Responsible Investment policy

Commitment to Responsible Investing

Edelweiss Asset Management Limited ("AMC") is the Investment Manager to Edelweiss Mutual Fund ("the Fund")As among the younger generation of Indian asset management companies, with a strong focus on investor friendly innovation, the AMC is committed to being a responsible steward to the financial savings of our clients. Helping our clients achieve their financial goals is the main driver of the decision making at our firm.

Our investment process is the fulcrum on which our ability to deliver superior, risk-adjusted returns to our clients rests. The AMC is cognizant of the need to have a robust investment process. Our investment professionals employ both quantitative and qualitative factors in their models to capture the risks and opportunities inherent in each potential investment.

The traditional theory and practice of investments have focused mainly on financial parameters. In recent years, however, the expectation of the role of a corporate has changed from a single-minded pursuit of profit to a broader role of being a responsible corporate citizen, actively contributing to the attainment of UN Sustainable Development Goals. In concurrence to the real world, the financial market participants like asset owners, investment managers, advisors, banks and so on, also have a key role to play in the quest of realisation of sustainability goals. As allocators of capital, funds have an ability to influence real world outcomes.

Globally, investment firms have been explicitly committing to incorporating ESG principles into their investment management process. At Edelweiss AMC, we have chosen to join this global movement towards creating a sustainable planet. We believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios.

We are now a signatory to the United Nations Principles for Responsible Investments (UNPRI) and are committed to abiding by the six Principles for Responsible Investment. We recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

- We will incorporate ESG issues into investment analysis and decision-making processes.
- We will be active owners and incorporate ESG issues into our ownership policies and practices.
- We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- We will promote acceptance and implementation of the principles within the investment industry.
- We will work together to enhance our effectiveness in implementing the principles.
- We will each report on our activities and progress towards implementing the principles.

Objectives of our RI Policy

As investors, we realise the need to assess non-financial tangible and intangible factors relevant to analysing a company or issuer's ability to create or contribute to a sustainable future, for itself, its customers and suppliers, its local geography and finally to the planet as a whole. These factors have come to be clubbed into three main dimensions popularly known as Environmental, Social and Governance (ESG) dimensions.

The AMC has started to incorporate ESG related qualitative and quantitative metrics into our investment process with an aim to assess risks and opportunities arising from humankind's quest for a sustainable future. Issues like climate risk, resource scarcity, equitable development, or equal opportunity, were not terms used in investing parlance till a decade or two ago. However, it is increasingly being recognised that several of the E, S and G factors are relevant to the evaluation of risks and opportunities associated with an investment. Adding such analysis provides important insights into how a company leverages its tangible and intangible assets to create long-term value for stakeholders.

Our Responsible Investment Policy (the "Policy") captures our approach to incorporating ESG principles. The approach may differ for different type of funds as per their expectations of their investors and investment focus of the specific fund. The broad general principles are outlined in this document.

Elements of our RI Policy

There are three key elements to our RI philosophy.

ESG Assessment	Engagement	Reporting
As part of the investment research, we have defined a process to evaluate each potential investment on ESG factors.	We will be active owners and engage with companies in line with our fiduciary responsibilities	We will report our ESG performance to our investors on an annual basis.

ESG Assessment

The AMC's research team and fund managers assess each potential investment on ESG factors, before deciding on the investment, and review the ESG status of portfolio holdings on a periodic basis.

Companies are evaluated on their E, S and G performance based on their sectors. The factors used to analyse a company, and the weights for each factor, depends on the sectors. For example, for a cement company, Scope 1 emissions may be the biggest risk factor. Similarly, for a financial firm like a bank, cybersecurity risk would be a key factor.

Given that most of our portfolio is invested in India, an emerging market, we recognise that emerging markets have a different set of environmental & social challenges and it is critical

for our fund to consider these while assessing a company's ESG risks/opportunities and impact. We believe Social factors are important in emerging markets. We track metrics like gender diversity, fair remuneration, equal opportunity at an employee level. Governance factors are more universal in their importance in the evaluation process. In other words, our teams look carefully at all risk factors relevant to a particular investment and then build these into their analysis.

Finally, companies are grouped into quintiles within its sector peer group. While investing we have preference towards companies falling in the upper quintiles. These criteria apply to our actively managed portfolios.

In our actively managed portfolios, we also seek to exclude investing in companies where revenues from products or services detrimental to society like gambling, controversial weapons exceed 25% of revenue. Any ESG specific funds that we may launch in the future may have their own exclusion lists.

We have a significant presence in passive portfolios, where our ability to apply an ESG related filtering or integration methodology is restricted, since we have to follow the underlying index.

The biggest offering of this type is the Bharat Bond ETF program, that we manage under a mandate given to the Edelweiss AMC by the Government of India. Under this program, the investments from retail, HNI and institutional investors are directed towards meeting the borrowing requirements of the public sector via an exchange traded fund, based on an underlying index created by a third-party index firm. The constituents of the index are central public sector enterprises with AAA rating. The AMC's role in the Bharat Bond program is of a facilitator, where we market the Bharat Bond ETF via our various distribution channels. While the AMC does not have the discretion of choosing the issuers and it depends on the index criteria and borrowing needs of these issuers.

We also keep track of news flow on our portfolio companies, and seek to take appropriate action in case of adverse events reported on any investment. Our approach is to first ascertain the veracity of the news and assess the implications. As a next step, we may seek to understand the management's perspective on the development.

Active Ownership

Being active owners is an integral feature of incorporating ESG focus in the fund's management. The core focus of the fund is discharging our Stewardship responsibilities diligently. We will also begin to engage with companies and industry bodies on ESG related matters.

Proxy Voting: Voting on shareholder resolutions, brought either by the management or by other shareholders, is a key part of our role as active investors. We have a Policy on Discharge of Stewardship Responsibilities to guide our processes around voting. We also take services

from third party (proxy) voting agency, who facilitates voting on the resolutions of the investee companies on behalf of the schemes. Information on our voting history is disclosed on our website on a quarterly basis. Review of the Proxy Voting policy is conducted periodically by the Board of Directors. Our Stewardship policy lists down our overall stance on engaging with companies on shareholder related matters, including proxy voting.

Engagement: Our teams are beginning to engage with select investee companies on areas where we would like to see improvement in either the performance or transparency and disclosures. We also engage with companies where we come across negative news on company related events or practices. The engagement may happen in multiple ways: an in-person or online meeting, email, or via questionnaires.

ESG Oversight

ESG Committee: We have constituted a committee to drive ESG processes at the AMC. The committee comprises senior managers from the investments, finance, operations, human resources, risk, product and marketing.

The ESG Committee helps in setting policies and is in charge of designing and implementing processes to deliver on the AMC's ESG strategy and policies. It is also in charge of monitoring progress and reporting of outcomes. The ESG Committee meets periodically and provides update of ESG related parameters and progress to the AMC's MD & CEO.

Reporting and Disclosures

We aim to regularly disclose the result of our ESG processes via periodic public disclosures to our investors, and to UN PRI.

Review

This policy has been reviewed and approved by our board. This policy shall be reviewed once two years or earlier if warranted by new directives from the regulator, or any other new development that require a change in this policy.