

ADMIN

# Due Diligence policy

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Reach India Trust



This policy will help the organization to put systems in place and maintain institutional integrity



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Reach India Trust: Nurturing Health Hope and Dignity

## DUE DILIGENCE POLICY

<b>PURPOSE</b>	<b>TO ENSURE THAT WE HAVE EFFECTIVE MEASURES TO RECEIVE AND USE FUNDS, WITH APPROPRIATE PARTNERS, FOR THE INTENDED PURPOSES AND TO PROTECT REPUTATION OF THE ORGANIZATION.</b>
<b>VERSION</b>	<b>DUE DILIGENCE POLICY VER.: 1.0</b>
<b>RATIFIED BY:</b>	<b>CHIEF FUNCTIONARY</b>
<b>APPROVED BY :</b>	<b>BOARD</b>
<b>DATE RATIFIED:</b>	<b>14-9-2020</b>
<b>REVIEW FREQUENCY</b>	<b>EVERY 2 YEARS</b>
<b>DATE OF NEXT REVIEW:</b>	<b>1-9-2022</b>
<b>LINKED ACTS AND POLICIES</b>	<b>INDIAN TRUST ACT 1882, ARBITRATION AND CONCILIATION ACT, 1996, HR POLICY, FINANCE POLICY OF REACH INDIA TRUST,</b>

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**REACH INDIA TRUST**

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**REACH INDIA TRUST**

*Concept Note By:*

*See More at:*  
<http://reach-india.org/>

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## Reach India Trust: Nurturing Health Hope and Dignity

### About REACH INDIA TRUST:

“Reach India delivers transformative education and life skills to women and adolescent girls, promotes and strengthens community action,, and facilitates solutions for gender, social and economic inequities. We work in collaboration with national and international NGOs, donors, government and corporate organizations and their foundations to serve the poor in Eastern and North Eastern states. Our vision is a future where all women, girls and youth make and exercise free choices and be agents of change.”

**Objective:** A future where all women and girls make and exercise free choices and are agents of change.

**Strategy:** Reach enables women and young girls to build futures of health, hope and dignity for themselves and their families by bringing knowledge, life skills and linkage.

### Short title, extent and commencement

1. This Due Diligence Policy may be called as the **“DD POLICY”**.
2. Applies only to the bonafide Members and Board of Trustees and Board of trust (defined below ) of REACH INDIA TRUST

### Definition

<b>"Trust"</b>	shall mean registered as per Indian Trust Act 1882.
<b>"Books and Records "</b>	shall mean books and statements of accounts, files, papers, data, manuals, catalogues and other documents and records, including the originals thereof, which the trust shall maintain the records
<b>"Members"</b>	shall mean all the Members which are full time /part time members of the trust.
<b>"Board of Trustees"</b>	shall mean Board of Trustees as per the Trust deed.
<b>"Confidential Information"</b>	shall mean any plans of the project, financial and technical information, technical data, know-how, including, but not limited to, project development plans, pricing and costing policies of the Trust, future strategies and budgets, research, marketing plans, upcoming projects, details of Members and Board of Trustees and Board, software, developments, computer passwords, formulae, code, compositions, techniques, information about grants, process, technology, designs, drawings, marketing, IPR (defined herein), details of actual or potential implementation of projects, contractors, candidates, project partners, Advisors, agents or representatives, analyses made, or views taken, by the trust in respect of the finances, dealings, transactions and affairs of the Trust , information in respect of which the trust or any its



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Members and Board of Trustees and Board is bound by an obligation of confidentiality to a third party or other information of the Trust to which the Advisor/volunteer may have or had access to or has acquired or may acquire during the Term of volunteer ship or which the Advisor acquires otherwise in terms of this policy, either directly or indirectly in writing, electronically, orally or by drawings;

**"Social Activities "**

shall mean any activities or any projects which shall be implemented from time to time and mentioned in the trust deed / must be matched with the objectives mentioned in the trust deed.

**"Regulatory Body"**

shall mean Enforcement Directorate, High Court, Reserve Bank of India or any other regulatory body which is registered under Central Act or formed under a particular Act

**"Judicial Intervention "**

shall mean if the Court or Tribunals has issued summons, notice of appearance or any other notice as may be applicable from time to time.

**"Due diligence Policy"**

shall mean the policy as defined in clause 6.

### 1. Objective of this Policy

1.1. The key objectives of the policy are mentioned below:

1.1.1. shall receive the funds only from bona fide sources;

1.2. shall maintain the records of Receipts which are received from any source

1.3. shall not disclose the details of the Members and Board of Trustees and Board to any person, who are not part of Reach India Trust except for Judicial Intervention or Regulatory Body

1.4. Shall disclose the details of our trust to any third-party organizations who shall supporting our project and the fund the same.

1.5. shall provide the details of Expense to our sponsors so that we are able to achieve the trust of the sponsors

1.6. Members and Board of Trustees and Board shall maintain the confidentiality clause of this policy.

### 2. The vision of this policy is to:

2.1. Set out our commitment and responsibilities in observing and upholding our approach to due diligence;

2.2. Shall indulge into Non-Compete and Non-Solicit practices;

2.3. Shall maintain the confidentiality about the trust, policies, members , projects as defined under confidentiality clause;

2.4. Set out the due diligence measures we take to ensure that we receive funds only from bona fide sources and that RIT is not used for money laundering;

2.5. Set out the due diligence measure we take to ensure we select appropriate organization to work with, use our fund and also give us fund for the intended purpose;

2.6. Provide information and guidance to those working for us on how to carry out due



diligence.

**3. We seek to ensure that mission is attained:**

- 3.1. Due Diligence with regard to funds received is proportionate and appropriate
- 3.2. Due diligence with regard to our grants and partnerships is proportionate to the scale and type of projects and organizations involved. RIT supports both small scale projects with local community-based organizations and larger scale projects with organizations that have capacity to manage international grants. Also, different types of due diligence are applicable in these situations.
- 3.3. Due diligence is applied and effective at different stages in the project cycle
- 3.4. Due diligence measures help grantees and partners to deliver good projects

**4. Who is covered by this policy?**

- 4.1. This policy applies to all partner organizations of RIT including donors, grantees collaborators and any third party.
- 4.2. It is to be implemented by all staff of RIT who deal with donors and partner organizations working at all levels and grades, including Trustees / chief functionaries, employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, seconded staff, casual and agency staff, volunteers, interns, consultants, sub-contractors, sponsors, grantees, partners or any other person(s) associated with us, wherever located (collectively referred to as representatives in this policy).

**5. WHAT IS COVERED BY THIS POLICY?**

- 5.1. The following areas are covered by the Due Diligence Policy:
  - a) Receipt of donations
  - b) Grant making
  - c) Grant and project management
  - d) Project monitoring.
  - e) Procedure on doing Due Diligence with respect to us and how we shall do due diligence to Third Party
  - f) Confidentiality
  - g) Indemnity
  - h) Non-Compete and Non-solicit
  - i) Policy Circulation

**6. Due Diligence**

- 6.1. Due diligence shall include audit for reviewing financial feasibility, project viability or technical feasibility or review performed to confirm the facts of a matter under consideration.
- 6.2. The due diligence focuses on checking the bona fides of our partners especially where they are new to us and vice versa, and also if the same party do not have recognized profile in the public domain.
- 6.3. The Policy lays out it is free from Anti-Corruption, Fraud and Bribery
- 6.4. The Policy furthers draws zero-tolerance approach applies not only within RIT but also to the third-party organizations where we collaborate with.

**7. Procedure to carry out The Due Diligence Policy**

- 1) Due Diligence shall be carried out by providing proper one-month notice in writing and the



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- purpose of the same.
- 2) The Board of Trustees shall provisionally agree to the same and provide an instruction to the Core team and statutory Auditor to undertake and complete the Due Diligence.
  - 3) A report is compiled by the Core team and taken in the first instance to the Audit and Resources Committee for discussion and review. The report will include:
    - a. Due Diligence Checklist
    - b. Summary of key findings
    - c. Impact it will have on the Trust
    - d. Whether the vision can be aligned to the Trust's vision and values
    - e. Impact on the Trust's governance structure
    - f. Benefits to the Trust
    - g. Risks and concerns
    - h. Any statutory Compliance
    - i. Any license required for any certain projects
  - 4) The report is then assessed and a conclusion is formulated by the Audit and Resources Committee, which is then taken to the Board of Trustees for a final decision.
  - 5) The entire Due Diligence process shall be completed within **(as decided by the board / case to case basis)** with receipt of the notice of the same considering the project for which the fund is being raised.

### 8. Risk Assessment and Mitigation

RIT receives and is entrusted with funds from a variety of sources. We work to ensure that funds are received and used transparently and properly. We have identified that the following areas are particular risks for our trust. As a charitable foundation we receive donations from a wide range of sources. There is a risk that we may sometime receive funds derived from the proceeds of crime or from sources which are not transparent to us and;

- 8.1. As a grant making organization, we may attract applications from anyone which can include criminals as well and this shall be short-term one-off grants with a low probability of direct monitoring;
- 8.2. As a grant making organization, we shall ensure that grants received are which we sometime award to third parties could be subject to fraud, misuse and corruption. This may be intentional but may also arise in part due to lack of capacity to manage funds;
- 8.3. As a grant managing organization, there is a risk that donor funds for which we are responsible could be subject to fraud, misuse and corruption by partner organizations;
- 8.4. Due diligence may also be required when issuing contracts to consultants or contractors, but that is not a large part of our trust.
- 8.5. Where abuses take place the positive impact of our grants and programmes is reduced and our reputation is damaged, potentially affecting our ability to raise funds and make grants in future.
- 8.6. This Policy has been developed to minimise the abuses related to risks (b), (c), and (d) at above. It also endeavours to address aforesaid risks adequately and ensure that similar abuses do not affect our programmes in future. It incorporates existing, upgraded and new measures.
- 8.7. One of the ways in which we manage risks and reduce the burden of due diligence is to grow our relationships with all our existing partners. This enables us to build an in-depth understanding of our partners (and donors) - their people, their governance, their strengths and weaknesses and ways of working. As an organisation committed to working with small community-based organizations (CBOs) one of the useful roles we play is to build the capacity



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of our CBO partners to manage grants and deliver projects. We therefore usually start with small and short-term grants before moving to larger scale and longer-term grants. It is important not to encourage our partner organizations to take on projects which exceed their capacity. Funding and capacity building should generally work together, and where appropriate we will build an element of capacity building or mentoring into projects at the outset.

### 8.7.1. Steps to address these risks, we will:

- Continue to apply appropriate due diligence measures whenever receiving funds from previously unfamiliar donors;
- Keep a track of donations received by us if any donation which is unfamiliar
- Discourage false or criminal applications by:
  - offering only very small-scale grants at the outset, with repeat funds dependent on proof of proper use
  - linking provision of funds with mentoring or capacity building;
- Continue to develop and apply appropriate application processes for our grant programmes;
- Continue to develop and apply thorough screening and assessment processes for applications;
- Continue to develop and apply a thorough due diligence process for proposed new grantees and new partners;
- Include provisions to guard against fraud and corruption in all our grant agreements;
- Continue to develop and apply robust and rigorous monitoring processes for all projects.

## 9. Donations

We do not allow any organization or individual to use RIT to launder money and must be vigilant to ensure that RIT does not accept the proceeds of a crime from any organization or individual. Further guidance is provided in our HR Manual, Financial Manual, Anti terrorism policy.

## 10. Grant Receiving

RIT continues to develop robust due diligence procedures in respect of receiving of grants from donors and execution of project in terms of grant received.

- 10.1. Pre-grant due diligence is the process of assessing the appropriateness of potential grants and its optimum utilization in compliance with grants mandate (which is as per the requirement of the donor / funding agency);
- 10.2. Reach India will also check the authenticity of the source of grant. The source of grant should not be such source which has banned or black listed by any national and international authority / prior permission (MHA) / engaged in promotion of terrorism within and outside the country / engaged in conducting unlawful activities.
- 10.3. The funding agencies also have to principally agree to the Child safe guarding policy (CSP), prohibition of sexual harassment at workplace (POSH), Anti Terrorism Policy (ATP). If the organizations have their own CSP, POSH and ATP they may submit a copy of the same and then they don't have to sign the CSP, POSH and ATP of Reach India Trust. They can sign the three policies of their will and wish instead of having their own policies. This will become a mandate for the donor / funding agency to sign the particular policy out of the three which they don't have of their own.
- 10.4. Due diligence is required executed directly by RIT or it is executed with some partner organization;





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10.5. RIT will also assess risks relating to the context of the project and its implementation, for example risks of insecurity that could affect the project or prevent monitoring visits.

10.6. Records will be maintained of due diligence steps taken for all new projects and grants.

### 11. Grant and Project Management

RIT responsibility with regards to grants received:

- a) Maintaining proof of receipt of funds into the nominated bank account in the form of a bank generated statement or other acceptable document and if the funds are received from outside India then FIRC certificate or any other requisite documents under law must be maintained.
- b) Regular financial reports (at least every six months) with copies of receipts provided for major items of expenditure shall be submitted to board;
- c) Regular narrative reports (at least every months) with photographic or video documentation of progress e.g. equipment, tree nurseries, community meetings etc. shall be submitted to Chief Functionary;
- d) RIT programme staff will maintain regular contact with donors and forward report in terms of Grant mandate.
- e) Disclosure of funds received from different sources in the annual report and will be available on the website.

### 12. Project Monitoring

- a) RIT will develop and apply a robust and rigorous monitoring process of projects including site visits and examination and verification of project expenditure using independent third parties when appropriate.
- b) Site visits will include: verification of reported progress through observation and discussion with local participants; verification of purchases through spot checks on equipment and materials; and checking of financial records and systems.
- c) It is important to discuss issues face to face with local partners and address and resolve any concerns immediately.
- d) It is not always possible or cost effective for RIT to make field visits directly. Where we cannot visit a project we will seek to identify suitable trusted in-country third parties to make visits on our behalf, and will draw up Terms of Reference (TOR) for the monitoring visit including the due diligence elements above.

#### 12.1. Core Team will aim to make monitoring visits to projects on the following basis:

- Small projects (below 10 lakhs / year): it is not possible for Core team to visit all small-scale projects regularly (Quarterly). Yearly monitoring visit by the Core team will be ensured. But monthly / quarterly reviews with the team on digital platform will be ensured.
- Medium-scale projects (10 lakhs to 50 lakhs/ year): RIT's Core team will visit two times visit to the project site. More visits may be arranged as per requirement. But monthly / quarterly reviews with the team on digital platform will be ensured.



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- Large-scale (More than 50 lakhs / year): Quarterly visits will be there by the core team. But monthly / quarterly reviews with the team on digital platform will be ensured.

### 13. Responsibility of Rit Staff And Representatives

- Must ensure that read, understand and comply with this policy.
- Must notify your line manager, the Chief Functionary, the Chair or others (as appropriate), as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future.
- Our Anti-Corruption, Fraud, and Bribery Policy (clause under the HR policy)/ Anti terrorism policy / Finance Manual / Asset management policy provide guidance on what to do in case you suspect that funds are being misused.
- Our Anti-Corruption, Fraud, and Bribery Policy (clause under the HR policy)/ Anti terrorism policy / Finance Manual / Asset management policy provide guidance on how to investigate all reports of potential corruption and recover assets. It also provides guidance on external reporting where corruption is identified.

### 14. Training And Communication

- Briefing on this policy forms part of the induction process for all new representatives.
- All existing representatives will receive regular, relevant training on how to implement and adhere to this policy.
- A copy of this policy shall be given along with other induction kits to every new employee join the organization and induction training must include due diligence policy.

### 15. Responsibility For Policy Implementation And Compliance

- The RIT Board of Trustees has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it.
- The Chief Functionary has primary and day-to-day responsibility for implementing this policy, and for monitoring its use and effectiveness and dealing with any queries on its interpretation. Management at all levels are responsible for ensuring those reporting to them are made aware of and understand this policy and are given adequate and regular training on it.

### 16. Monitoring & Review

- The Chief functionary will monitor the effectiveness and review the implementation of this policy, regularly considering its suitability, adequacy and effectiveness. Any improvements identified will be made as soon as possible. Internal control systems and procedures will be subject to regular audits to provide assurance that they are effective in countering bribery and corruption.
- All representatives are responsible for the success of this policy and should ensure they use it to disclose any suspected danger or wrongdoing.
- Representatives are invited to comment on this policy and suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to the Chief Functionary.
- This policy does not form part of any employee's contract of employment and it may be amended at any time. But a declaration to comply on the due diligence policy will be



mandatory.

## 17. Confidentiality

- Given the nature of the work undertaken by the Trust from time to time and the involvement which the Members and Board of Trustees and Board will have in certain aspects of the Projects of the Trust, the Members and Board of Trustees and Board and about the grants received from any donor will have access to information, much of which will be confidential and the disclosure of which could be extremely damaging to the Projects, Mark and Trust of the sponsors of the Trust.
- In order to protect the confidentiality of such Confidential Information, and without prejudice to every other duty which the Members and Board of Trustees and Board has and to keep secret all information given to him or obtained by him in the course of performance of his services, the Members and Board of Trustees and Board shall not, except with the prior written consent of the Trust and in the proper performance of his duties under this Policy.

## 18. Policy Circulation

- This Policy will be published on the Trust's website and included in the Trust's Policy Monitoring Schedule
- This Policy will be circulated to every Member, Trustee/Director, Governor and Senior Employee by sending an email to the link on the Trust's website on an annual basis and when each new Member, Trustee/Director, Governor and Senior Employee joins the Trust and donors and funding agency .
- The Trustees, in consultation with the Local Governing Bodies, are responsible for overseeing, reviewing and organizing the revision of the Due Diligence Policy

## 19. INDEMNITY

19.1. The Trust and the Board of Trust hereby undertakes that any member in breach hereof (“**Defaulting Member**”) will indemnify and keep the Trust and Members of Trust (“**Non-Defaulting Party**”) fully indemnified, defend and hold harmless, and their respective officers, directors and employees, , at all times, from and against all direct and actual losses, damages, liabilities, deficiencies, actions, judgments, interest, awards, penalties, fines, costs, claims or expenses of whatsoever kind, including reasonable attorneys' fees, arising out of or resulting directly as a result of gross negligence, misrepresentations or breach of any representation as provided under this Policy.

19.2. The indemnification rights under this Policy are independent of, and in addition to, such other rights and remedies which the Non- Defaulting Party may have at law, or in equity or otherwise, including the right to seek specific performance, damages or injunctive relief, all of which rights and remedies shall be available to the Non- Defaulting Party and shall not be affected or diminished hereby.

## 20. Arbitration

20.1. In the event of any dispute or differences or claim arising out of, or in connection with, or relating to this policy, including any question on the scope or interpretation of any provisions of this policy, or the breach, termination or invalidity hereof (a "**Dispute**"), the Trustees shall attempt to first resolve such Dispute through mutual discussions. If any such Dispute is not resolved through such discussions within thirty (30) days after one Trustee or group of trustees



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has served a written notice on the Trust or Board of Trustee requesting the commencement of discussions, the Dispute shall be referred to arbitration to be conducted by a sole arbitrator. The arbitration proceedings shall be governed by the provisions of the (Indian) Arbitration and Conciliation Act, 1996. The seat of arbitration shall be Kolkata. The language of arbitration shall be English. The Trustees agree that the arbitration award shall be final and binding on the Parties. The Trustees shall submit to the arbitrator's award and the same shall be enforceable in any competent court of Law. The arbitrator's award shall be substantiated in writing. The arbitrator shall also decide on the costs of the arbitration procedure.

**20.2.** The Trustees and Board of Trustees agree that in the event of any breach or threatened breach by any member, provisions set forth in this policy, the Trust shall be entitled, in addition to any other remedy that may be available to it, to seek:

- i. A decree or order of specific performance to enforce the observance and performance of such project/contract, obligation or other provisions; and
- ii. An injunction restraining such breach or threatened breach.

### **21. Governing Law**

**21.1.** Any disputes or claims arising out of or in connection with its subject matter arising out due to this policy are governed by and construed in accordance with the laws of India, the courts of Kolkata shall have an exclusive jurisdiction.

### **22. Adoption of the Policy**

This Policy has been adopted by the Trustees and signed by the Chief functionary of the REACH INDIA TRUST

Signature and Seal  


Signed \_\_\_\_\_ Date 14.9.2020  
(Chief Functionary)