



UTI ASSET MANAGEMENT COMPANY
LIMITED

ENVIRONMENT, SOCIAL & GOVERNANCE
POLICY

(Updated up to 19th August, 2022)

Introduction

UTI Asset Management Company Ltd. (AMC) is the oldest and one of the largest Board Governed professional Asset Management Company in India. We manage Mutual Funds, Portfolio Management Services (PMS) for institutional clients; retirement funds, offshore funds and alternative investment funds. Our investment strategies cover equities, fixed income, private equity and private debt.

We cater to a diverse group of individual and institutional investors through these wide varieties of funds and services. Back in 1964, we were the first to establish mutual fund in India, and since then, we have built a strong presence in the AMC space. Today, we enjoy a rich legacy and brand recognition. Our proven track record of over 55 years speaks volume of the credibility we have earned in the mutual fund (MF) industry through our conviction, capabilities and commitment.

The Company's vision is to be the most preferred Mutual Fund. It has defined its investment philosophy to provide clients with investment solutions commensurate with their risk profile and their return expectations. At the core of the Company's investment philosophy is the ability to value companies and securities, which arises from its research capabilities and the ability to select securities appropriate for the various types of portfolios based on their risk classification.

Our philosophy and commitment

At UTI AMC, our impact is rooted in building better businesses – ESG integration is one of our core tools in this work. Our approach at UTI has always been to partner with management teams of our investee companies to improve various aspects of a business. We do this because we believe that building better businesses generates lasting value creation – which has been the focus of UTI AMC since our founding.

The Fund Management team is responsible for determining the ESG issues that are most relevant to the asset class of their investment strategies in line with their investment objective and investment process. In addition, we believe that a more holistic approach within our investment decision-making process helps us to identify opportunities and mitigate risks. It also plays a key role in our ability to provide innovative solutions to our investors.

We have adopted a formal stewardship code, voting policy, have become PRI signatory (United Nations – Principles for responsible investment) and have engaged a third party ESG rating agency to provide us independent inputs to supplement our ESG assessment of the investee companies in our coverage universe.

Corporate governance factors have always been an integral component of our investment

philosophy and company selection process. Having a well-experienced investment management team enables us to incorporate insights on the investee company's management record of accomplishment on corporate governance, into our investment management process. We also have a long standing pedigree of engaging with companies on corporate governance issues such as capital allocation, related party transactions, Board composition, management compensation and compliance lapses etc.

We believe that Environmental, Social, and Corporate Governance (ESG) issues can affect the performance of the investment portfolios (to varying degrees across companies, sectors, regions, and asset classes and through time). Until now, we were tracking the fundamental outcomes of a business, however with integration of ESG factors into the Investment decision making process, we now endeavor to track these factors' sustainably.

Corporate ESG Strategy

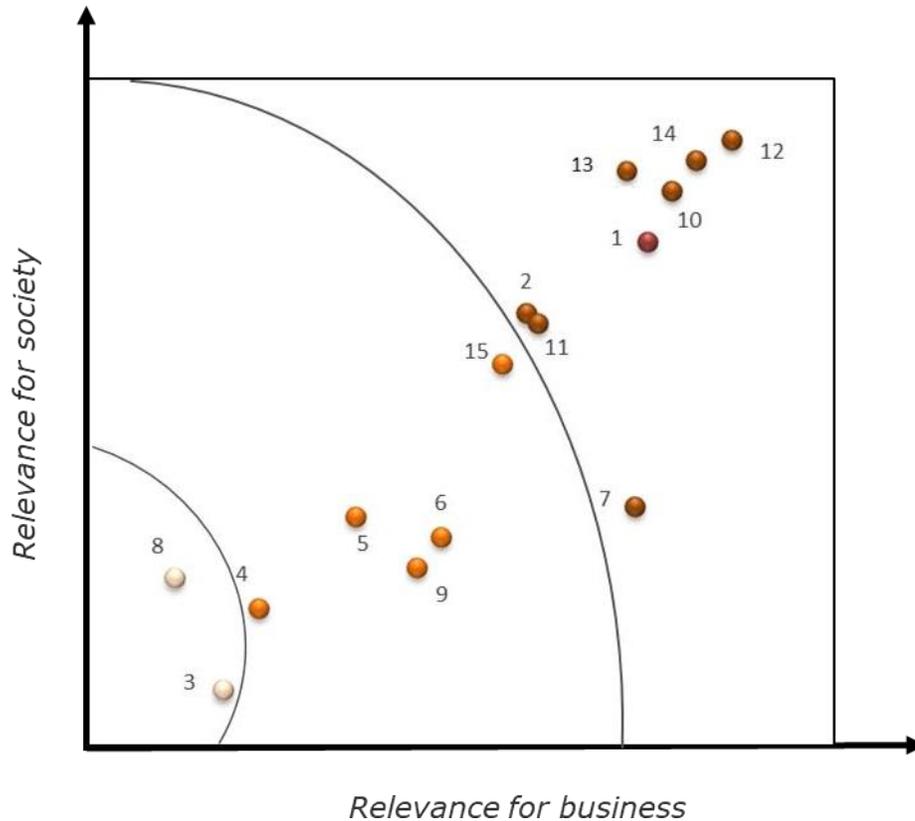
- We believe it is important to lead by example in the financial sector. Because diverse teams and experiences can bring tremendous value to our firm and the Indian Asset Management Industry. We work to cultivate an environment rich in different backgrounds, perspectives and experiences. We are an equal opportunity employer. 26% of our total workforce are women. We have 347 women employees in our workforce as of December 31, 2021.
- We seek to continually improve environmental stewardship within our firm, particularly in the areas of energy and materials use.
- ESG issues are highly contextual in nature and what is relevant for one sector, industry or geography may not be as relevant to another. To ensure a systematic and firm-wide approach to ESG research, UTI AMC has built its own dynamic process called 'Materiality Mapping', which helps us to identify the risks and opportunities on a sector-by-sector basis. We have performed deep dives on individual issues and developed frameworks for their assessment and quantification, which can be accessed by all Investment Professionals. We hope to evolve these tools as new data becomes available, and to identify new issues as they emerge.

We have identified the following material ESG Aspects which helps us systematically analyses ESG issues:

S. No	Material ESG Aspect
1	Responsible Investing
2	Risk Management
3	Waste Management
4	Climate Change
5	Occupational Health & Safety
6	Diversity & Inclusion

7	Employee Engagement
8	Local Communities
9	Human Rights
10	Transparency & disclosures
11	Economic performance
12	Business Ethics & Values
13	Customer protection
14	Data Protection & Information Security
15	Investor Awareness Programs/ Financial Literacy

-  High significance
-  Medium significance
-  Low significance



1. Responsible Investment Policy

At UTI AMC, we believe in promoting good Environment, Social & Governance (ESG) standards in the companies we invest in and consider this as an essential part of our ownership responsibilities.

We will endeavor to monitor and give due consideration to some of the principles listed below, which have Environment, Social and Governance factors embedded into it;

- | Principles | |
|--|---|
|  Ethics |  Respects and Promotes human rights |
|  Transparency |  Making an effort to restore environment |
|  Accountability |  Supports inclusive growth |
|  Safety of Goods |  Equitable Development |
|  Sustainability throughout life cycle |  Engaging with customers and providing value responsibly |
|  Promotes well being of employees |  Respecting and Responding to the interest of stakeholders |

2. Risk Management

Identifying and mitigating risks that may interfere in “business as usual” operations of UTI AMC is an integral part of our business. We are working towards further integrating ESG into our risk management process. It provides the context to understand risks and how they interact with the business enterprise.

By including business continuity in our risk management process, enables us to understand how business continuity planning fits with other risks such as the impact of natural disasters or climate-induced disasters. In addition, we are committed to carrying out our business operations in compliance with the regulatory requirements and ensure full conformity with the standards/frameworks set by the Regulators.

We have defined systems and processes for ensuring compliance requirements and keep on updating them as and when required to mitigate any that may arise due to amendments in policies and regulations.

3. Waste Management

The Company shall make efforts to reduce waste generation and ensure disposal of waste most responsibly. We will ensure compliance with the regulatory requirements and define operational control procedures for waste management.

We will make efforts to reduce the paper consumption in our operations via digitalizing the processes and encouraging digital push among our stakeholders.

We will strive to reduce the consumption of single-use plastic products in our offices and will encourage our stakeholders to phase out single-use plastic products. In addition, we ensure the safe handling and disposal of waste generated through our owned facilities in accordance with our operational control procedures.

4. Climate Change

The Company shall make efforts to reduce its environmental footprint by reducing Greenhouse Gas (GHG) emissions and enhancing energy efficiency. To commence the journey towards decarbonization, we will measure and externally verify emissions to set it as a baseline year and will formulate an action plan for reducing GHG emissions. Our initiatives will be aimed at:

- Enhancing energy efficiency in offices
- Reducing business travel and transition to virtual meetings
- Transition towards renewable energy via open access agreements
- Developing a long-term action plan for achieving carbon neutrality and net-zero status

5. Occupational Health and Safety

The Company is committed to provide and promote a safe work environment for its employees. We will ensure continual improvement in terms of upgrading our safety guidelines and conduct safety sessions for employees on various health and safety aspects. In addition, we adhere to **UTI AMC's Occupational, Health and Safety procedures** and **UTI AMC's Human Rights Policy** to ensure conformity with our employee wellbeing standards.

6. Diversity and Inclusion

The Company is committed to providing equal employment and growth opportunities for every individual. The Company's principles on gender equality, diversity, and inclusion ensure in creating an inclusive work environment for all our employees. In addition, the employment relationships are based on the principles of fair treatment and equal opportunities.

We do not tolerate any form of unfair practice(s) or discrimination or harassment based on grounds of the region, religion, marital status, race, caste, creed, colour, ancestry, marital status, gender identity or expression, sexual orientation, disability, age, nationality, ethnic origin or any other characteristic protected by applicable law(s) of the land.

7. Employee Engagement

Maintaining a highly skilled workforce is essential for enhancing productivity and ensuring the sustainable growth of the company. UTI AMC focuses on ways and means to enable employee performance through continuous training & development programs. Systems for capturing metrics pertaining to employee satisfaction and productivity are being developed to ensure proactive management and redressal of issues.

8. Local Communities

We believe in making a greater social impact through our responsible investments and Corporate Social Responsibility (CSR) initiatives. Our board-level committee oversees our social impacts, which is guided by our philanthropic vision and Corporate Social Responsibility (CSR) policy, to make positive impacts on the lives of marginalized communities in the country through well-structured CSR programs and interventions. Our CSR programs focus on the following areas:

- **Education**
 - Promoting Education among children from low-income communities by providing them high-quality education facilities and sponsorships that enable them to maximize their potential and transform their lives.

- **Rural development**
 - Supporting rural interventions in villages for enhancing integrated water management/ rainwater harvesting, safe drinking water, sanitation and water for Schools, improving agriculture productivity and livelihoods of small and marginal farmers, rural school renovations, and community-led development work to make communities more resilient and improve quality of life in village areas.

- **Health**
 - Supporting quality and affordable health care for the rural population and weaker sections of the society, particularly those who are suffering or are at risk of cardiac diseases, eye diseases or disorders, and supporting the treatment of children with developmental disabilities and cancer.

9. Human Rights

We believe in the highest level of standards in issues pertaining to human rights such as child labour, forced and compulsory labour regardless of race, sex, nationality, ethnicity, language, religion, or any other status. We have a zero-tolerance policy towards lapse in human rights. We have defined systems and processes to track our compliance to the law of the land with respect to human rights aspects.

10. Transparency and Disclosures

We are committed to ensuring transparency in business operations and making disclosure of relevant information to our stakeholders. Apart from the regulatory disclosures, we will work towards disclosing the performance of our company on ESG aspects through the sustainability report and look to obtain independent assurance on our reported key performance indicators.

11. Economic Performance

An organization is expected to compile information for economic disclosures using figures from its audited financial statements or its internally audited management accounts, whenever possible. These figures are critical to the organization's performance evaluation and are closely tracked by analyst's/rating agencies and

shareholders. UTI AMC's financial management system and policies are benchmarked to industry best practices to ensure fair and transparent reporting.

12. Business Ethics and Values

The Company gives paramount importance to responsible business practices and is committed to maintaining the highest level of ethical standards of integrity, business ethics, transparency, and regulatory compliance. These parameters form the foundation of our corporate governance policy. We have a comprehensively defined Code of Conduct and Business Ethics policy to provide a framework for good corporate governance. The Company provides regular training and awareness sessions to employees raising the benchmarks. Also, our Board of Directors are responsible for guiding us on ethical business practices and evaluates our performance on various governance parameters such as compliance, risk management, internal controls, lending practices, information security, data privacy, and ESG parameters.

13. Customer Protection

Our fiduciary responsibility towards our customers is to keep in consideration their best interests at the core of all our business decisions. UTI AMC has put in place safeguards to ensure that no conflict of interest between organisational goals and customer's best interests. Our systems & processes have incorporated the necessary checks & balances to ensure we rightfully serve our customers.

14. Data Protection and Information Security

The data protection and information security-related aspects are of prime importance for the Company. We have established processes to ensure data protection and information security. The Company will keep on strengthening its Information Security Management Systems in line with internationally accepted standards and national regulatory requirements. Also, regular training sessions shall be provided on these aspects.

15. Investor awareness programs and Financial Literacy

As a leading Asset Management Company, it is our duty to undertake an investor awareness program to promote proper understanding of the concept and working of mutual funds/ investment schemes. Our systems track performance metrics like the dissemination of information on financial literacy through various channels and outreach programs with our customers and the society at large.

Governance and Oversight

ESG Committee

The Environmental, Social and Governance Committee's ("ESG committee") purpose is to support the organization's commitments towards the environment, health and safety, corporate social responsibility, corporate governance, sustainability, and other public policy matters relevant to the organization in compliance to the national and international legal frameworks. The ESG committee is a cross-functional Board level committee of UTI AMC. The committee provides guidance, leadership, and necessary oversight for:

- Embedding ESG aspects into the business strategy
- Developing, implementing, and monitoring interventions and related policies
- Engaging with the stakeholders by overseeing communications concerning ESG aspects
- Monitoring and assessing development and improving the organization's understanding of ESG aspects
- Ensuring efficient and timely disclosure of ESG aspects to stakeholders

The nature of responsibility of ESG committee is of providing oversight and the primary responsibility for execution of the organization's programs and policies remains with the management/subject matter experts/working groups entrusted for such matters.

The duties and responsibilities of ESG Committee are not limited to the following aspects:

- To review and approve UTI AMC’s general strategy concerning ESG aspects, and to consider and recommend policies, practices, and disclosures that conform with the business strategies
- To overseeing internal and external communications with employees, investors, and other key stakeholders regarding UTI AMC’s position on or approach to ESG performance, including by providing responses, reports, or other disclosures to the key stakeholders
- To consider emerging ESG aspects that may affect the business, operations, performance, or public image of UTI AMC or are otherwise pertinent to UTI AMC and its stakeholders, and to provide guidance on how UTI AMC’s policies, practices, and disclosures can adjust to or address such trends and issues
- To provide responses regarding stakeholder concerns relating to ESG performance
- To review UTI AMC’s strategy, policies, practices, and disclosures for consistency in ESG performance, and provide appropriate recommendations as it may deem advisable
- Any other relevant task, duties, responsibilities as deemed necessary to the ESG committee members as per UTI AMC’s ESG commitment.

In terms of delegation of duties, ESG Committee will assist the Board of Directors of UTI AMC. The ESG committee may, in its discretion, delegate all or a portion of its duties and responsibilities to one or more working groups for undertaking the ESG integration activities.

The ESG Committee formulate project/activity-specific cross-functional working groups that carry out the implementation work and report to ESG Committee periodically. The working groups are led by senior executive’s/domain experts and staffed with team members from different functions to provide necessary subject knowledge, resources and to ensure buy-in as effective integration in these functions.

The cross-functional working groups generally have representatives from the following functions:

- ESG/Sustainability/Environment, Health, and Safety (EHS)
- Human Resources
- Administration
- Strategy and Operations
- Information Technology
- Corporate Communications

We see our approach to impact and our implementation of ESG integration to be continuously improving bodies of work – as such, we view this as a living document intended to help push best practices and evolve to meet the changing needs of our global investment set. This policy is reviewed at least annually, and updated to reflect the dynamic materiality of ESG issues, and our constant approach to integrating and improving this work.

