



## **Creative Services Limited (CSL) Due Diligence Policy**

(Version-1, Effective from January 01, 2024)

### **1. Introduction**

Creative Services Limited (CSL) is committed to conducting thorough due diligence in all its business dealings to ensure informed decision-making, mitigate risks, and promote transparency and accountability. The Due Diligence Policy guides CSL in conducting thorough due diligence in all aspects of its operations, addressing potential risks and opportunities. Adherence to this policy ensures responsible business dealings that contribute to the organization's long-term success and sustainability.

### **2. Purpose**

The purpose of this policy is to:

- Establish a framework for conducting due diligence on potential business partners, investments, acquisitions, and other strategic decisions.
- Ensure compliance with legal and regulatory requirements.
- Identify and mitigate potential risks associated with business transactions and relationships.
- Promote ethical business practices and corporate responsibility.

### **3. Scope**

This policy applies to all employees, suppliers, and stakeholders involved in due diligence processes at CSL. It covers due diligence activities related to mergers and acquisitions, partnerships, investments, suppliers, clients, and other third-party engagements.

### **4. Principles**

#### **4.1 Thoroughness**

- Conduct comprehensive due diligence to gather all relevant information.
- Use reliable sources and methods to verify information.

#### **4.2 Transparency**

- Document and communicate due diligence findings clearly and accurately.
- Ensure stakeholders have access to due diligence reports and conclusions.

#### **4.3 Risk Mitigation**

- Identify potential risks and develop strategies to mitigate them.
- Consider financial, legal, operational, reputational, and compliance risks.

#### **4.4 Compliance**

- Adhere to all applicable laws, regulations, and company standards during due diligence processes.
- Ensure due diligence activities align with CSL's policies and ethical standards.

## **5. Due Diligence Process**

### **5.1 Planning**

- Define the scope and objectives of the due diligence process.
- Identify the necessary resources, including personnel and tools, for conducting due diligence.

### **5.2 Information Gathering**

- Collect relevant information about the subject of due diligence, including financial statements, legal documents, business operations, and market data.
- Use various sources such as public records, company reports, interviews, and site visits.

### **5.3 Analysis**

- Analyze the gathered information to assess the subject's financial health, legal standing, operational capabilities, and market position.
- Identify potential risks and opportunities associated with the subject.

### **5.4 Reporting**

- Prepare a comprehensive due diligence report detailing findings, risk assessments, and recommendations.
- Ensure the report is reviewed and approved by relevant stakeholders before making decisions.

### **5.5 Decision Making**

- Use due diligence findings to inform decision-making processes.
- Ensure that decisions align with CSL's strategic objectives and risk tolerance.

### **5.6 Monitoring and Review**

- Continuously monitor ongoing relationships and transactions to ensure compliance and mitigate emerging risks.
- Periodically review and update due diligence processes and criteria.

## **6. Areas of Due Diligence**

### **6.1 Financial Due Diligence**

- Assess the financial health and performance of the subject.
- Review financial statements, audit reports, tax records, and projections.

### **6.2 Legal Due Diligence**

- Verify the legal status and compliance of the subject.
- Review contracts, licenses, litigation history, and regulatory compliance.

### **6.3 Operational Due Diligence**

- Evaluate the operational capabilities and efficiency of the subject.
- Assess production processes, supply chains, technology, and infrastructure.

## **6.4 Reputational Due Diligence**

- Assess the subject's reputation and public perception.
- Review media coverage, customer feedback, and company standing.

## **6.5 Environmental and Social Due Diligence**

- Evaluate the subject's environmental and social impact.
- Review sustainability practices, labor conditions, and community relations.

## **7. Roles and Responsibilities**

### **7.1 Due Diligence Team**

- A designated team, led by a Due Diligence Officer, will be responsible for conducting and overseeing due diligence activities.
- Team members will include representatives from finance, legal, operations, and other relevant departments.

### **7.2 Due Diligence Officer**

- Lead the due diligence process and ensure compliance with this policy.
- Coordinate information gathering, analysis, and reporting activities.

### **7.3 Executive Management**

- Provide oversight and ensure due diligence aligns with CSL's strategic objectives.
- Make informed decisions based on due diligence findings and recommendations.

## **8. Training and Capacity Building**

- Provide regular training to employees involved in due diligence activities on relevant policies, procedures, and best practices.
- Encourage continuous learning and professional development in due diligence methodologies.

## **9. Monitoring and Evaluation**

### **9.1 Internal Audits**

- Conduct regular internal audits to assess compliance with this policy and the effectiveness of due diligence processes.
- Identify and address any gaps or weaknesses in due diligence practices.

### **9.2 Performance Evaluation**

- Evaluate the outcomes of due diligence activities to ensure they contribute to informed decision-making and risk mitigation.
- Use evaluation findings to improve future due diligence practices.

## **10. Review and Updates**

- This policy will be reviewed annually and updated as necessary to reflect changes in laws, regulations, and best practices.
- Feedback from employees and stakeholders will be considered in the review process.