Related Party Transaction Policy

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<th>Effective</th>
<th>Approved by</th>
<th>Date</th>
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INTRODUCTION

CRISIL Limited (the “Company” or “CRISIL”) would, in ordinary course of business, enter into transactions with a Related Party or parties.

OBJECTIVES

The Board of Directors (the “Board”) of CRISIL has adopted Related-Party Transactions Policy (this “Policy”) to set forth the procedures under which transactions with Related Parties shall be reviewed for approval or ratification in accordance with the procedures set forth below.

This Policy also aims to comply with the provisions of the Companies Act, 2013, and rules framed thereunder and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

No Related-Party Transaction may be entered into by the Company except in accordance with the provisions of this Policy.

DEFINITIONS

“Related Party” is a person or entity that is related to the company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

(i) a director of the Company (hereinafter referred to as director) or his relative;

(ii) a Key Managerial Personnel of the Company (hereinafter referred to as KMP) or his/her relative;

(iii) a firm, in which a director, manager or his relative is a partner;

(iv) a private company in which a director or manager is a member or director;

(v) a public company in which a director or manager is a director and holds, along with his relatives, more than 2% of its paid-up share capital;

(vi) any bodies-corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;

(vii) any person on whose advice, directions or instructions a director or manager is accustomed to act;

(viii) any company which is—

a. a holding, subsidiary or an associate company of such company; or

b. a subsidiary of a holding company to which it is also a subsidiary.
(ix) a director or key managerial person of the holding company or his relative;

(x) any entity is a related party under applicable accounting standards; and

(xi) any person or entity that belongs to the promoter or promoter group of the Company and holds 20% or more of the shareholding in the Company.

**Relative:** A person shall be deemed to be the relative of another if he or she is related to another in any one of the following manner:

1. Member of the Hindu Undivided Family
2. Spouse
3. Father
4. Mother
5. Son
6. Son’s wife
7. Daughter
8. Daughter’s husband
9. Brother
10. Sister

**Key Managerial Personnel (KMP)** in relation to a company, means

1. the Managing Director or the Chief Executive Officer or the manager and in their absence, a Whole-time Director;
2. the Company Secretary; and
3. the Chief Financial Officer
4. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board

**Associate Company** in relation to another company means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

*Explanation*—For the purposes of this clause, “significant influence” means control of at least twenty per cent of total share capital, or of business decisions under an agreement.

“**Related-Party Transaction**” means any transaction involving transfer of resources, services or obligations between a company and a Related Party, regardless of whether a price is charged.

“**Material Related-Party Transaction**” means any transaction / transactions to be entered into individually or taken together with previous transactions during a financial year above the threshold specified in the section under Material Related-Party Transactions.

“**Related Parties for CRISIL**”
The Related Parties of CRISIL would be:-
1. All directors and KMPs and their relatives of:
   i. CRISIL
   ii. Holding company

2. Firms in which a director of CRISIL or his/her relatives are partners or members

3. Private companies in which a director of CRISIL is a director or member

4. Public companies in which a director of CRISIL is a director and holds (along with his relatives) more than 2% of the voting capital

5. All subsidiaries and associate companies of CRISIL

6. Holding company of CRISIL

7. Fellow subsidiary and associate companies of S&P Global Inc.

**REVIEW AND APPROVAL OF RELATED-PARTY TRANSACTION**

1. The Audit Committee of the Board will review and, if appropriate, approve Related-Party Transactions. Accordingly, the management shall present to the Committee the following information with respect to all Related-Party Transactions expected to be entered into during a calendar year:

   a) the name of the Related Party and the basis on which such person or entity is a Related Party;
   b) the Related Party’s interest in the transactions, including the Related Party’s position or relationship with, or ownership of, any entity that has an interest in the transactions;
   c) the approximate rupee value of the transactions and the approximate rupee value of the Related Party’s interest in the transactions;
   d) a general description of the transactions, including material terms and conditions;
   e) in the case of a lease or other transaction providing for periodic payments or installments, the aggregate amount of all periodic payments or installments to be made;
   f) in the case of loan, the aggregate amount of loan and the rate amount of interest to be payable on such loan;
   g) in case of guarantees issued, the aggregate amount of guarantees and commission to be payable on such guarantees;
   h) in assessment of whether the transactions are on terms that are comparable to the terms available to unrelated third parties or to employees generally; and
   i) any other material information regarding the transaction(s) or the Related Party’s interest in the transaction(s).
After reviewing such information, the members of the Audit Committee (without the participation of the Committee member(s) interested in the transaction, if any) shall approve or disapprove such transactions. Approval of such transactions shall be given only if it is determined by the Committee that such transactions are:

(a) in (or not inconsistent with) the best interests of the Company and its shareholders;

(b) to be entered into by the Company (or its subsidiary or associate entity) on terms that are comparable to those that would be obtained in arm’s length transactions with unrelated third parties; and

(c) In the ordinary course of the business of the Company. (“Ordinary course of business for this purpose will cover the businesses of CRISIL group and usual transactions, customs and practices of a business and would include activities to be carried out incidental to or to facilitate the business of CRISIL group and is usual or customary to the Company and/or its line of business).

2. No member of the Audit Committee shall participate in the review, consideration or approval of any Related-Party Transaction with respect to which such member or any of his or her relatives is a Related Party.

3. If any material information with respect to such transactions shall change subsequent to the Committee’s review of such transactions, management shall provide the Committee with updated information at a subsequent meeting and will get the changes approved afresh by the Committee.

4. If any additional Related-Party Transactions are proposed to be entered, management shall present such transactions to the Committee for approval before entering into such transaction (which can be taken by calling a meeting or by resolution passed through circulation).

5. All the directors are required to declare and disclose his concerns or interests in any company or companies or bodies corporate at the first Board meeting in every financial year and subsequently whenever there is any change in disclosures. In addition, the directors have to give an undertaking that all business transactions entered into between CRISIL and themselves comply with the terms of this Policy.

6. The Company shall establish appropriate internal processes for the purpose of identification of Related Parties and any transactions with them, determination of whether the transaction(s) is in ordinary course of business, whether the transaction(s) is on an arm’s length basis, monitoring “Materiality” threshold and other relevant matters to ensure adherence to this policy in entering into transactions with Related Parties.

7. Notwithstanding the foregoing, the following related party transactions shall not require approval of Audit Committee:
   i. Any transaction that involves the providing of compensation to a director or Key Managerial Person in connection with his or her duties to the Company or any of its
subsidiaries or associates. This will be dealt with by the Nomination and Remuneration Committee.

ii. Any transaction in which the related party’s interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the related party.

**OMNIBUS APPROVAL FROM AUDIT COMMITTEE**

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered by the Company subject to the following conditions:-

1. The Committee and the Board will lay down the criteria for granting the omnibus approval in line with this policy, after obtaining approval of the Board of Directors.

2. The Committee should satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.

3. Such omnibus approval shall specify:
   a) Name/s of the Related Party
   b) Nature of transaction
   c) Period of transaction
   d) Maximum amount of transaction that can be entered into
   e) The indicative base price/ current contracted price and formula for variation in price, if any
   f) Other conditions which the Committee deems fit.

4. Where the need for Related Party Transaction cannot be foreseen and the details as per above point 3 are not available, the Committee can give omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.

5. The Committee will review on a quarterly basis, the details of all related party transactions entered into by the Company pursuant to each of the omnibus approval given.

6. Such omnibus approvals shall be valid for a period of not exceeding one year and shall require fresh approvals after expiry of one year. The Committee will consider and review the omnibus approvals.

**APPROVAL OF THE BOARD AND THE SHAREHOLDERS**

All related party transactions within the threshold limits given in this section of the Policy, will be approved by the Audit Committee specifically or under omnibus approval, as the case may be. Any
transaction beyond these thresholds will require shareholder approval, after giving due regard to exemption provisions under law.

The Audit Committee shall report all “Material Related-Party Transactions” to the Board of Directors. The Company will also seek shareholders’ approval for “Material Related-Party Transactions” in the subsequent annual general meeting of the year in which the Related-Party Transaction is undertaken or by postal ballot process. The resolution will be a Ordinary resolution and no related party shall vote to approve such resolution, apart from transactions where the related party voting is permitted as per legal provisions.

In case of transactions which are not ordinary course of business or not at arm’s length, Board approval will be required.

Material Transactions will be determined as per the following rules:

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<tr>
<td>Sale, purchase or supply of any goods or materials</td>
<td>10% of turnover</td>
<td>(1) 10% of annual consolidated turnover of the company as per last audited financial statement</td>
</tr>
<tr>
<td>Selling or otherwise disposing of, or buying, property of any kind;</td>
<td>10% of net worth</td>
<td>(2) Exceeds 5% of the annual consolidated turnover as per last audited financial statement w.r.t brand usage or royalty</td>
</tr>
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<td>Leasing of property of any kind;</td>
<td>10% of turnover</td>
<td></td>
</tr>
<tr>
<td>Availing or rendering of any services;</td>
<td>10% of turnover</td>
<td></td>
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<td>Such Related Party's appointment to any office or place of profit in the company, its subsidiary company or associate company</td>
<td>At a monthly remuneration exceeding Rs 2.5 lakh</td>
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<tr>
<td>Underwriting the subscription of any securities or derivatives thereof, of the company</td>
<td>1% of net worth</td>
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<tr>
<td>Any other transaction</td>
<td>Not applicable</td>
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i. The Companies Act and Listing Regulations exempt transactions entered into between CRISIL and its wholly owned subsidiary from the requirement of shareholder approval and such and other prevailing exemptions shall apply as per law.

ii. While entering into a transaction with any Related Party, a CRISIL subsidiary shall also ensure that the transaction is in ordinary course of business and at arm’s length pricing. In case a transaction proposed to be entered into by a CRISIL’s subsidiary is not in ordinary course of business or not at arm’s length pricing, such proposal should be placed before the CRISIL Audit Committee for approval. All transactions entered into by CRISIL’s subsidiary or associate company with CRISIL’s Related Party shall be reported to the Audit Committee on a quarterly basis.

LOAN OR GUARANTEE TO BODIES CORPORATE, DIRECTORS OR ANY OTHER PERSON

i. CRISIL shall not directly or indirectly

   a) give any loan to any person or other body corporate

   b) give any guarantee or provide security in connection with a loan to any other body corporate or person; and

   c) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate exceeding 60% of its paid-up share capital, free reserves and securities premium account or one hundred per cent of its free reserves and securities premium account, whichever is more.

   Where any loan, guarantee, security or acquisition as specified above exceeds the limits, prior approval by Special Resolution passed at general meeting or by postal ballot will be required.

   No loan shall be given under this section at a rate of interest lower than the prevailing yield of one-year, three-year, five-year or ten-year Government Security closest to the tenor of the loan.

ii. CRISIL shall not directly or indirectly advance any loan, including any loan represented by a book debt,

   a. to any of its directors or

   b. to any other person in whom the director is interested, or

   c. give any guarantee or provide any security in connection with any loan taken by him or such other person

   For the purposes of above, the expression “to any other person in whom director is interested” means:

   a) any director of the lending company, or of a company which is its holding company or any partner or relative of any such director;

   b) any firm in which any such director or relative is a partner;

   c) any private company of which any such director is a director or member;

   d) any body corporate at a general meeting of which not less than twenty five per cent of the total voting power may be exercised or controlled by any such director, or by two or more such directors, together; or
e) any body corporate, the Board of Directors, managing director or manager whereof is accustomed to act in accordance with the directions or instructions of the Board, or of any director or directors, of the lending company.

However, point (ii) above will not cover loan made by holding company to its wholly owned subsidiary company or any guarantee given or security provided by holding company in respect of any loan made to its wholly owned subsidiary company. Such loans should be utilised by the subsidiary company for its principal business activities.

**DISCLOSURE**

i. Disclosure will be made in the Company’s Annual Report of the particulars of the contract and arrangement along with the justification for entering into such contracts/arrangements with the Related Parties as part of Directors’ Report. This Policy will also be uploaded in the website of CRISIL and will be disclosed in the Annual Report of CRISIL in every year;

ii. The Company will submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis to the stock exchanges and publish the same on its website;

iii. The Company will disclose the details of all material Related Party on a quarterly basis along with the compliance report on corporate governance filed with the stock exchanges under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

iv. The Company shall disclose the transactions with any person or entity belonging to the promoter/promoter group which hold(s) 10% or more shareholding in the company, in the format prescribed in the relevant accounting standards for annual results.

**POLICY REVIEW**

This Policy is framed based on the provisions of the Companies Act, 2013, and rules thereunder and the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In case of any subsequent changes in the provisions of the Companies Act, 2013, or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or regulations, the provisions of the Act or regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

The policy shall be reviewed by the Board of Directors at least once every three years. This Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the Policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors.

This Policy is updated as on February 12, 2020.
About CRISIL Limited

CRISIL is an agile and innovative, global analytics company driven by its mission of making markets function better.

We are India’s foremost provider of ratings, data, research, analytics and solutions. A strong track record of growth, culture of innovation and global footprint sets us apart. We have delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers. CRISIL’s businesses operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

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