



**UTI ASSET MANAGEMENT COMPANY LIMITED**

**CORPORATE SOCIAL RESPONSIBILITY POLICY**

(Updated up to 20<sup>th</sup> October, 2022)

## INDEX

<b>Sr. No.</b>	<b>Particulars</b>	<b>Page No.</b>
1.	Preface	1
2.	Introduction	1
3.	Definitions	2
4.	CSR Framework	2
5.	CSR Operational Framework	3
6.	Roles and Responsibilities of Board	6
7.	Terms of Reference of CSR Committee	6
8.	CSR Expenditure	8
9.	Guiding Principles	9
10.	Disclosure	11
11.	Review	12
12.	Conflict	12
13.	Amendments	12
14.	Effective Date	13

## 1. PREFACE:

- 1.1. In terms of Section 135, Schedule VII and other applicable provisions of the Companies Act, 2013 (“the Act”) read together with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (“the Rules”), UTI Asset Management Company Limited (“the Company”) has framed Corporate Social Responsibility Policy (“Policy”). The Board of Directors (“Board”) of the Company at their meeting held on 23<sup>rd</sup> October, 2013 constituted the Corporate Social Responsibility (“CSR”) Committee (“Committee”).
- 1.2. In accordance with the requirements under the Act and/or Rules, the Company’s CSR initiatives will supplement its contribution in environment protection, development of healthy and enlightened citizens, social upliftment and sustainable community development through its service, conduct & social initiatives. Also, the Company’s CSR initiatives will help to achieve its one of the mission of being *‘socially responsible corporation that focuses on the well-being of all’*.
- 1.3. The CSR Policy of the Company sets out –
  - i. the approach and direction given by the Board of the Company for its CSR Activities, after taking into account the recommendations of the CSR Committee; and
  - ii. the guiding principles for selection, implementation and monitoring of CSR activities as well as formulation of CSR annual action plan.

## 2. INTRODUCTION:

- 2.1. Business corporations constantly strive to maximize shareholders wealth. However, there is a shift in the shareholders mindset led by social expectations, causing business leaders to revise their strategy by taking into account the economic, social and environmental impacts.
- 2.2. The Company gives utmost importance to its CSR initiatives to operate in an economically, socially and environmentally sustainable manner, while recognizing the interests of its stakeholders.
- 2.3. The Company is committed to ensure that its business is conducted according to rigorous ethical, professional and legal standards. The Company recognizes that its business activities have direct and indirect impact on the society.

- 2.4. The Company strives to integrate its business values and operations in an ethical and transparent manner to demonstrate its commitment to sustainable development and to meet the interests of its stakeholders.

### **3. DEFINITIONS:**

- 3.1. The words, terms and expressions referred to in this policy will have the same meaning as defined under the Act and the rules made there under including any statutory modification or re-enactment thereto, as the case may be.
- 3.2. In this Policy, unless the contrary intention appears:
- i. the clause headings are for ease of reference only and shall not be relevant to interpretation;
  - ii. a reference to a clause number includes a reference to its sub-clauses; and
  - iii. words in singular number include the plural and *vice-versa*.

### **4. CSR FRAMEWORK:**

- 4.1. The Company believes in the philosophy of empathetic care, generosity and humanity, characterized by a willingness to build a society that works for everyone.
- 4.2. The Company shall undertake CSR activities/projects that adopt Human Development as an approach in their programme design, implementation and evaluation. The projects shall recognize the multidimensionality of development activities and promote wellbeing of the underserved and underprivileged communities in any part of India.
- 4.3. The Company shall undertake CSR in a program mode, wherein projects shall be accommodated under the three broad programs – Education, Health and Rural Development.
- 4.4. The CSR projects of the Company shall seek to incorporate a wide range of activities and sectoral best practices, so as to capture the interrelations and interdependence of the domain areas enumerated in Schedule VII of the Act or circular(s)/notification(s) including any amendments therein, from time to time.
- 4.5. The CSR programs shall seek to align with the development priority areas, periodically identified by the Government of India and involve efforts towards achievement of the Sustainable Development Goals, being the Country's commitment.

## 5. CSR OPERATIONAL FRAMEWORK:

- 5.1. The CSR projects of the Company shall be enumerated in the CSR Annual Action Plan formulated by the CSR Committee and approved by the Board.
- 5.2. While selecting any activity / project under CSR initiatives, it must be ensured that the benefits reach the underserved and underprivileged communities.
- 5.3. The CSR projects should align with the Company's CSR approach and programmatic focus. Each of these projects shall clearly specify:
  - i. Rationale for undertaking the project;
  - ii. Requirements relating to baseline survey, needs assessment;
  - iii. Activities to be undertaken;
  - iv. Targeted beneficiaries;
  - v. Budgets allocated;
  - vi. Time-lines prescribed;
  - vii. Responsibilities and authorities defined;
  - viii. Major results expected; and
  - ix. Plan for end project evaluation.
- 5.4. The Company may undertake multi-year projects based on reasonable justifications, availability of time lines at the outset and other relevant factors.
- 5.5. While undertaking CSR activities, the following activities should not be considered under CSR:
  - i. activities undertaken in pursuance of normal course of business of the Company;
  - ii. any activity undertaken by the Company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
  - iii. contribution of any amount directly or indirectly to any political party under Section 182 of the Act;
  - iv. activities benefitting employees of the Company as defined in Clause (k) of Section 2 of the Code on Wages, 2019 (29 of 2019);
  - v. activities supported by companies on sponsorship basis for deriving marketing benefits for its products or services; and
  - vi. activities carried out for fulfilment of any other statutory obligations under any law in force in India.

- 5.6. Activities undertaken may be implemented directly by the Company or through specialized agencies or through registered society. Such specialized agencies and projects shall be supported after ascertaining the credibility of the agency, fulfilment of requirements as prescribed in the Rules and its track record in implementing similar projects. The entity shall generally have a consistent track record of minimum three years in implementing such projects.

Such specialized agencies shall be registered with the Ministry of Corporate Affairs by filing form CSR-1 and should be any of the following:

- i. a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961 (43 of 1961), established by the Company, either singly or along with any other company; or
- ii. a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
- iii. any entity established under an Act of Parliament or a State legislature; or
- iv. a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

**Explanation:** For the purpose of clause iii., the term “entity” shall mean a statutory body constituted under an Act of Parliament or State legislature to undertake activities covered in Schedule VII of the Act.’.

- 5.7. CSR initiatives of the Company shall consider the following parameters for identification and selection of schemes/projects:

- i. Alignment with the CSR law and the amendments;
- ii. Alignment with the Company’s CSR Policy including the CSR approach, thematic focus;
- iii. The amount of investment;
- iv. Availability of project information including time-frame and periodic milestones;
- v. Project review by CSR consulting agency;

- vi. Findings from Evaluation/Impact Assessment reports in case of ongoing/long term projects; and
  - vii. CSR activities shall help in building a positive image of the Company in the public perception, generate community goodwill, create social impact and visibility.
- 5.8. The Company may collaborate with other companies for undertaking the CSR projects / programmes subject to fulfilment of separate reporting requirements as prescribed in the Rules.
- 5.9. Initiatives of the district administration, local administration, state governments as well as central government, departments agencies, self-help groups, etc. may be followed wherever deemed fit.
- 5.10. Implementation of CSR shall be ensured through a Memorandum of Understanding (“MOU”) or agreement with the concerned agencies.
- 5.11. Funds may be disbursed either in tranches or as one-time payment. The terms, conditions and timing of disbursement would be conditional upon the nature and requirement of the CSR project.
- 5.12. Annual monitoring plan including on-site visit by UTI AMC representatives or third party representatives deputed by UTI AMC shall be included in the Annual Action Plan.
- 5.13. The Company shall monitor the implementation of projects and ensure that the funds are utilized for the purpose and in the manner it was approved. The Company shall also monitor ongoing projects and ensure the implementation of the project with reference to the approved timelines and year-wise allocation. The Board may, based on the recommendation of CSR Committee, make necessary modification(s), if any, for smooth implementation of the project within the overall permissible time period.
- 5.14. The Company may engage an independent third party (which may or may not be international organizations) for designing, monitoring and evaluation of the CSR projects as well as for capacity building of the implementing agencies or its own personnel for CSR, periodically to ensure effective CSR implementation.
- 5.15. The Company shall undertake Impact Assessment of CSR projects via independent third party in accordance with the provisions of the Act and Rules made thereunder.

- 5.16. The Company shall generate awareness among its staff about its CSR activities. The Company may schedule training and re-orientation programs for those involved in undertaking of CSR activities.

## **6. ROLES AND RESPONSIBILITIES OF BOARD:**

- 6.1. The Board is the governing body that will define the scope of CSR activities for the Company, taking into account the recommendations of the CSR Committee.
- 6.2. The Board shall, after taking into account the recommendations of the CSR Committee, approve the Annual Action Plan. The Board may alter Annual Action Plan at any time during the financial year, as per the recommendation of the CSR Committee, based on the reasonable justification to that effect.
- 6.3. The Board may approve to adjust any excess amount spent on CSR Activities, up to immediate succeeding three financial years, against the CSR Expenditure provided that such excess amount shall not include any surplus arising out of the CSR activities.
- 6.4. The Board shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.
- 6.5. With respect to ongoing project, the Board shall monitor the implementation of the project with reference to the approved timelines and year wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.
- 6.6. The Board shall discuss and review the implementation of the CSR activities in its meetings, at least twice a year.

## **7. TERMS OF REFERENCE OF CSR COMMITTEE:**

- 7.1. The CSR Committee shall have minimum three directors as members, out of which at least one director shall be an Independent Director.
- 7.2. The CSR Committee provides oversight and guidance on CSR implementation and monitor compliance with the CSR Policy, commitments and the applicable CSR provisions.



- 7.3. The Terms of Reference of the Committee shall inter-alia include the following:
- i. To formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company in areas or subject, specified in Schedule VII of the Act;
  - ii. To monitor and review CSR Policy and recommend to the Board, any amendments therein;
  - iii. To review and recommend the amount of expenditure to be incurred on the CSR projects, to the Board for approval;
  - iv. To formulate and recommend to the Board, an Annual Action Plan, which shall include the following, namely:-
    - a. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
    - b. the manner of execution of such projects or programmes as specified in Act or Rules;
    - c. the modalities of utilization of funds and implementation schedules for the projects or programmes;
    - d. monitoring and reporting mechanism for the projects or programmes;
    - e. details of need and impact assessment, if any, for the projects undertaken by the Company; and
    - f. Such other points as specified under CSR Policy of the Company.
  - v. To recommend any alteration in the annual action plan at any time during the year, to the Board for approval;
  - vi. To monitor the CSR activities as per the annual action plan and within the overall CSR framework;
  - vii. To undertake impact assessment through third parties for CSR projects, whenever applicable;
  - viii. To focus on the local area and areas around it where it operates, for spending the amount earmarked for CSR activities; and
  - ix. To perform such other functions or responsibilities and exercise such other powers as may be conferred upon the Committee in terms of the provisions of

Section 135 of the Act and Rules made thereunder, as may be amended or as may be specified by the Board, from time to time.

The Committee may seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

## 8. CSR EXPENDITURE:

- 8.1. All expenditure, for projects relating to CSR activities approved by the Board based on the recommendation of the CSR Committee shall be considered as CSR expenditure, but shall not include any expenditure on an item not in conformity or not in line with activities, in areas or subject, which fall within the purview of the Schedule VII of the Act.
- 8.2. The amount to be spent on CSR activities, every year, shall be calculated in accordance with the provisions of the Act and Rules made thereunder.
- 8.3. The overall amount to be committed towards CSR will be approved by the Board of Directors as a part of its Annual Action Plan. Within the Budget, the allocation towards specific CSR initiatives/projects will be approved by the CSR Committee of the Board. All projects undertaken by the Company shall be approved /ratified by the CSR Committee.
- 8.4. In order to compute whether the Company has under spent or over spent, it shall consider the following:
  - i. **Project Cost** – It shall include designing, implementation, monitoring and evaluation cost incurred directly or indirectly on the project.
  - ii. **Administrative Overheads** – These are the expenses incurred by the Company for ‘general management and administration’ of CSR functions but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular CSR project or programme. Such expenses shall not exceed 5% of the total CSR expenditure of the Company for the financial year.
- 8.5. Where a Company spends an amount in excess of requirement, such excess amount may be set off against the requirement to spent up to immediate succeeding three financial years subject to the conditions that the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, and the Board of the Company shall pass a resolution to that effect.

- 8.6. The Company shall ensure that any surplus arising out of CSR projects, programs or activities shall not form part of the business profit of the Company and shall be dealt with, in accordance with the relevant provisions of the Act or Rules.
- 8.7. The CSR amount may be spent by a Company for creation or acquisition of a capital asset, which shall be held by -
- i. a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR registration number as per the relevant rules; or
  - ii. beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
  - iii. a public authority.

## 9. GUIDING PRINCIPLES:

- 9.1. Guiding principles for selection, implementation and monitoring of CSR activities and formulation of the Annual Action Plan are as follows:

i. **Selection of Activities:**

The guiding principles for selection of activities are:

- a. The CSR activities shall be in line with Schedule VII of the Act and the policy of the Company and which can be undertaken either directly or through an implementing agency; and
- b. The CSR activities should be selected considering theory of change. *(Theory of Change ('ToC') is a methodology for planning and evaluation, and is a model that explains the process of how a particular intervention leads to intended results and ultimately contributes to intended impacts. Within the evaluation context, a theory of change provides a framework for defining and measuring results.)*

ii. **Implementation & Monitoring of Activities:**

Impact Assessment – In the event of average CSR obligation of Rs. Ten crores or more in the three immediately preceding financial years, the Company shall ensure that impact assessment through an independent agency is carried out for CSR projects having an outlay of Rs. One crore or more. Expenditure incurred for such assessment shall not exceed 2% of the total CSR expenditure for the financial year or 50 lakh rupees, whichever is higher.

Monitoring will be done with the help of identified key qualitative and quantitative performance indicators and with a continuous feedback mechanism, it will be a recourse for mid-course correction in implementation, if needed, to ensure efficacy.

Assessment of utilisation of funds will also be done on a quarterly basis, along with submission of an annual consolidated utilisation which will be part of the Company's Annual Report. This will include a rationale for shortfall or surplus of funds.

All expenditure towards the programs to be diligently documented. In case 2% of average net profit of the three immediately preceding financial years is not spent in a financial year, reasons for the same to be specified in the CSR report.

All activities will be undertaken in project mode with defined objectives and deliverables, clarity on target beneficiaries, implementation plans with schedule of timeline agreed prior to commencement of activities.

The guiding principles for selection of implementing agency are as follows:

- a. Statutory Eligibility – The implementing agency to be selected should meet the statutory eligibility criteria laid down under the Act/Rules.
- b. Due Diligence – The Company shall conduct appropriate due diligence of the implementation agency before associating with the same. Such due diligence shall *inter-alia* cover aspects of financial position of the agency, credibility, history and experience in the relevant area, any potential conflict of interest and existing and past litigations.
- c. Accountability and Transparency – Implementing agency shall be accountable for all expenses along with the acknowledgements. Further, there should be transparency in the actions to protect the interest of all the stakeholders.
- d. Ethical Behaviour – Management and Implementing agency shall maintain ethical behaviour while implementing and monitoring CSR programs without any corruption.
- e. No conflict of interest – Employees involved in CSR activities and the implementing agencies shall ensure benefits of the needy without any conflict of interest in their objectives.
- f. Respect for stakeholder's interest – While identifying CSR programs, interest of all the stakeholders shall be taken into consideration.

iii. **Formulation of Annual Action Plan:**

The guiding principles for formulation of an Annual Action Plan are as follows:

- a. Annual Action Plan shall include the following:
  - I. The list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
  - II. The manner of execution of such projects or programmes as specified in Act or Rules;
  - III. The modalities of utilization of funds and implementation schedules for the projects or programmes;
  - IV. Monitoring and reporting mechanism for the projects or programmes; and
  - V. Details of need and Impact Assessment, if any, for the projects undertaken by the Company.
- b. CSR programs shall not include activities as restricted under the CSR Rules.
- c. The preference for CSR programs is to be given by the Company to local areas and areas around its operations.
- d. The CSR activities may be carried out directly or through implementing agency/ies.
- e. Payments to implementing agencies or to vendors should be milestone based.
- f. All the guiding principles as required to be followed for implementing and monitoring the CSR Activities shall also be followed while formulating the Annual Action Plan.
- g. Action plan shall be simple, action oriented, measurable, relevant and time bound.

## **10. DISCLOSURE:**

- 10.1. The composition of the CSR Committee, CSR Policy and projects approved by the Board shall be displayed on the Company's website and a web link thereto shall be provided in the annual report of the Company.

- 10.2. The Annual Report on CSR Activities, forming part of Board's Report, shall include the following:
- i. Brief outline on CSR Policy;
  - ii. Composition of CSR Committee inter-alia, including attendance of directors in Committee meeting;
  - iii. Web-link of website where Composition of CSR Committee, CSR policy and projects approved by the board are disclosed;
  - iv. Executive summary along with web-link(s) of Impact Assessment of CSR Projects;
  - v. Average net profit as per the Act & prescribed CSR expenditure;
  - vi. Surplus arising out of CSR projects of the previous financial years;
  - vii. Details of amount available for set-off and amount required for set-off for the financial year;
  - viii. Details of total amount spent (on both ongoing project and other than ongoing project) or unspent for the financial year along with total amount transferred to Unspent CSR Account or any fund specified under Schedule VII;
  - ix. Amount spent in Administrative Overheads and Impact Assessment;
  - x. Details of excess amount for set-off, if any;
  - xi. Details of unspent CSR amount for preceding three financial years;
  - xii. Details of capital asset created or acquired through CSR spent in a financial year (asset-wise); and
  - xiii. Reason if the company has failed to spend 2% of the average net profit.

## **11. REVIEW:**

- 11.1. The CSR Committee shall review the Policy on Corporate Social Responsibility of the Company at least once in a year and recommend the necessary changes, if required to the Board for its approval.

## **12. CONFLICT:**

- 12.1. In the event of any conflict between this policy and the applicable laws, the applicable laws shall prevail.

## **13. AMENDMENTS:**

- 13.1. This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Act or changes as may be otherwise prescribed by the CSR Committee or Board, from time to time.

13.2. Any subsequent amendment/modification in the Act and/or other applicable laws in this regard shall automatically apply to this Policy.

**14. EFFECTIVE DATE:**

14.1. The Policy has come into effect from 16<sup>th</sup> December, 2019.

14.2. The Policy has been amended, from time to time as mentioned below:

<b>Number of times, policy amended</b>	<b>Board Meeting Date</b>
1 <sup>st</sup> Amendment	7 <sup>th</sup> June, 2021
2 <sup>nd</sup> Amendment	20 <sup>th</sup> October, 2022

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