried out by the external agencies.

2. PROHIBITED ACTIVITIES

No external agency shall be empaneled to perform the core business activity (i.e. providing trusteeship services) and the Compliance function of BEACON. Management Team to monitor the activities that are being carried out by the external agencies on recommendations of Legal and Compliance Department.

3. SELECTION CRITERIA FOR EMPANELMENT OF EXTERNAL AGENCIES

Empanelment of External Agency on the panel of BEACON:

While empaneling any external agency on its panel, BEACON shall perform due diligence to assess the competency of external agency to comply with the obligations in the empanelment agreement to be entered with them. The external agencies are to be evaluated considering factors outlined below:

- a. **Proficiency:** Proficiency in terms of Experience and Expertise of the external agency in the relevant field and eligibility in accordance with the applicable law to perform the assignment
- b. **Conformity:** Conformity of the practices and systems of the External Agencies with the Company's requirements and objectives and maintenance of confidentiality
- c. **Adherence:** Adherence & compliance with the terms of this policy, the Conflict of Interest Policy of BEACON, the agreement to be entered with BEACON, privacy laws and extant regulations and circulars outlined by SEBI.

BEACON TRUSTEESHIP LIMITED

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d. **Conflict of Interest:** No pecuniary relationship with the issuer company 3 years prior to issue.

4. RESPONSIBILITY FOR EMPANELMENT OF EXTERNAL AGENCIES

The Management Team shall have overall responsibility for ensuring that all ongoing empanelment decisions taken by the BEACON and the activities undertaken by the External Agencies, are in line with this Policy as approved by the Board. All the proposals for the empanelment of any external agency shall be approved by any member of the BEACON Management Team, having Designation of Sr. Vice President and above.

5. ENTERING INTO WRITTEN CONTRACTS

BEACON's empanelment shall be governed by written contracts / agreements / terms and conditions / email confirmations (as deemed appropriate) that clearly describe all material aspects of the empanelment including the rights, responsibilities, and expectations of the parties to the contract, client confidentiality issues, termination procedures, etc. BEACON and empaneled External Agencies shall execute such engagement agreements before assigning and entrusting any assignment / work.

6. RISK ASSESSMENT

Empanelment of external agencies may include operational risk, reputational risk, information risk, counter party risk, concentration risk etc. Following are few key risks that may arise upon empanelment of external agencies:

- a. Failure of External Agencies to not adequately perform the activity, poor Services, non-maintenance of confidentiality, technology error, fraud, misconduct etc.
- b. Conflict of Interest
- c. Regulatory status of the External Agencies, including their fitness and probity status.

BEACON shall assess these risks, depending on factors like the scope and materiality of the activity carried out by the external agency and shall have a risk management program to enable sound and responsive risk management practices for effective oversight, due diligence and management of risks arising from the empanelment.

7. RISK MITIGATION

For the risks assessed above, BEACON may undertake actions as following:

- a. Immediately discontinue awarding any further assignment.
- b. Follow process as laid down in 'Conflict of Interest Policy' of BEACON
- c. Transfer any present assignments to another empaneled agent.

Besides above, BEACON shall obtain indemnification from the external agency before empaneling them on the panel against the losses, damages, third party claims, actions, proceedings, costs, or expenses of whatever nature whether in contracts, tort or otherwise, whatsoever and howsoever caused arising from or in any way connected with services of any external agency. Further, in the event of any professional misconduct, false submission of data/reports/information/documents or any kind of fraud by the external agency, BEACON reserves the right to register a complaint against such external agency with the respective institute where the external agency has registered itself such as ICAI, ICSI, Bar Council of India, State Bar Council, and any other appropriate authority/institute.

8. CONFIDENTIALITY

- a. BEACON shall take appropriate steps to cause the external agencies to protect the confidential information of both BEACON and its Clients from intentional or inadvertent disclosure to unauthorized persons and ensure that it is not misused or misappropriated.
- b. BEACON shall cause the External Agencies to ensure that the employees of the External Agencies have limited access to the data handled and only on a "need to know" basis.
- c. In cases where the External Agencies are providing similar services to multiple entities, BEACON shall ensure that adequate care is taken by the External Agencies to build safeguards for data

security and confidentiality.

IV. APPROVED BY THE BOARD

This Policy was approved by the Policy Review Committee on July 31, 2023.