

GENERAL NATURE OF COMPENSATION ARRANGEMENTS WITH CLIENTS

SES ESG Research Private Limited ("SES ESG") is registered with the Securities & Exchange Board of India ("SEBI") as an ESG Ratings Provider ("ERP").

BUSINESS MODEL:

SEBI Master Circular for ESG Ratings Provider allows an ERP to choose either of the two business models:

- **"Subscriber-pays"** business model, where the ERP derives its revenues from ESG ratings from subscribers that may include banks, insurance companies, pension funds, or the rated entity itself.

OR

- **"Issuer-pays"** business model, where the ERP derives its revenues from ESG ratings from the rated entity, in terms of a written contractual agreement between such entity and the ERP, which may contain such provisions as may be specified by SEBI.

Accordingly, **SES ESG has chosen to follow "Subscriber Pays" business model**, wherein SES ESG will derive its revenues from:

- From subscribers of SES ESG ratings & ancillary services that may include banks, insurance companies, pension funds, or the rated entity itself (through Package subscription).

Provided that the fee paid by the subscriber is the lowest fee payable or paid amongst all the subscribers, if:

(i) the rated entity or issuer is a subscriber itself; of its own rating or

(ii) the group company or associate of such an ESG rating entity is a subscriber to the ESG rating of such entity or the securities issued by such entity;

In case of a rated entity, SES ESG shall provide subscription only to group companies or associates, of an entity, whose core business requires ESG ratings of such rated entity or the securities issued by such rated entity, and are regulated by financial sector regulator(s).

SES will not initiate any rating of any issuer for a fee to be received. SES will allow an issuer to subscribe ESG ratings only as a part of package or an already issued rating report which is in public domain.

However, SES ESG shall not receive any revenue from any entity whose security are listed or proposed to be listed on a stock exchange recognized by the SEBI which conflicts with subscriber pays model i.e. SES ESG will not charge the Company for the issuing of such Company's ESG Rating.

CREATION OF ANALYTICAL FIREWALLS:

SES ESG is dedicated to preserving the objectivity, integrity and independence of its ratings. The analytical firewalls are created to ensure that rating analysts are not involved in the sourcing of assignments, negotiations of fees or collection of fees from the issuers. The fee SES ESG receives, is not a factor in its analysis or rating opinion.

DISSEMINATION OF RATINGS FREE OF COST:

SES ESG does not receive payments from issuers or investors for using ratings for non-commercial purpose from its website i.e. www.sesesg.com.

However, if any rated entity intends to use the ratings for commercial purpose / publication (other than statutory disclosures) then SES ESG may charge a standard pre-specified fixed fee for usage of such SES ESG Ratings.

| UPDATE HISTORY | |
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| 15 th May, 2024 | Policy Prepared |
| 27 th May, 2025 | Policy amended to incorporate changes in SEBI CRA Regulations for ESG Ratings Providers. |