

General Nature of Compensation Arrangements with Rated Entities

CARE ESG Ratings Ltd. follows a transparent pricing mechanism for undertaking ESG rating of various products. The fee structure is usually computed based as a percentage of amount of instrument to be rated/turnover size of the issuer subject to minimum fee.

The general nature of compensation arrangements that CARE ESG Ratings Ltd. has with rated entities is as under:

- 1) Before crystallizing any ESG rating agreement, the applicable fees are finalized with the entity to be rated.
- 2) The ESG rating fees generally have two components: Initial Rating Fee (IRF) and Annual Surveillance Fee (ASF). The IRF is charged at the time of assignment of initial ESG rating and the ASF is charged annually during the time that the ESG rating remains outstanding.
- 3) While the fees are generally correlated to either issuer size in terms of turnover /market capitalization of the issuer or the amount of the instrument to be rated, it also depends upon the complexity of the assignment.
- 4) Only the business development team is involved in the finalization of the fees for the ESG rating assignments and these officials are not part of the rating operations / rating committees.
- 5) ESG Rating analysts are not part of the mandate origination and fee discussions.
- 6) The amount of ESG rating fees is not a determinant of ESG rating analysis or ESG rating outcome by CARE ESG Ratings Ltd. in any manner whatsoever.
- 7) CARE ESG Ratings Ltd. reserves the right to charge the ESG rating fees within the general nature of compensation arrangements with rated clients.
- 8) Fee schedules are available to issuers on request.

GST is generally charged over and above the fees quoted for the ESG rating assignment. Out-of-pocket expenses, if any, are generally charged to the client on actual basis. CARE ESG

Ratings Ltd. will not be obliged to disclose details of such expenses.

CARE ESG Ratings Limited (previously known as CARE Advisory Research and Training Limited)

(Wholly-owned subsidiary of CARE Ratings Ltd.)

Registered Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai - 400 022.

Corporate Office: A-Wing, 1102-1103, Kanakia Wall Street, Chakala, Andheri-Kurla Road, Andheri East, Mumbai- 400 093.

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Notes:

- ESG Rating fees are generally computed separately on each issuer/instrument issued.
- Issuers are liable to pay ESG rating fees, regardless of whether they accept CARE ESG Ratings Ltd.'s rating or not. Full initial rating fee along with applicable taxes is to be paid upfront.
- CARE ESG Ratings Ltd. may consider alternative price structure for large sized issuers/instruments, group structures and such other entities. CARE ESG Ratings Ltd. also reserves the right to have an alternative fee structure for bulk deals, PSU tenders, etc.
- CARE ESG Ratings Ltd. reserves the right to make changes in the fee structure at any time.
- CARE ESG Ratings Ltd. publishes the ESG ratings and Press Releases on its website www.careedgeesg.com free of charge.

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