

**DOCUMENT CHANGE CONTROL**

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2.0	Compliance Officer	April 30, 2025	Policy for dealing with Conflict of Interest
3.0	Compliance Officer	May 05, 2026	Policy on Managing and Dealing with Conflicts of Interest

**This document has been reviewed and approved by**

Name	Approved Date
Board of Directors	05.05.2026
Owner- Compliance Function	05.05.2026
Effective from	05.05.2026

**CARE ESG RATINGS LIMITED**

**Policy on Managing and Dealing with Conflicts of Interest**

**A. Introduction**

CARE ESG Ratings Limited (“CareEdge-ESG” or “CERL” or “the Company”) is committed to ensure that the Company and its employees do not have any conflict of interest in the ESG assignments undertaken. To ensure this, CareEdge-ESG has in place a comprehensive policy for managing and dealing with Conflict of Interest.

**B. Managing Conflicts of Interest:**

Rating Committee Members of the Company shall not participate in any kind of marketing/business development, including fee negotiation with issuers. Employees and their dependents shall not hold shares of the issuer they rate. Further, the CEO of the Company and any person with business responsibility shall not be a part of the Rating Committee. Group heads/analysts handling a case shall not have a vote if they form a part of the Committee discussing the case.

In case of any possible conflict of interest situation, the member (external/internal) of the RC concerned shall disclose such conflict of interest and shall not participate in any manner in formulating or arriving at a rating.

The Company is a professionally managed organization and enjoys high level of independence in its operations.

The Company has always maintained an arm’s length distance between promoters and management, thereby ensuring autonomy and independence. The Company has Rating Committees comprising independent external members and senior executives of the Company and has an Appeal Committee, chaired by an independent external member for considering appeals, comprising 2/3<sup>rd</sup> members who are entirely different from the original committee which assigned the rating.

**C. Dealing with Conflict of Interest in Investment/ Trading**

The policy shall apply to investment / trading in securities by CareEdge-ESG, Employees of CareEdge-ESG, ESG Rating Committee Members and Members of the External Review Committee.

**D. Definitions**

The terms/abbreviations which are used in this Policy shall have the following meanings / descriptions:

<b>Access and/or Persons</b>	<b>Persons Designated</b>	shall include:- a) All the employees; b) All the Whole time Directors of the Company, if any; c) Immediate relatives of all the above persons and any other person as specified from time to time.
<b>CARE ESG or CERL or the Company</b>		means CARE ESG Ratings Limited (formerly known as CARE Advisory Research and Training Limited), an ESG Rating Provider (“ERP”) registered with the Securities and Exchange Board of India (“SEBI”).
<b>Client</b>		includes any entity who avails or proposes to avail the services of CARE ESG Ratings Limited.

<b>Compliance Officer</b>	means any senior officer designated so and reporting to the Board, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under the SEBI (Prohibition of Insider Trading) Regulations, 2015 (“Insider Trading Regulations”) and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules of preservation of Unpublished Price Sensitive Information, monitoring of trades and the implementation of the Policies specified under Insider Trading Regulations.
<b>Dealing in Securities</b>	means an act of buying, selling, subscribing, pledging, revocation of pledging or agreeing to buy, sell, subscribe, pledge, revocation of pledging or deal in any securities by any person either on his behalf or on behalf of others.
<b>Dependent</b>	shall include the Immediate Relatives of an Access Person as well as Persons with whom such Access Person shares a Material Financial Relationship.
<b>Employee</b>	means every employee of the Company.
<b>ESG Rating Committee Members</b>	includes all such employees who are members of the ESG Rating Committee which considers proposals for assigning ESG ratings & assigns ESG ratings.
<b>Immediate Relative</b>	means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person or consults such person in taking decisions relating to trading in securities.  Spouse is presumed to be an ‘immediate relative’ unless rebutted so.
<b>Securities</b>	for the purpose of this Policy shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 or any modification thereof.  This Policy does not apply to Investments in Government Securities, Mutual Funds, gold, real estate, Government Savings Schemes, ETF, Gold & Silver ETFs, Index Funds, Index based derivatives, Interest Rate Derivatives, Equity Index Derivatives, Interest Rate Futures, Currency, Commodities, RBI Bonds, RBI Relief Bonds, Capital Gain Bonds, Interest Rate Derivatives, Sovereign Bonds including Sovereign Gold Bonds, investments which are not in the nature of securities like life insurance policies, provident funds, Deposits in Public Provident Fund, National Savings Schemes, National Pension Scheme, ULIPs, Fixed Deposits kept with Banks, etc.
<b>Trading</b>	means and includes subscribing, redeeming, switching, buying, selling, dealing, or agreeing to subscribe, redeem, switch, buy, sell, deal in any securities, and “trade” shall be construed accordingly.
<b>Trading Day</b>	means a day on which the recognized stock exchanges are open for trading.
<b>Working Day</b>	shall mean any working day of the Company.
<b>Unpublished Price Sensitive Information</b>	* means any information, relating to clients of the company or its securities, directly or indirectly, that is not generally available which upon

becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: –

- (i) financial results;
- (ii) dividends;
- (iii) change in capital structure;
- (iv) mergers, de-mergers, acquisitions, delisting, disposals and expansion of business [, award or termination of order/contracts not in the normal course of business] and such other transactions;
- (v) changes in key managerial personnel [, other than due to superannuation or end of term, and resignation of a Statutory Auditor or Secretarial Auditor;].
- (vi) change in rating(s), other than ESG rating(s);
- (vii) fund raising proposed to be undertaken;
- (viii) agreements, by whatever name called, which may impact the management or control of the company;
- (ix) fraud or defaults by the company, its promoter, director, key managerial personnel, or subsidiary or arrest of key managerial personnel, promoter or director of the company, whether occurred within India or abroad;
- (x) resolution plan/ restructuring or one-time settlement in relation to loans/borrowings from banks/financial institutions;
- (xi) admission of winding-up petition filed by any party /creditors and admission of application by the Tribunal filed by the corporate applicant or financial creditors for initiation of corporate insolvency resolution process against the company as a corporate debtor, approval of resolution plan or rejection thereof under the Insolvency and Bankruptcy Code, 2016;
- (xii) initiation of forensic audit, by whatever name called, by the company or any other entity for detecting mis-statement in financials, misappropriation/ siphoning or diversion of funds and receipt of final forensic audit report;
- (xiii) action(s) initiated or orders passed within India or abroad, by any regulatory, statutory, enforcement authority or judicial body against the company or its directors, key managerial personnel, promoter or subsidiary, in relation to the company;
- (xiv) outcome of any litigation(s) or dispute(s) which may have an impact on the company;
- (xv) giving of guarantees or indemnity or becoming a surety, by whatever named called, for any third party, by the company not in the normal course of business;
- (xvi) granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.

Explanation 1- For the purpose of sub-clause (ix):

a. 'Fraud' shall have the same meaning as referred to in Regulation 2(1)(c) of Securities and Exchange Board of India

	<p>(Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.</p> <p>b. 'Default' shall have the same meaning as referred to in Clause 6 of paragraph A of Part A of Schedule III of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.</p> <p>Explanation 2- For identification of events enumerated in this clause as unpublished price sensitive information, the guidelines for materiality referred at paragraph A of Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be specified by the Board from time to time and materiality as referred at paragraph B of Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be applicable.]</p> <p><u>NOTE: It is intended that information relating to a company or securities, that is not generally available would be unpublished price sensitive information if it is likely to materially affect the price upon coming into the public domain. The types of matters that would ordinarily give rise to unpublished price sensitive information have been listed above to give illustrative guidance of unpublished price sensitive information.</u></p> <p><u>*Points iv- xvi and Explanation 1&amp;2 including the Note mentioned above will come into effect from 10.06.2025 or any such date as may be effected by SEBI.</u></p>
<p><b>Generally Available</b></p>	<p>means accessible to the public on a non-discriminatory basis [and shall not include unverified event or information reported in print or electronic media]</p>
<p><b>Restricted List</b></p>	<p>all Clients of the Company and shall also include all the Clients:</p> <ul style="list-style-type: none"> <li>i who are rated by the Company and such rating is either live or;</li> <li>ii whose ESG rating is in process or;</li> <li>iii whose ESG rating has been done but the same is not accepted by the Client and such unaccepted rating is not yet published or;</li> <li>iv whose ESG rating has been accepted but not yet published or;</li> </ul> <p>whose ESG rating has been withdrawn and a period of six months has not elapsed from the date of publication/communication of the withdrawal of such Rating.</p>

**E. Managing and Dealing with Conflict of Interest and Disclosures thereof:**

Sr. No.	Principles	Key Highlights
1	<b>Segregation between Rating and Business Development Team</b>	Rating Analytical and Business Development Team will be a separate team and shall operate independently. Both teams will have separate reporting line. Necessary firewall in terms of data access etc. shall be in place.
2	<b>Governance- Board and CEO role</b>	<ul style="list-style-type: none"> <li>i. CEO shall not be a member of the ESG Rating Committee.</li> <li>ii. Board of Directors shall not participate in any Rating Committee Meeting and its processes.</li> </ul>
3	<b>Restrictions on holding securities by Rating Employees (which includes Analyst, Group Head, Rating Head and Chief Rating Officer)</b>	<ul style="list-style-type: none"> <li>i. Cannot invest in/hold the securities either on his/her behalf or on behalf of others, whose ESG rating assignments are handled by them or who were part of the team of Designated Employees, who are handling such assignment.</li> <li>ii. Can invest in Securities other than (i) above, after taking the prior approval of the Compliance Officer. No opposite transactions allowed for a period of six months.</li> </ul>
4	<b>Restrictions on holding securities by Other Employees</b>	<ul style="list-style-type: none"> <li>i. Cannot invest in/hold the securities whose ESG Rating has been done by CareEdge-ESG.</li> <li>ii. Can invest in securities other than (i) above after taking the prior approval of the Compliance Officer. No opposite transactions allowed for a period of six months.</li> <li>iii. The Compliance Officer can invest after taking the prior approval of the CEO.</li> </ul>
5	<b>Restrictions on holding securities by ESG Rating Committee (RC) Members</b>	<ul style="list-style-type: none"> <li>i. Cannot invest in/hold the securities whose ESG Rating has been done by CareEdge-ESG after ESG rating is assigned by the Committee.</li> <li>ii. Cannot invest in/hold the securities either on his behalf or on behalf of others whose ESG Rating assignments are handled by them or who were part of the team of designated employees who are handling such assignments.</li> <li>iii. The Independent External Members of the RC will not participate in the discussion for assigning ESG rating to the entities in which he/she or their dependents holds any investment.</li> </ul>

6	<p><b>Restrictions on holding securities by External Review (Appeal) Committee</b></p>	<ul style="list-style-type: none"> <li>i. The Independent Member of External Review Committee (ERC) will disclose their investment, if any, to CareEdge- ESG at the time of their appointment.</li> <li>ii. ERC members will not participate in the discussion for assigning ESG rating to the entities in which he/she or their dependents holds any investment or is a Director.</li> <li>iii. Cannot invest in those securities which are referred to them for review (appeal) for a period of 6 months after ESG rating is assigned by the Committee.</li> </ul>
7	<p><b>Others</b></p>	<ul style="list-style-type: none"> <li>i. ESG Rating Fees shall not be linked to the outcome of ESG Rating Assignment.</li> <li>ii. Analytical compensation shall not be linked to the ESG Rating Fees.</li> <li>iii. Assignments will be conducted by the team and final rating will be assigned by the committee thereby incorporating multiple opinions and eliminating any individual bias.</li> <li>iv. Neither the Company nor any Access Person shall take, either directly or indirectly, any undue advantage of any Unpublished Price Sensitive Information that they may have about any client of the Company.</li> <li>v. Access Persons shall not participate in the rating process of an entity/Securities of the entity in which he/she or his/her Immediate Relatives and/or HUF, owns Securities.</li> </ul>
8	<p><b>Provisions relating to disclosures</b></p>	<ul style="list-style-type: none"> <li>i. If the Security or the issuer of such Security is not included in the Restricted List, pre-clearance may be approved.</li> <li>ii. The approvals, if any, granted to the employees of the Company for the purpose of dealing in Securities of an entity shall be valid for seven trading days from and including the date of approval.</li> <li>iii. Any person, who becomes an employee of the Company shall submit a statement of holding of all securities, including NIL statement, to the Compliance officer or Chief Executive, as the case may be, within 7 working days of joining the Company.</li> <li>iv. All employees of the Company shall submit the following details to the CEO/Compliance Officer, as the case may be:</li> </ul>

		<ul style="list-style-type: none"> <li>a) Details of purchase or sale transactions effected, if any, within 7 trading days from the date of transaction.</li> <li>b) A consolidated statement of holding of all securities within 30 days from the end of the Financial Year.</li> <li>c) The members of the ESG Rating Committee shall upfront declare/disclose their interest, if any, to the Chief Executive Officer or Compliance Officer, as the case may be, as per the policy of the Company, in the securities /instruments/ facilities that are considered for ESG rating by the Company.</li> </ul>
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