

Morningstar India Private Limited

Corporate Social Responsibility Policy

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1. Purpose and Scope

The Corporate Social Responsibility (“CSR”) Policy for Morningstar India Private Limited (“Company”) is designed to comply with the applicable CSR obligations, as defined under Section 135 of the Companies Act, 2013 and applicable rules, circulars and notifications issued by the Ministry of Corporate Affairs or MCA (“the Law”).

2. Overview

Section 135 of the Companies Act, 2013 and applicable rules, circulars and notifications issued by the Ministry of Corporate Affairs or MCA (collectively, Law), make it mandatory for companies to implement Corporate Social Responsibility (CSR), if during any financial year:

- (a) their net worth is INR five hundred crore (INR. 5,000 mn) or more, or
- (b) their turnover is INR one thousand crore (INR. 10,000 mn) or more, or
- (c) their net profit has been INR five crore (INR. 50 mn.) or more.

The Law requires that such companies:

- (a) constitute a CSR Committee, consisting of members of its Board of Directors;
- (b) formulate and implement a CSR policy; and
- (c) set aside and spend towards CSR activities, in every financial year, at least 2% of its average net profits for the three (3) immediately preceding financial years.

This Policy should be read in conjunction with the Law. Should there be any amendment to any provision of the Law the said amendment shall prevail over the corresponding provision of the Policy.

3. Objectives of the Policy

The Policy aims to achieve the following objectives:

- (a) Define CSR goals for the Company and spell out the Company’s approach towards achieving them;
- (b) List out the types of CSR projects that the Company believes in and would consider engaging in/contributing towards;

- (c) Identify geographical areas where the Company would consider for the CSR projects;
- (d) Define the extent or quantum of amount the Company will set aside for CSR;
- (e) Serve as a guiding document for execution of the Company's CSR projects and monitoring their execution;
- (f) Explain how the surpluses from the CSR projects of the Company will be handled.

4. CSR Committee

(a) Composition of the CSR Committee:

The CSR Committee shall consist of the following Directors of the Company:

- (i) Mr. Aditya Agarwal
- (ii) Mr. Shreyas Shah
- (iii) Mr. Pratik Parikh
- (iv) Ms. Divya Pillai

(b) Responsibilities of the CSR Committee:

- (i) Formulating the Policy (and revising it from time to time, as and when required), and recommending it to the Board of Directors for approval;
- (ii) Indicating, through the Policy, the types of CSR activities/projects that the Company intends to engage in/contribute towards (**CSR Projects**);
- (iii) Approving and ensuring implementation of the CSR Projects;
- (iv) Determining (a) the amount of expenditure to be incurred by the Company on CSR Projects (**CSR Budget**); (b) the allocation of the CSR Budget among various CSR Projects; and (c) the tranches of disbursement;
- (v) Monitoring the implementation of the CSR Projects and compliance of the Policy, from time to time; and
- (vi) Submitting a report to the Board of Directors, on the Company's CSR activities, on a yearly basis.

5. CSR Expenditure

(a) CSR Budget

The Company shall spend on CSR Projects, in every financial year, 2% of its average net profits for the three immediately preceding financial years, in compliance of the Policy.

(b) Allocation to CSR Projects

Within the CSR Budget mentioned in 4. (a) above, the CSR Committee shall have the discretion to determine the following:

- (i) Percentage of total amount to be spent on each CSR Project and
- (ii) Tranches of disbursement.

(c) Examples of Included and Excluded Expenditure

Included Expenditure:

- (i) Any expenditure, including contribution to corpus, for the CSR Projects of the Company .
- (ii) Salaries paid to employees, if any, who work on CSR activities (in proportion to the time/hours spent specifically on CSR); and
- (iii) Such other expenses as may be specified by the Law as valid CSR expenditure from time to time.

Excluded Expenditure:

As per the Law, any expenditure that does not qualify as valid CSR Expenditure shall be excluded for the purposes of the Policy. Examples include expenditure incurred:

- (i) On any activity that is not in conformity with the Policy;
- (ii) On any activity that is not in accordance with the Law;
- (iii) On any project or program that benefits only the employees of the Company and their families;
- (iv) For one-off events such as marathons, awards, charitable contributions, advertisements, sponsorships of TV programs etc.;
- (v) For the fulfillment of any regulation or statute such as labour laws, Land Acquisition Act etc.;
- (vi) On activities undertaken in the normal course of business of the Company;
- (vii) By way of direct or indirect contribution to any political party.

(d) Treatment of surplus

Any surplus arising from the CSR Projects will be treated in the manner laid down by the Law from time to time.

6. CSR Goals of the Company

The CSR goals of the Company are to contribute towards one or more of the activities that may be provided in Schedule VII of the Companies Act, 2013 from time to time. Examples include:

- i. Eradicating hunger, poverty and malnutrition;
- ii. Promoting education and employment enhancing vocation skills, especially among children, women, elderly and the differently abled;
- iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- iv. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water etc.

7. CSR Projects

The Company shall undertake CSR Projects in line with its CSR goals, as mentioned in Section 6 above, and in compliance with the Companies Act, 2013 and related rules. In doing so, the Company may:

- (i) Contribute to funds specified under Schedule VII of the Companies Act, 2013, including funds set up by the Central Government or State Governments, such as the Prime Minister's National Relief Fund, or other funds notified by the Government.
- (ii) Collaborate with registered non-profit organizations, trusts, or Section 8 companies that have a proven track record in social service, governance, and accountability.
- (iii) Undertake CSR initiatives directly.
- (iv) Adopt a combination of the methods listed in (i), (ii), and (iii) above.

The Company also wishes to encourage its employees to volunteer and participate in the CSR Projects, to the extent feasible.

(a) List of CSR Projects

The Company shall focus on CSR Projects in one or more areas, in line with the CSR goals of the Company mentioned in 6. above. Based on the recommendation of the CSR Committee, the Board of Directors will approve a CSR plan for each financial year, which will be made available on the Company's website <https://www.morningstar.in>

(b) Process for execution of the CSR Projects

The following procedure shall be followed by the Company for executing CSR Projects:

- (i) The CSR Committee shall, in line with the Policy, select and approve CSR Projects, after conducting necessary due diligence, either by themselves or through employees assigned to do this;
- (ii) The CSR activities can be undertaken either directly or through an implementing agency. An implementing agency is an entity registered with MCA, with which a company engages to carry out its CSR projects, e.g. NGOs registered with MCA.

In the event of partnering with an entity or NGO or making a contribution to an NGO towards a CSR Project, the CSR Committee shall:

- ensure, before partnering with the entity/NGO, that the latter has all the requisite approvals required under all applicable laws;
- ensure that contribution is made only towards the specific project(s) identified and approved by the CSR Committee.

(c) Implementation schedule for CSR Projects

Each CSR Project shall be implemented within a reasonable time period from the date of initiating the project or partnering with the relevant entity/NGO, such that the project meets the target objective.

(d) Monitoring Mechanism for implementation of the CSR Projects

With a view to monitoring implementation of each CSR Project, the CSR Committee shall follow the following mechanism:

Obtain the following information/documents from the partnering entity/NGO concerned:

- i. For CSR Projects (other than short term projects that commence during a financial year and end before March 31st of the said financial year), audited financial statements, as at the end of the financial year(s) to which the CSR Projects pertain;
- ii. Periodic progress report(s) with regard to the CSR Project;
- iii. Copies of any report or other document received by the partnering entity/NGO concerned from its auditors relating to its financial position or affairs, which is of a material nature with regard to either the business continuity of the partnering entity/NGO or the CSR Project; and
- iv. Any information which may affect or jeopardize the implementation of the CSR Project(s) or the activities of the partnering entity/NGO in general.

Depending on the size of the contribution, the partnering entity/NGO, and the CSR Project in itself, the CSR Committee may carry out one or more of the following activities:

- i. Field visits by employees of the Company, as designated for this purpose by the CSR Committee;
- ii. Review of the documents submitted by the partnering entity/NGO as detailed above.

The CSR Committee may, where felt necessary, engage external agencies to evaluate the CSR Projects and monitor their progress; however the responsibility of monitoring the implementation of the CSR Projects and utilization of the CSR Budget shall continue to vest in the CSR Committee.

8. Geographical area(s) where the Company will undertake CSR Projects

The Company shall engage in or contribute towards CSR Projects within India.

9. Dissemination of Information

(a) The CSR Committee shall provide an annual report to the Board of Directors, on the Company's CSR activities, for each financial year, in the extant format prescribed under the Companies Act, 2013. This shall be filed with MCA as part of the Directors' Report in the Annual Report of the Company.

(b) The latest Policy and annual CSR Plan of the Company shall be made available on the Company's website.
