JUNE 2026

RESPONSIBLE INVESTMENT & ESG INTEGRATION AT UTI AMC



UTI Asset Management Company Limited (UTI AMC) is in its fourth year of implementing Responsible Investment and Environmental, Social, and Governance (ESG) integration. **Over the past 5 years, we have brought 443 companies—representing 100% of our equity universe—under comprehensive ESG coverage.**

Environmental, Social, and Governance (ESG) factors encompass a broad spectrum of considerations, including climate-related risks, water management, employee health and safety, diversity and inclusion, cybersecurity, and corporate governance practices. These factors can have a material influence on investment performance by affecting cash flows, revenue generation, risk exposures, and the overall resilience of businesses in the face of long-term structural changes in the economy.

At UTI AMC, ESG risks and opportunities are evaluated through a distinctly investment-oriented lens and are assessed alongside traditional financial metrics as an integral component of our research and analysis process. This integrated approach is designed to support well-informed, long-term investment decision-making. We regard the incorporation of ESG considerations not as a compromise, but as a means to enhance risk-adjusted returns. We are firmly of the view that responsible investing represents both a prudent and principled approach, and that companies which proactively manage ESG risks are better positioned to generate sustainable, long-term value.

This report sets out UTI AMC's responsible investment framework and outlines our continued efforts to embed ESG considerations within our investment processes. It presents illustrative case studies demonstrating the integration of ESG factors into investment decisions and provides an update on our stewardship activities, including our engagement with investee companies and the exercise of proxy voting rights.



Signatory of:
PRI Principles for Responsible Investment

Table of contents:

Responsible Investment Strategy 01

ESG Integration 02

Case Study

CAFE III readiness across four major Indian passenger-vehicle OEMs 03

Stewardship 06

a) Engagement

Engaging with companies 07

Engagement with one of India's prominent Automobile company 08

b) Proxy Voting:

Data on Proxy Voting 10

Examples of Resolutions voted Against 12

Annexure 14

Signatory of: PRI Principles for Responsible Investment

Responsible Investment Strategy

Our Responsible Investment strategy involves two core focus areas:



ESG Integration

Integration of material ESG factors into investment decision process

- **Exclusion List** (ESG Mandate)
- **ESG Framework**
  - Sector specific framework to understand and manage ESG risk consistently across portfolio holdings
- **ESG Database**
  - Helps in evaluating the ESG performance of a company on an individual basis and peer benchmarking
- **ESG Integration Process**
  - Evaluation of quantitative and qualitative ESG factors/risks that may impact a company's long-term sustainable performance



Stewardship

Safeguarding Investors' interests through monitoring and regular engagements with investee companies

- **Engagements**
  - 1-on-1 Engagement with company management
  - ESG Questionnaires
  - Theme based engagements
- **Proxy Voting**

Signatory of: PRI Principles for Responsible Investment



ESG Integration

We incorporate financially material ESG considerations into our investment processes, where relevant, by integrating key factors that contribute to the achievement of robust and sustainable outcomes for our clients.

A company's sector and industry classification is central to determining the ESG issues most pertinent to its operations and long-term performance. These sector-specific material issues are identified through the use of materiality maps and globally recognized ESG frameworks. To promote consistency in the identification, assessment, and management of material ESG risks across our portfolio, we have established a structured, sector-specific ESG framework.

In assessing company performance, we maintain a comprehensive internal ESG database comprising up to five years of historical ESG data, sourced from Bloomberg and companies' Integrated Annual Reports, subject to disclosure availability. This database facilitates detailed company-level analysis as well as comparative peer benchmarking.

Our ESG and research analysts evaluate both quantitative and qualitative ESG factors that may affect a company's long-term sustainable performance. These insights are systematically incorporated into financial analysis by linking the company's ESG risk management practices to key value drivers, including costs, revenues, capital expenditure, and profitability. Financial models and valuation assumptions are adjusted, where necessary, to reflect these considerations. The resulting analysis is communicated to the broader investment team, including fund managers, to support informed and disciplined investment decision-making.

Signatory of:
PRI Principles for Responsible Investment



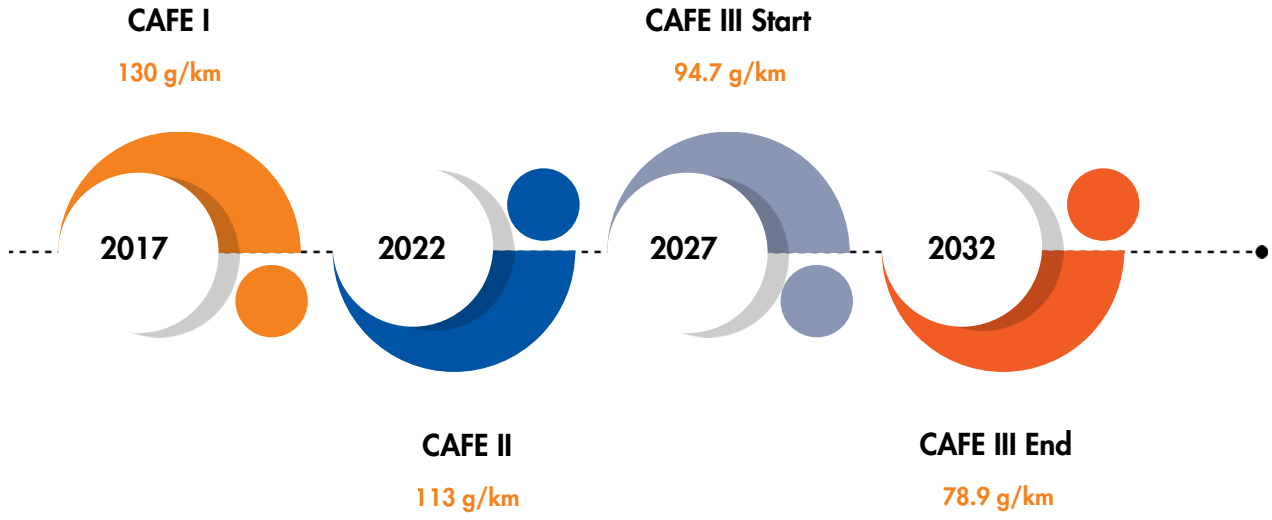
Case Study

CAFE III readiness across four major Indian passenger-vehicle OEMs

What is CAFE?

Corporate Average Fuel Efficiency (CAFE) set a fuel-consumption ceiling for each OEM's passenger- vehicle fleet. It was introduced with the main focus of improving the average fuel efficiency and reduce CO_2 emissions of an OEM's passenger-vehicle fleet. It is applicable to M1-category vehicles (Passenger vehicles Gross Weight below 3500 kg) manufactured or imported for sale in India. Compliance is assessed on a sales-weighted fleet average rather than model by model, so an OEM can continue to sell high-emission vehicles provided the average is offset.

CAFE history and targets



Signatory of:
PRI Principles for Responsible Investment

CAFE targets have tightened progressively in a phased manner with CAFE III/CAFE 2027 proposing a further reduction of **~16%** in FY28 and **~30%** by FY32 versus the CAFE-II benchmark thereby increasing the need for more cleaner powertrains including CNG/ethanol, hybrids and BEVs. CAFE I saw broad industry compliance. Under the tighter CAFE II norms, nine OEMs reportedly missed the FY23–FY25 block; the associated penalties were subsequently waived to facilitate a smoother transition to CAFE III.

CAFE Formula and individual targets

While headline CAFE targets were set at **130 gCO_2/km** under CAFE I and **113 gCO_2/km** under CAFE II, the final target varies by OEM based on its sales-weighted average fleet weight, using $T = A \times (W - B) + C$. Here, C is the baseline fuel-consumption target (litre/100 km), A x (W - B) is the weight adjustment. A, B and C are regulatory constants, and W is the OEM's sales-weighted average fleet weight for the year. The result in L/100 km is converted to g CO_2/km at 23.7135.

Parameter	CAFE I (FY18-22)	CAFE II (FY23-27)	CAFE III (FY28)	CAFE III (FY32)
Slope 'A'	0.0024	0.002	0.00158	0.00131
Reference kerb weight 'B' (kg)	1037	1170	1229	1229
Constant 'C' (L/100 km)	5.49	4.79	3.99	3.33
Implied fleet CO_2 target (g/km)	**130**	**113**	**94.7**	**78.9**

CAFE III replaces a single block target with year-on-year targets from FY28 to FY32 with a progressively tighter annual compliance trajectory till FY32.

Compliance Flexibility and Credit Mechanism

CAFE III materially incentivizes cleaner powertrains through super credits—3.0x for BEVs/REEVs, 2.5x for PHEVs/flex-fuel strong hybrids, 1.6x for strong hybrids and 1.1x for flex-fuel vehicles—along with CO_2 discounts of 5% for CNG, 8% for E20+ vehicles and 22.3% for flex-fuel ethanol vehicles.

Signatory of: PRI Principles for Responsible Investment

OEMs exceeding their CAFE target generate a debit, which may be offset through carry-forward credits, trading with other OEMs, or purchase of credits from BEE. BEE buyout prices are set at ₹2,500 per gCO_2/km in FY28, rising progressively to ₹4,500 per gCO_2/km by FY32.

OEM Read-Through and Key Findings

We assessed CAFE III readiness across four major passenger-vehicle OEMs by comparing their current BEV penetration with the estimated BEV mix required to meet the FY28 and FY32 fleet- efficiency targets. The required mix is derived from each OEM's fleet profile and the BEV penetration needed to close its CAFE compliance gap.

OEM	Current BEV Mix (FY26)	FY28 BEV Mix Required	GAP Current vs FY28	FY32 BEV Mix Required	GAP Current vs FY32
OEM 1	0.2%	1.1%	0.9%	7%	6.8%
OEM 2	8%	11%	3%	17%	9%
OEM 3	14%	8%	-6%	13%	-1%
OEM 4	1%	7%	6%	12%	11%

Conclusion

CAFE III is best viewed as a portfolio-management regulation: it rewards OEMs that combine efficient ICE platforms with CNG/ethanol, hybrids and BEVs, rather than prescribing a single propulsion technology. The gap between an OEM's current BEV penetration and the mix required under CAFE III is a key indicator of its execution challenge. OEMs with wider FY28 and FY32 gaps will need to accelerate EV model launches, ensure timely capacity ramp-up, and drive retail adoption quickly to achieve the required fleet mix.

Signatory of: PRI Principles for Responsible Investment



Stewardship

This report provides a detailed overview of the two core pillars of our stewardship programme: engagement with investee companies and the exercise of proxy voting rights on behalf of our clients. As an asset manager, our foremost responsibility is to safeguard and advance the interests of our investors. We fulfil this responsibility through ongoing monitoring and regular engagement with investee companies on matters relating to financial performance, material ESG risks and opportunities, and the quality and transparency of disclosures.

Our stewardship activities are undertaken from a long-term investor perspective and are grounded in a financial materiality-based approach. They are focused exclusively on promoting and protecting the long-term financial interests of our investors. We consider financially material ESG factors to be integral to the investment decisions we make. We further believe that sustained and constructive engagement with investee companies can generate a positive cumulative impact by improving corporate practices and governance standards, strengthening oversight mechanisms, and encouraging responsible management. Such engagement also supports companies in effectively managing their societal and environmental impacts, thereby enhancing their ESG performance and long-term value creation potential.

UTI AMC is a signatory to **Climate Action 100+** (CA100+ is made up of 600 global investors who are responsible for more than $68 trillion in assets under management across 30 markets) and along with other signatories we have commenced engagements with 7 Indian corporate companies, which have been recognized as very high carbon emitters. UTI AMC understands the risks of stranded assets for these companies and will engage with them to push for an effective transition and decarbonisation plan.

UTI AMC has joined **Nature Action 100 (NA100)**, a global investor-led engagement initiative focused on encouraging greater corporate ambition and action to address nature and biodiversity loss. Participation in Nature Action 100 strengthens UTI AMC's Responsible Investment and Stewardship approach by collaborative investor engagements focused on companies and sectors with significant impacts and dependencies on nature.

Signatory of:
PRI Principles for Responsible Investment

Engaging with companies

Our regular engagements, which primarily focus on financial performance and management discussions, cover 300 investee companies. We have engaged with **40 companies** in the last six months.

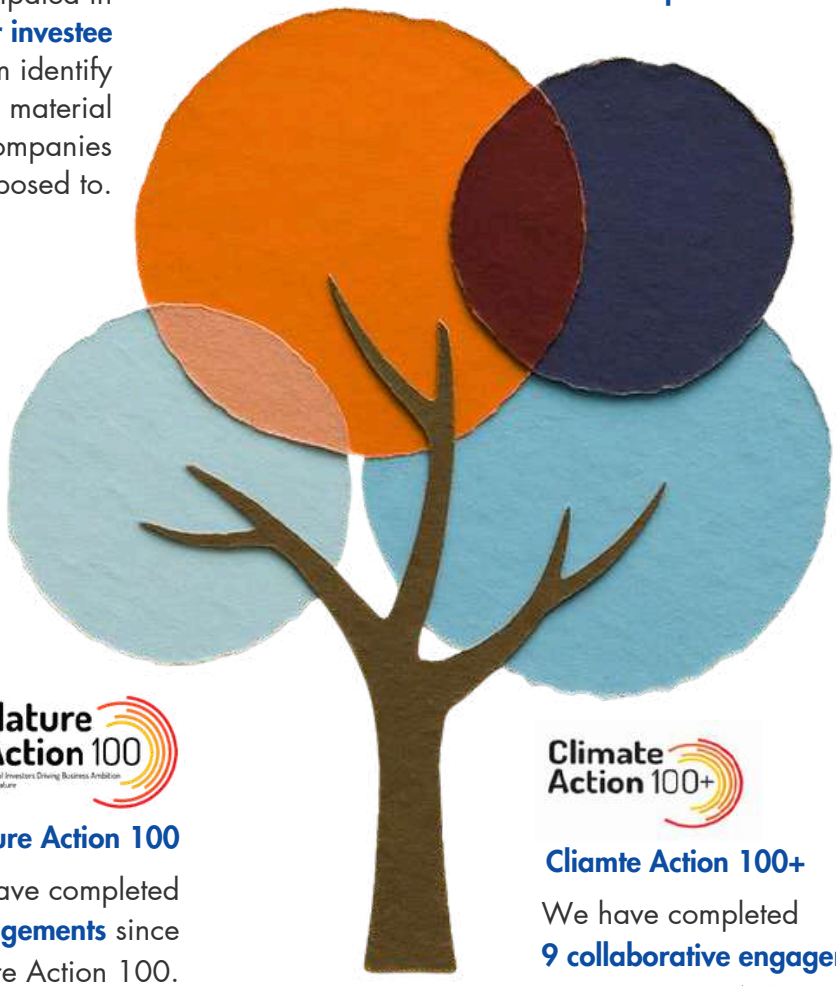
We engaged with the investee companies in various modes as mentioned below:

One-on-One Engagement with Company Management

Since June 2025, we have had one-on-one engagements with **38 companies** from various sectors.

Materiality Surveys

We have participated in assisting **2 of our investee companies** to help them identify the most critical and material ESG risks that these companies may be exposed to.



Nature Action 100

We have completed **3 collaborative engagements** since joining Nature Action 100. Participation in NA 100 will also support UTI AMC in progressively strengthening the integration of nature and biodiversity considerations into its ESG research, investment analysis and stewardship activities.

Cliamte Action 100+

We have completed **9 collaborative engagements** since joining CA 100+. There are 7 Indian companies identified as high emitters in the initiative and UTI AMC strives to engage with all the companies regularly to take a periodic review of their decarbonisation commitments and progress.

Signatory of: PRI Principles for Responsible Investment



Engagement with a prominent **Indian Automobile company**

Background

The automobile company was rated in the High-Risk category by a specific third-party ESG research provider. Our engagement focused on improving the completeness, recency and traceability of ESG information used by third-party research provider. Rather than seeking new commitments alone, we asked the company to map existing practices and outcomes to specific assessment parameters and provide verifiable public disclosures and supporting evidence. This enabled a clearer distinction between genuine management gaps and information that was already available but not fully captured in the external assessment.

Engagement

The engagement helped address ratings-provider identified information gaps across fleet emissions, Scope 3 emissions, product safety, supply-chain human rights, recycled materials and eco-design, human capital, business ethics, corporate governance and climate governance. The engagement demonstrates the role of active ownership in improving both issuer disclosure quality and the accuracy of third-party ESG assessments. The engagement translated rating-provider findings into specific, evidence-based requests and encouraged the company to present existing practices in a manner that was easier to validate externally. The subsequent improvement in third-party assessment should therefore be viewed as an outcome of stronger information capture and recognition of management practices, alongside the company's underlying ESG performance improvements.

Signatory of:
PRI Principles for Responsible Investment

The company provided us with evidence and highlighted the below disclosures available in the public domain that the third-party provider had not captured in its assessment.

Fleet decarbonisation. The company provided an eight-year fleet-emissions series from FY2017-18 to FY2024-25, with FY2024-25 average fleet emissions at 101.39 g CO_2/km versus an internal target of 110 g/km. This directly addressed the assessment finding that trend data were available only to 2016.

Use-phase emissions. Scope 3 Category intensity declined from 2,252.15 tCO_2e per USD million in FY2022-23 to 1,811.23 in FY2024-25, while absolute Category emissions also declined despite higher vehicle sales over the period.

Product safety. The response documented external safety assessments under Bharat NCAP/Global NCAP and broader deployment of Electronic Stability Control and six airbags across the model portfolio.

Supply-chain controls. The company evidenced audits extending beyond Tier-1 suppliers, including Tier-2 fire and human-safety audits, and reported assessment of 71% of Tier-1 domestic OE suppliers by value for human-rights systems and practices.

Circularity and eco-design. Disclosures included recycled/reused material shares for aluminium and steel, recycling of manufacturing scrap, lightweight vehicle design and recovery of steel/aluminium through end-of-life vehicle dismantling.

Governance and ethics. The company clarified financial expertise on the Audit Committee, Board- level sustainability oversight, business-ethics responsibility and disclosure of political contributions.

Outcome:

UTI AMC engaged with the company on a set of identified ESG disclosure and management gaps. The company subsequently provided detailed public-source evidence across environmental, social and governance parameters. The enhanced evidence base addressed several apparent data gaps and contributed to an improvement in the company's overall third-party ESG assessment to Medium Risk. The engagement improved the quality of information available for external assessment in three ways: it updated stale datapoints, demonstrated multi-year performance trends, and linked policies to measurable implementation. This is particularly important for ESG risk ratings, where incomplete or outdated public evidence can result in management indicators being scored conservatively even when relevant practices exist.

Signatory of: PRI Principles for Responsible Investment

Proxy Voting

As a responsible investor and as part of our fiduciary responsibility and stewardship duty, UTI AMC is obliged to act in the best interests of our investors, through proxy voting. This includes exercising voting rights attached to the equity shares in which Mutual Fund Schemes invest.

We have developed comprehensive internal voting guidelines and frameworks to ensure the effective oversight and execution of proxy voting activities. These guidelines are closely aligned with our investment philosophy and processes, enabling portfolio managers and research analysts—who possess in-depth knowledge of investee companies—to meaningfully integrate stewardship considerations into their investment decision-making.

This approach allows us to evaluate both financial and sustainability-related opportunities and risks comprehensively, thereby supporting informed and responsible investment choices. We remain committed to consistently undertaking stewardship activities that focus on long-term corporate value creation, ultimately contributing to the revitalization of the broader investment ecosystem.

Voting Summary

In the financial year 2023-24, from April 2023 to March 2024 we had **3343** resolutions to cast our vote on.



Signatory of:
PRI Principles for Responsible Investment

In the financial year 2024-25, from April 2024 to March 2025 we had **3980** resolutions to cast our vote on.



In the financial year 2025-26, from April 2025 to March 2026 we had **4772** resolutions to cast our vote on.



For UTI AMC, transparency is important. Our votes are disclosed on our website.

https://www.utimf.com/statutory-disclosures/voting-policy

Signatory of:
PRI Principles for Responsible Investment

Examples of Resolutions voted Against

Below are a few of the resolutions where we have voted 'Against':

Company	Resolution	Rationale for Voting Against
Technology	Approve increase in inter-corporate transaction limit from Rs 35.0 bn to Rs. 50.0 bn under Section 186 of the Companies Act, 2013	The automatic limit for intercorporate transactions of the company is currently ~Rs. 26.5 bn. We note that the proposed limit is ~1.9x the standalone net worth of the company as on 31 March 2025. The company had clarified in the past that the aggregate of the loans and investments made by the company as on 22 January 2025 was ~Rs. 28.2 bn. The company has made investments in various companies recently. The company has stated that in order to tap future market opportunities, the present limit may not be sufficient as it is about to be exhausted. Notwithstanding, the exact utilization of the limit is unclear - while we understand that the company has historically grown through inorganic means, we believe that the company must disclose the current utilization of limits, and a granular plan to justify the ~43% increase in limits over a year. In the absence of clarity, we do not support this resolution.
NBFC	Approve revision in remuneration of Ms. X as Whole time Director from 1 September 2025 till the completion of her tenure on 31 December 2028	As per the revised terms, we estimate Ms. X's FY26 remuneration at Rs 43.5 mn which could go as high as Rs. 167.4 mn if commission is paid at similar range as to Chairman & MD of the company. The company must consider setting a cap to commission to ensure remuneration is reasonable and in alignment with industry peers. We also note, remuneration is not commensurate with remuneration paid to Senior Management Personnel in the company with more relevant experience. Lastly her remuneration was revised in the AGM of 2025 and the reason for another revision in less than 6 months remains unclear. We do not support this resolution.
Logistic	Approve payment of remuneration to Mr. Z, Independent Director, from 1 April 2026 to 30 September 2026, in excess of regulatory limits.	Mr. Z's proposed remuneration for FY26 (till the date of notice) was Rs. 4.9 mn (excluding sitting fees), as approved by shareholders at the 2025 AGM. The company proposes to pay him Rs. 7.5 mn as remuneration (excluding sitting fees) from 1 April 2026 to 30 September 2026. He attended two of five (40%) board meetings held in FY26 and 11 of 15 (73.3%) board meetings from FY24 to FY26. We expect directors to attend all board meetings and, at a minimum, 75% of board meetings over a three-year period. Given the concern on his attendance, we do not support the resolution.

Signatory of:
PRI Principles for Responsible Investment



Continuing Journey

UTI AMC remains committed to the continuous enhancement and evolution of its Responsible Investment Framework. Our primary mandate is to deliver superior risk-adjusted returns to our investors. In pursuit of this objective, we seek to invest in companies that demonstrate robust environmental stewardship, exhibit a strong sense of social responsibility as corporate citizens, and adhere to high standards of corporate governance.

We anticipate that ESG disclosures and reporting standards among Indian companies will continue to deepen and broaden in scope over time. Enhanced transparency and improved data availability, when combined with our established ESG Framework, will enable us to develop and offer—subject to client mandate and investor demand—innovative investment products aligned with the principles of Socially Responsible Investing and Impact Investing. Such strategies may adopt an exclusionary approach to ESG integration, focus on specific sustainability themes, or target investments designed to deliver measurable and predefined social or environmental outcomes.

To further strengthen our ESG capabilities and effectively discharge our responsibilities as a responsible investor, we are investing in the professional development of our research and investment teams by facilitating relevant training programmes and industry-recognised certifications in the ESG domain.

Name	Designation	Sector	Certification
Parag Chavan	Head Of Research (Equity)	Real Estate	CFA Institute Certificate in ESG Investing
Nitin Jain	Fund Manager & Research Analyst	Technology	CFA Institute Certificate in ESG Investing
Deepesh Agarwal	Fund Manager & Research Analyst	Oil & Gas, Infrastructure	CFA Institute Certificate in ESG Investing
Anish Rankawat	Research Analyst	Automobile & Logistics	CFA Institute Certificate in ESG Investing
Suraj Purohit	ESG Analyst	-	CFA Institute Certificate in ESG Investing
Daphne Lim	Risk & Compliance	-	Certification for Applied Responsible Investment from UN PRI
Pradnya Ganar	Research Analyst	Metals & Mining, Chemicals	Certification for Applied Responsible Investment from UN PRI

We will publish updates regarding our progress on Responsible Investment & ESG integration every six months, next update due December 31, 2026.

Signatory of:
PRI Principles for Responsible Investment



Annexures

Signatory of:
PRI Principles for Responsible

ESG Equity Coverage

Below is the sector-wise breakdown of our coverage. The chart also highlights the sectors that we have prioritised to have ESG-related dialogues and engagements with.

Sectors	Companies	ESG Coverage	% Completed	1-1 Engagement	Materiality Survey
Construction & Engineering	52	52	100%	2	
NBFC	34	34	100%		
Banking and Finance	20	20	100%		
Retail	20	20	100%	1	
Cement	8	8	100%	4	
Logistic	9	9	100%	1	
Chemical Group	23	23	100%	2	
Technology	43	43	100%	2	
Oil Gas & Petroleum	13	13	100%		
Auto Ancillary	26	26	100%		
Pharma	46	46	100%	10	1
Building Materials	10	10	100%	4	1
Auto OEMs	12	12	100%	1	
Metals	19	19	100%	1	
Hospitals, Diagnotic & Devices	14	14	100%	3	
FMCG	26	26	100%	3	
Telecom	3	3	100%		
Consumer Durables	13	13	100%	2	
Hotels	6	6	100%		
Real Estate	13	13	100%	1	
Power Utilities	13	13	100%		
Media & Entertainment	3	3	100%		
Sugar	1	1	100%		
Airlines	1	1	100%		
Insurance	7	7	100%		
Asset Management	4	4	100%		
QSR	4	4	100%	1	
TOTAL	**443**	**443**	**100%**	**38**	**2**

Source: UTI Research

Signatory of:
PRI Principles for Responsible Investment

Analytical Contacts





Parag Chavan
Head of Research
UTI AMC Ltd
parag.chavan@uti.co.in



Suraj Purohit
ESG Analyst
UTI AMC Ltd
suraj.purohit@uti.co.in

Disclaimers:
The information on this document is provided for information purposes only. It does not constitute any offer, recommendation or solicitation to any person to enter into any transaction or adopt any hedging, trading or investment strategy, nor does it constitute any prediction of likely future movements in rates or prices or any representation that any such future movements will not exceed those shown in any illustration.

This document has been prepared using information developed in-house and that may be from publicly available sources or from third parties, although believed to be reliable, it has not been independently verified and its accuracy or completeness cannot be guaranteed. No liability is owed to any persons with respect to the information contained in this document. For data reference to any third party in this material, no such party will assume any liability for the same.

UTI AMC Ltd is not an investment adviser, and is not purporting to provide you with investment, legal or tax advice. UTI AMC Ltd or UTI Mutual Fund (acting through UTI Trustee Company Pvt. Ltd) accepts no liability and will not be liable for any loss or damage arising directly or indirectly (including special, incidental or consequential loss or damage) from your use of this document, howsoever arising, and including any loss, damage or expense arising from, but not limited to, any defect, error, imperfection, fault, mistake or inaccuracy with this document, its contents or associated services, or due to any unavailability of the document or any part thereof or any contents or associated services.

Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.

Signatory of:
PRI Principles for Responsible Investment