

Responsible Investment policy

At **UTI Asset Management Company Ltd. (“UTI AMC”)**, fundamental analysis is the foundation of our investment decisions. We endeavor to understand the long-term sustainability of a company’s business model and the factors that could cause it to change.

As an asset manager, we are responsible, in our fiduciary capacity, to act in the best interests of our unit holders. Aiming to preserve and enhance value for our unit holders and clients, we are committed towards our role as a good steward for the assets they are entrusting us with.

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. Towards this objective, we have adopted a formal stewardship code, voting policy and have become PRI signatory (United Nations- Principles for Responsible Investment). This ESG policy sets out how UTI AMC seeks to implement its fiduciary responsibilities taking into consideration factors related to the environment, social and corporate governance in its investment decision making process.

Investment Process and ESG Integration:

Our investment philosophy focuses on companies with scalable and sustainable business models in terms of growth, profitability and judicious allocation of capital. Our investment process involves a detailed analysis of the companies’ financial and operational health. We analyze companies as going concerns and therefore evaluate the company’s track record over a long period of time and engage with them at regular intervals. For further details on the investment process, please click on link: <https://www.utimf.com/investment-insights/>

Corporate governance factors have always been an integral component of our investment philosophy and company selection process. Having a well experienced investment team enables us to incorporate insights on management track record on corporate governance, gained over decades, 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, 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.

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

- Whether the company conducts and governs itself with Ethics, Transparency and Accountability
- Whether goods and services provided by the company are safe and contribute to sustainability throughout their life cycle
- Whether the company promotes the wellbeing of the employees
- Whether the company respects the interests of all stakeholders and is responsive towards them
- Whether the company respects and promotes human rights
- Whether the company makes an effort to restore the environment
- Whether the company supports inclusive growth and equitable development
- Whether the company is engaging with and provides value to its customers and consumers in a responsible manner

The research analysts at UTI would then link these principles to their company analysis using the following approach:

1. Keeping in mind India's development cycle our primary analytical and monitoring focus would be on the incremental improvements made by companies on ESG factors.
2. We recognize that the value and valuation of the businesses that we invest in are impacted by sustainability factors. This perspective is incorporated into our fundamental analysis of a company's business using appropriate methods. The objective being to incorporate the cost of sustainability of operations and/or the impact of sustainability factors on cost of capital in our analysis.
3. The governance and social factors would also be incorporated into our company analysis and valuations though these are more subjective and could also be event driven.

Engagement:

At UTI AMC, we believe it is our responsibility as an asset manager to safeguard our clients' interests through active ownership, monitoring, and mutual engagement with the issuers of the securities we hold in our clients' portfolios. We will monitor investee companies on the aforementioned principles, check whether companies have policies in place on the above listed factors, take cognizance of material ESG issues that a business may face and engage with companies to raise concerns.

We also understand that as we start this journey, we may not have a comprehensive understanding of all the Environmental or Social factors. Therefore we may subscribe to services of third-party agencies who specialize in these areas, which would go in as inputs in monitoring the progress made by the investee companies on these factors. If there are any material lapses by the company on Environment, Social or Governance front, as observed by the Investment team, we will engage with the company to drive positive change. We prioritize our engagement with companies based on the size of our investment and the exposure to a company.

At UTI AMC, we have adopted the Stewardship code to enhance the monitoring of, and engagement with, the investee companies to improve the Corporate Governance practices to protect and enhance the long-term wealth of unit holders. Please visit <https://utimf.com/about/statutory-disclosures/stewardship-code/> for further details on the stewardship code adopted by UTI AMC.

At UTI AMC, we consider shareholder voting an important shareholder right and a valuable tool in the engagement process. We endeavor to vote on all resolutions of investee companies, which are critical for protecting and enhancing the investor's interests. While we use proxy voting advisory services from reputed service providers to help analyze company proxy materials and statements, all votes are confirmed in house by the analyst team in discussion with the portfolio managers. We aim to vote in an informed and pragmatic manner, taking into consideration a company's unique circumstances. The ESG factors relevant to a company would influence our voting. We also share voting outcomes along with reasons on our website. For further details, please refer to UTIAMC voting policy available on our website <https://www.utimf.com/about/statutory-disclosures/voting-policy/>

Continuing Journey:

This policy is an evolving statement of our commitment to the planet, society, and our investors. This policy will be reviewed at least once a year by the ESG committee. We expect this policy to evolve over time in line with global developments and data disclosures being made available by the companies. As India's leading money manager, we intend to lead the narrative on responsible corporate behavior and influence the financial eco-system to direct capital to conscientious businesses.

ESG specific resources:

The Investment team will be responsible for monitoring the companies on various ESG parameters. If required, we may also take the help of external agencies to source information/analysis related to Environment, Social, and Governance factors and accordingly monitor the progress that investee companies may have made on the ESG front. In addition, we have an ESG Committee in place that will take important decisions regarding training, hiring, driving ESG integration and ensuring compliance with the policy. We have designated the Head of Equity Research and Head of Credit Research to drive ESG integration in the investment decision making process. The company has appointed an ESG analyst to lead the integration of ESG factors into our Investing framework & implementing best practises in our Responsible Investing journey.