

# Policy for dealing with conflict of interest in investment / trading

Details	
Primary owner	Compliance
Applies to	CRISIL ESG Ratings and Analytics Limited
Effective date	August 12, 2024
Version	v.01.2024
Review cycle of document	Annual

## Overview

The objective of this Policy is to describe procedures and restrictions to manage conflict of interest in investment/trading by the CRISIL ESG Ratings (“Company”), its Access Persons and their Immediate Relatives or as a member of HUF.

This Policy has been framed in accordance with the provisions of and is consistent with Chapter IV A of the SEBI (Credit Rating Agencies) Regulations 1999, SEBI Master circular for ESG Ratings Providers and SEBI (Prohibition of Insider Trading) Regulations, 2015 (collectively referred as “Regulations”) as amended from time to time.

## Applicability

The policy shall apply to investment / trading in securities by the Company, its Access Persons and their Immediate Relatives, either individually or jointly or as a member of HUF.

## Definitions

For the purposes of this document, the terms below shall have the following meanings:

### Securities

- “Securities” 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 sovereign bonds, units of mutual funds and investments in the nature of Insurance, Provident Fund, Public Provident Fund, National Pension Scheme, National Savings Schemes, commodities, Kisan Vikas Patra, gold, real estate, currency including cryptocurrency etc.

### Immediate relative

- ‘Immediate Relative’ means spouse of the person. It also 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.

### Access persons

- “Access Person” means all employees of the Company including independent members of the Review / Appeal Committee, and all off roll resources supporting the Company, including their Immediate Relatives.

Note: In line with the SEBI (PIT) Regulations 2015, all Employees of the Company shall be considered as Designated Person.

### Unpublished price sensitive information

Unpublished Price Sensitive Information (“UPSI”) means any information, relating to a company or its securities, directly or indirectly, that is not generally available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:

- Financial results;
- Dividends;
- Change in capital structure;
- Mergers, de-mergers, acquisitions, de-listings, disposals and expansion of business and such other transactions and;
- Changes in key managerial personnel

## Trading/Investment by the Company

The Company shall ensure that there is no existence or appearance of existence of conflict of interest while making investment in any securities. The Company shall not make any investments in securities issued by companies which have been assigned ESG ratings by it.

Trading/Investments by Access Persons

### Disclosures

- **Initial Disclosure:** All Access Person of the Company shall, within 7 working days of their joining, submit to the Compliance Officer a statement of holding of all securities held by him/her (including the securities held by his/her immediate relative) as on the date of their joining.
- **Continual Disclosure:** All Access Persons shall submit their holdings statement annually as on December 31st within the next thirty working days.

On completion of a transaction in securities, the Access Person shall furnish the transaction details within seven working days from the date of transaction on the Compliance Management Application for record.

The same can also be obtained by utilizing the automated feeds received from the designated brokers engaged by the company.

### Prior Approval for transactions

- Each Access Person must obtain prior written approval in the prescribed form, from the Compliance Officer to enter into a securities transaction. This includes all transactions of the Access Person and his/her immediate relative, including those through initial public offerings (IPOs). Approvals can also be sought, and disclosures/declarations can be made in the electronic mode through the Compliance Management Application of CRISIL.
- The Compliance Officer shall obtain such approval from the Chief Ratings Officer as applicable, of the Company.
- On receipt of the approval, the trade must be executed within seven working days from the date of approval. If the trade is not executed or partially executed within seven days, the same must be reported and if the requirement for executing the transaction persists, prior approval for the transaction needs to be obtained again.
- Each Access Person must seek prior approval for trading in securities of CRISIL Limited.
- Unless the Access Person receives formal written communication from Compliance Officer granting clearance of trade, no approval shall be deemed to have been granted and such Access Person cannot trade only basis the pre-clearance request submitted.
- An Access Person can trade only up to the number of securities for which approval is granted by the Compliance Officer. Any trade in excess of the quantity approved or in a different security other than what is approved will be treated as a violation i.e. trade without pre-clearance.
- All requests for prior approval shall be approved by the Compliance Officer and the Chief Ratings Officer / respective functional head.

## Restrictions on participation in rating process by the employees holding ownership of securities of the rated entity.

All Employees of the Company shall not participate in the rating process of an entity/Securities of the entity in which he/she or his/her Immediate Relatives, owns Securities.

## Restricted list

- A dynamic Restricted List shall be maintained by the Compliance Officer which shall be updated on a regular basis which shall be used as the basis for approving or rejecting applications for pre-clearance of trades. The restricted list shall include a list of securities who are rated by the Company.
- All Employees/Access Persons are also prohibited from holding or trading in any securities issued by other Indian ESG Ratings Provider.
- Independent Appeal Committee Members shall not trade in securities which have been referred to them for review/ appeal in the preceding 6 months.

## Other requirements and restrictions

- Access Persons of the Company who buy or sell securities shall not enter into an opposite transaction (Contra Trade) i.e. sell or buy during the six months following the prior transaction.
- The Contra Trade restrictions shall also apply to purchases in the primary market (Initial Public Offerings or IPOs). In the case of IPOs, the restriction would commence when the securities are actually allotted.
- Should a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the SEBI for credit to the Investor Protection and Education Fund administered by the SEBI under the Act.
- All Employees should refrain from taking positions in derivative transactions related to the securities of CRISIL Limited and other companies that have been assigned ESG Ratings by the Company.
- All Employees are required to update holding/details of securities received through transmission/ gift if any, on the Compliance Management System.
- All Employees and their Immediate Relatives shall trade only through designated brokers empaneled by CRISIL and will accord their consent to the Designated Brokers to facilitate receipt (by CRISIL) of electronic feeds for their securities transactions. Till such time such feeds are received and recorded, transaction statements (for self and Immediate Relatives) shall be required to be submitted to the Compliance team for record and monitoring.

## False or misleading statements

No Person to whom the Policy applies, shall make a statement, or disseminate information, which is misleading or false and is likely to induce sale or purchase of securities by any other person or is likely to influence the market price of securities.

## General guidelines

- The members of the ESG Rating Committee shall upfront declare / disclose their interest, if any, to the Compliance Officer in the securities / instruments / facilities that are considered for rating by the Company.
- Employees shall:
  - at all times maintain high standards of integrity in the conduct of their business.
  - ensure fair treatment of their clients and not discriminate amongst them;
  - make appropriate disclosure to the clients of possible sources or potential areas of conflict of interest which would impair the ability to render fair, objective and unbiased service
  - not enter into any transactions in securities while handling a mandate of issuer or client in respect of such security so as to avoid any conflict.
  - not deal in securities while in possession of any UPSI, if received.

- not in any way contribute to manipulate the demand for or supply of securities in the market or to influence prices of securities.
- shall not communicate, counsel, or provide directly or indirectly any UPSI if available, to others who can trade on such information.
- Each Employee should be free from any interest or influence that would make it difficult to give his/her undivided attention and efforts to the Company.

## Violation

- Violation of the applicable provisions of the guidelines shall be grounds for disciplinary action. Submission of the information as required of this document in no way authorizes an Employee/Access Persons of the Company to continue insider trading or ratifies the transactions executed earlier.

The information submitted by the Employee of the Company is for record and the Company is not responsible if the Employee contravenes the provisions of:

- Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.
- Any other circular/regulation/guideline issued by SEBI from time to time.
- Employees/ Access Persons who violate the applicable provisions of this document will be subject to disciplinary action by the company, which can include wage freeze, impact on variable pay, disgorgement of profits, penalty, suspension, recovery, claw-back, revocation of system access termination. withholding of salary, ineligibility to participate in future ESOPs, restriction to trade in the securities for a specified period or any other action as may be decided by the compliance officer.
- Any penal action by the Company shall not preclude SEBI from taking any action in case of violation of any of SEBI's regulations.
- It is the policy of the Company to proactively co-operate with all Regulators and Law Enforcement Agents in their investigations, including those involving its Employees.
- In case it is observed that there has been a violation of the SEBI (Prohibition of Insider Trading) Regulations, the Compliance Officer will inform Stock Exchanges where the concerned securities are traded. Any amount collected by the Company in this regard shall be remitted to SEBI for credit to the Investor Protection and Education Fund administered by SEBI.

Any data provided to the Company to comply with this document will be kept confidential and will not be shared, except on a "need-to-know" basis or as required by law.

## Exceptions

All requests for exceptions to this Policy should be directed to the Chief Ratings Officer and the Compliance Officer for approval. The Compliance Officer in consultation with the Chief Ratings Officer may grant exceptions if deemed appropriate and in compliance of the provisions of the Regulations. Exceptions may be general or specific subject to satisfying exception procedures prescribed. The Compliance Officer will maintain a record of documents in such events.

## Relationship to other policies

This Policy should be read in conjunction with CRISIL's Personal Trading Policy and the Regulations, as may be amended from time to time. If there is a conflict between CRISIL's Policies and other applicable policies, the more restrictive or specific Policy applies. In the event of conflict between any law, regulation or Policy, Employees shall comply with the more stringent law, regulation or Policy.

**Review History**

<b>Version No</b>	<b>Date of review</b>	<b>Effective date</b>
<b>V.01.2024</b>	<b>August 12, 2024</b>	<b>August 12, 2024</b>

### **About CRISIL ESG Ratings & Analytics Limited (a wholly owned subsidiary of CRISIL Ratings Limited)**

CRISIL ESG Ratings & Analytics Limited. (CRISIL ESG Ratings) is a Securities and Exchange Board of India (SEBI)-registered 'Category 1' ESG rating provider. It is a wholly owned subsidiary of CRISIL Ratings Limited ('CRISIL Ratings', a SEBI-registered credit rating agency). CRISIL Ratings Limited is a wholly owned subsidiary of CRISIL Limited, an S&P Global company).

CRISIL Limited had launched its ESG scoring business in June 2021 with the objective of providing services to clients using a robust India-specific framework on the environmental (E), social (S) and governance (G) aspects. Pursuant to the receipt of the ERP registration, CRISIL Limited has transferred its ESG scoring business to CRISIL ESG Ratings with effect from May 03, 2024.

CRISIL ESG Ratings serves institutional and retail investors, asset managers, lenders and corporates (including issuers) using its proprietary ESG rating methodology to assess companies across sectors.

For more information visit [www.crisilesg.com](http://www.crisilesg.com)

### **About CRISIL Ratings Limited (A subsidiary of CRISIL Limited, an S&P Global Company)**

CRISIL Ratings pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, it has set the standards in the credit rating business. CRISIL Ratings has rated over 33,000 large and mid-scale corporates and financial institutions and has also instituted several innovations in India in the rating business, including ratings for municipal bonds, partially guaranteed instruments and infrastructure investment trusts (InvITs).

CRISIL Ratings is a wholly-owned subsidiary of CRISIL Limited ('CRISIL'). CRISIL Ratings is registered in India as a credit rating agency with the SEBI.

For more information, visit [www.crisilratings.com](http://www.crisilratings.com)

### **About CRISIL Limited**

CRISIL Limited ("CRISIL") is a leading, agile and innovative global analytics company driven by its mission of making markets function better.

CRISIL, along with its subsidiaries, is India's foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the United States (US), the United Kingdom (UK), Argentina, Poland, China, Colombia, Hong Kong, Singapore, Australia, Switzerland, Japan and the UAE.

It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

For more information, visit [www.crisil.com](http://www.crisil.com)

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CRISIL respects your privacy. We may use your contact information, such as your name, address and email id to fulfil your request and service your account and to provide you with additional information from CRISIL. For further information on CRISIL's privacy policy please visit [www.crisil.com](http://www.crisil.com)