



Vendor Management Policy

Version	Approval Date	Prepared By
V1	06.11.2019	Legal & Compliance
V2	15.02.2020	Legal & Compliance
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Vendor Management Policy

1. Background

- 1.1. In its endeavour to provide the best solutions and services to its clients, Vivriti Capital Limited ('Vivriti') engages with several outside parties/ third party vendors. This policy document standardises the guidelines for the purpose of onboarding such parties including any due diligence and review to be performed therein and provides for the roles and responsibilities in respect of such processes.

2. Scope

- 2.1. This Policy shall cover all vendors and service providers that Vivriti engages with while conducting its day to day activities.

3. Vendor Selection Criteria

- 3.1. Potential vendors shall be identified and selected by respective Team Heads based on, inter alia, the following criteria:
- 3.1.1. Product/Service
 - 3.1.2. Location
 - 3.1.3. Capacity (including but not limited to Legal Certification)
 - 3.1.4. Infrastructure
 - 3.1.5. Market Reputation
 - 3.1.6. List of major customers
- 3.2. The potential vendor shall be evaluated by and under the guidance of the respective Team Head based on the evaluation format (kindly refer **Annexure I**). No deviation/ modification shall be allowed in the specified format except with the prior approval of Managing Directors.
- 3.3. The respective Team Head shall identify such number of vendors as may be required in each case, which shall not be lesser than two vendors.

4. Due Diligence

4.1. Risk assessment

- 4.1.1. Each third party vendor should be allotted a criticality rating based on the risk factors such as credit, compliance, legal, financial, business, reputational risks involved. Such factors are subjective and shall be considered by the concerned officer(s) on case to case basis;
- 4.1.2. The criticality rating shall be allotted based on the following:

Rating to be allotted	Criticality	Nature
1	Not critical	If the risk involved impacts less than 2 factors

3	Moderately critical	If the risk involved directly impacts minimum 2 risk factors
4	Highly critical	If the risk involved is such that can hamper the business operations and directly impact all the risk factors

4.1.3. Categories of risk to be assessed include: loss of capital if the venture fails; loss of member confidence if the program, product or service fails to meet member expectations; costs associated with attracting or training personnel and investing in required infrastructure; and whether the potential benefit of the arrangement outweighs the potential risks or costs;

4.1.4. Aforesaid rating shall be renewed annually by the Risk Team. Legal and Compliance Team shall ensure and track that the annual review is conducted on an annual basis;

4.1.5. The most critically rated vendors shall be subject to the most rigorous and stringent annual review.

4.2. Exit Strategy

4.2.1. Before onboarding any vendor, Vivriti must identify alternate vendors to ensure smooth transition from one vendor to another in case of termination of former contract.

4.3. Legal review

4.3.1. All engagement letters/contracts/agreements/purchase orders/online subscription terms and conditions are subject to review by the Legal and Compliance department of Vivriti. All the mandates and the clauses therein shall be negotiated and finalised with the discussion with the Legal and Compliance department.

4.3.2. While reviewing engagement letters/contracts/agreements/purchase orders/online subscription terms and conditions (as applicable), the team shall ensure that the following key clauses are included in such documents proposed to be executed/entered into/signed with vendors proposed to be onboarded and/or separately obtained from the vendor:

- 4.3.2.1. Termination clause (Vivriti must have a right to terminate the contract)
- 4.3.2.2. Confidentiality clause/signing of a separate Non Disclosure Agreement with all the vendors being onboarded
- 4.3.2.3. Indemnity clause (must cover indemnification for Vivriti)
- 4.3.2.4. Anti-Bribery declaration as part of Vendor Declaration (format as per **Annexure II**) required to be obtained from all vendors being onboarded

5. Approval matrix

5.1. In addition to aforesaid reviews, all third party vendors shall be onboard in accordance with the below mentioned approval matrix:

Particulars	Respective Team Head	Any Managing Director
Commercial aspects	✓	✓

Deliverables and timelines	✓	✓
Engagement letters/ contracts/agreements/ email mandates (for one time vendors) /purchase orders/online subscription terms and conditions/	✓ (in consultation with Legal and Compliance department of Vivriti)	✓
Any other terms and conditions as may be	✓ (in consultation with Legal and Compliance department of Vivriti)	✓
Engagement letters/ contracts/agreements/ purchase orders/online subscription terms and conditions (as applicable) signing	<p>Respective Business Head to ensure that the Engagement letters/ contracts/agreements/ purchase orders/online subscription terms and conditions (as applicable) are signed as per the approved DFP.</p> <p>Accounts Team shall be the checker to ensure that the Engagement letters/ contracts/agreements/purchase orders/online subscription terms and conditions (as applicable) are properly executed, in line with this policy, prior to making any payment to a particular vendor.</p>	✓ Or any other official duly authorized by the approved DFP

5.2. All the aspects of any vendor contract shall be first reviewed by the respective teams in consultation with Legal and Compliance department of Vivriti and thereon shall be escalated to any one of the Managing Directors for their final approval.

5.3. While reviewing the same, the respective teams shall, subject to final approval of any one of the Managing Directors, also review the payment timeline and processing of the same for each vendor thereon.

5.4. Email mandates, for one-time vendors, should at least include the following agreed terms and conditions:

5.5. (i) Scope of Work;

(ii) Fee quote; and

(iii) timeline for engagement; and

(iv) other terms and conditions mutually agreed between Vivriti and the respective vendor.

6. Monitoring

- 6.1. The respective Team Heads shall be responsible for monitoring the performance of each of the services and the vendor involved;
- 6.2. The relationship with a prospective/ existing vendor should complement Vivriti' s overall mission and vision, its business strategy and risk appetite.
- 6.3. The aspects of monitoring include but not limited to the following:
 - 6.3.1. Comparing actual results of each service with the projections
 - 6.3.2. Reviewing performance to determine compliance with expectations and contracts
 - 6.3.3. Turn around times in respect of each milestone
 - 6.3.4. Risks exposed and
 - 6.3.5. Any issues faced, issues resolved and issues pending
 - 6.3.6. Financial parameters
 - 6.3.7. Any other parameter as may be decided by the Board or Senior Management from time to time;
- 6.4. The monitoring process and the results thereon shall be documented on real time basis and shall be fundamental in preparing annual reviews for each of such vendors.

7. Central repository of document storage with vendors

- 7.1. Central Repository for Storage of Documents shall be maintained, including but not limited to agreements/engagement letters/contracts/purchase orders/copy of online subscription terms and conditions (as applicable)/non disclosure agreements executed with third party Vendors/anti corruption and anti bribery declaration obtained from vendors.
- 7.2. Upon execution/signing, file containing physical copy of all documents including but not limited to agreements/engagement letters/contracts/purchase orders/copy of online subscription terms and conditions (as applicable)/non disclosure agreements executed with third party Vendors/anti corruption and anti bribery declaration obtained from vendors are required to be filed and the file is required to be submitted to Legal and Compliance for storage.
- 7.3. File submitted to Legal and Compliance for storage should have a top sheet reflecting the following details:
 - (i) Name of the respective owner of the file and owner's department;
 - (ii) Name of the vendor and nature of service;
 - (iii) Email id and phone number of the owner and the vendor;
 - (iv) Tabular recording of the date of execution and expiry date of each document contained in the file.

8. Reporting

- 8.1. The status of compliance and security of all service providers, including the new service providers must be provided to the Senior Management annually by the Legal and Compliance team.

9. Review

- 9.1. This Policy shall be reviewed by the sanctioning authority and modifications, if any shall be approved by the Board at such intervals as may be required, but not less than once a year.

Annexure I

Evaluation and recommendation format

Description	Comments by Team Head
Risk factors involved and considered	
- Credit (eg. Credit worthiness of the vendor)	
- Compliance (eg. Status of compliance over the past 3 financial years)	
- Legal (eg. Any pending lawsuits or litigation against the vendor or its senior partners)	
- Financial (eg. Reorting mismatch or delay in financial reporting or financial fraud)	
- Business (eg. Unsuccessful mergers, recent change in control or management decisions)	
- Reputation (eg. market value, perspective and goodwill)	
Past experience and competence to implement and support the proposed activity over the contract period	
Financial soundness and ability to service commitments even under adverse conditions	
Business reputation and culture, compliance, complaints and outstanding or potential litigation	
Security and internal control, audit coverage, reporting and monitoring environment, business continuity management	
Ensuring due diligence its employees	
Necessary ISO certification depending on the nature of services offered	
Whether empanelled with other banks/NBFCs (name if any)	
Business presence pan India (name of the states, if any)	
Number of experience of senior partners (kindly specify years)	

Annexure II

[On the letterhead of the Vendor]

To,

Vivriti Capital Limited

12th Floor, Prestige Polygon

Anna Salai, Teynampet, Mount Road

Chennai -600035

[Insert date]

Dear Sirs,

Re: Declaration: Anti-Bribery and Anti-Corruption

We refer to the letter/ agreement dated _____ (the "Vendor Agreement") executed amongst *inter alia* _____¹, a company with its registered address at _____ and bearing corporate identification number _____ (the "Vendor") and Vivriti Capital Limited, a company incorporated under the provisions of the Companies Act, 2013 and a non-banking financial company registered with the Reserve Bank of India, having its registered office at 12th Floor, Prestige Polygon, Teynampet, Anna Salai, Chennai - 600035 ("Vivriti"), pursuant to which, Vivriti has appointed the Vendor for the purposes of undertaking _____² (the "Vendor Activities").

We, the Vendor, hereby agree, confirm, represent and declare that we have not at any time furnished any payments in the nature of a bribe, kick-back, gift, gratuity, commission or other thing of value, as an inducement or reward for:

- (i) being appointed as the Vendor;
- (ii) for doing or forbearing to do any action in relation to the Vendor Activities; or
- (iii) for showing or forbearing to show favour or disfavour to any person in relation to the Vendor Activities.

We, the Vendor, hereby agree, confirm, undertake and declare that:

- (i) we shall not pay/ furnish any bribe, kick-back, gift, gratuity, commission or other thing of value, as an inducement or reward to any third party or entity including but not limited to any Governmental authority, officer or agency for undertaking and performing their obligations pursuant to the Vendor Activities;

¹ Please incorporate name and details of the Vendor.

² Please detail the activities for which the Vendor has been appointed.

- (ii) we shall ensure that no monies paid to it by Vivriti in relation to the Vendor Activities shall be used by the Vendor or its relevant officers for any purposes pertaining to bribery or corruption;
- (iii) the Vendor shall at all times comply with all applicable legislative and statutory requirements relating to anti-bribery, anti-corruption and anti-money laundering;
- (iv) not engage in any activity, practice or conduct which would constitute an offence under any anti-bribery and/or anti-corruption legislative and statutory requirements which are applicable to the parties or to any services or goods being provided by the Vendor;
- (v) comply with the anti-corruption and anti-bribery policy laid down by Vivriti as provided by Vivriti and updated by Vivriti from time to time.

The Vendor hereby agrees and acknowledges that if the Vendor fails to comply with any of the matters set out in this declaration or is found to be liable under any anti-bribery, anti-corruption or anti-money laundering laws, regulations, rules or policies binding on such vendor during the course of the Vendor Activities or otherwise, the same shall be deemed to be a default under the Vendor Agreement and Vivriti shall have the right to terminate any or all contracts or agreements between the Vendor and Vivriti including, but not limited to, the Vendor Agreement.

The parties hereby agree that any disputes arising hereunder shall be referred to the exclusive jurisdiction of the Courts of Chennai.