

# **Corporate Social Responsibility & Environmental, Social and Governance Policy**



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**Revision History**

<b>Date</b>	<b>Version</b>	<b>Version Description</b>	<b>Author</b>
October 01, 2015	1.0	First Version	Umber Tanya
January 01, 2020	1.1	Second Version	Amin Gulamani
August 04, 2023	1.2	Third Version	Najwa Siddiqui
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## 1. Introduction

Operating in a responsible and sustainable manner is important to UBL Funds. Whilst the company runs business in line with the expectations of diverse stakeholders, it also sees corporate responsibility and ESG practices as a discipline that helps to manage risks and maximize on the opportunities presented in a changing world.

The company takes its corporate responsibility and ESG practices seriously and is committed to understanding, monitoring and managing its social, environmental and economic impact which will enable the company to contribute to the society's wider goal of sustainable development.

The company aims to demonstrate these responsibilities through its actions and within its corporate policies.

## 2. Scope

This policy aims to define the scope of social responsibility encompassing social, philanthropic, community development programs as well as ESG practices such as environmental considerations, employee well-being, diversity and inclusion, corporate governance, ethical business practices, and transparency that UBL Funds shall undertake which are in alliance with its business strategies and will benefit the broader interests of the community.

## 3. Objectives

**Enhanced Reputation:** A CSR department will demonstrate our commitment to social responsibility, enhancing our brand image and reputation among stakeholders.

**Stakeholder Expectations:** The CSR function will help meet the expectations of its employees, customers, investors, and the wider community by contributing positively to the society.

**Long-term Sustainability:** CSR initiatives can contribute to long-term sustainability by reducing environmental impact, improving social outcomes, and promoting economic growth.

**Employee Engagement:** A CSR department can foster a sense of purpose and engagement among employees, leading to increased motivation and productivity.

**Regulatory Compliance:** SECP has notified a phased adoption of IFRS S1 (Sustainability Related Financial Disclosures) and IFRS S2 (Climate-related Disclosures) to align Pakistan's corporate disclosures with global sustainability reporting baseline set by the ISSB. The first phase starts from annual reporting period beginning from 1st July 2025 wherein large listed companies shall need to ensure compliance.

The standard will become applicable to unlisted licensed Public Interest Companies (PIC) from 2027. Being an unlisted PIC and a subsidiary of a large listed entity, UBL Funds shall need to build internal capacity for ESG reporting.

#### 4. Ownership, Maintenance and Approval

This policy is owned by the BOD, however the responsibility of maintenance, review and update lies with the CSR department. The Head of CSR will review and update the policy every three years and put it up for BOD approval, as required.

#### 5. Dimensions of Social Responsibility

The company's actions concerning its social responsibility fall under two categories: Compliance and Pro-activeness.

##### A. Compliance:

Compliance refers to the company's commitment to legality and willingness to observe the values of community while conducting its business.

When it comes to compliance the company considers several aspects:

**Legality:** The Company will adhere to legal guidelines in terms of procedures, fair dealing and safety. Every partnership or collaboration with external parties or organizations will be open and transparent. Corporate value and financial benefits will result only from legitimate business operations and activities. It will always respect the law including anti-bribery and anti-corruption practices. The company is also committed to always honor its own self-regulatory policies.

**Business Ethics:** The Company will always conduct business with integrity and respect to human rights and justice. It will establish appropriate policies and procedures that indicate several aspects of business ethics such as respect towards the consumer, moral corporate governance, anticorruption practices, etc. The company will observe the values that dominate its surroundings and will comply with the moral expectations of the society.

**Protecting the Environment:** The Company recognizes the need to protect the natural environment. Despite it being a business oriented organization, keeping the environment clean and unpolluted is a benefit to all of us. Actions such as disposing garbage, etc. will always be governed by best practices to avoid contamination and pollution.

**Protecting People:** The company will ensure all employees and the external community will not be put to risk from health and safety hazards, resulting from the company's actions.

**Human Rights:** The Company is dedicated to protecting human rights. It will remain a committed equal opportunity employer and will incorporate all fair labor practices in employee relations. It will also ensure that its business activities do not support violations of human rights stipulations.

##### B. Pro-activeness:

Pro-activeness, is every initiative the company may take in order to help the community or natural environment and to promote human rights. In this regard, the company may make donations, encourage its employees to volunteer through programs, support community programs and contribute to environmental protection.

#### 6. Social and Community Development Activities

The Company shall associate itself to a cause which is in line with the identified sectors that include:

**a. Education**

- Financial support to students
- Spreading awareness amongst masses pertaining to the financial industry

**b. Health Sector**

- Financial support/support in kind to hospitals dependent on donations

**c. Environment & Community**

- Proactive protection (e.g. paperless office/reduced carbon footprint)
- Damage control (e.g. cleanliness drives)
- Development (e.g. plantations) and natural disasters.

**d. Support to Arts & Theatre**

- Sponsorship of charity/fund raisers pertaining to arts or theatre
- Provision of scholarships to students pursuing a degree in arts

**7. Criteria for Selection and Credibility Assessment**

- Selection of organization should be considered on the basis of:
  - a. Reputation/credibility
  - b. Merit
  - c. Need
  - d. Character Certificate from organization
- Credibility and repute of the charity organization seeking assistance would be determined on the following criteria:
  - a. Market Reputation
  - b. Ethics & Integrity
  - c. Past Performance
  - d. Feasibility of the project at hand (in case of a new project)

These objectives serve as useful guidelines in the evaluation of proposals received from our various stakeholders for CSR projects, programs and activities.

**Environmental, Social and Governance Policy** (*CCG policy excerpt*)

- **Reduce the Operational Carbon Footprint:**  
Encourage energy efficiency measures and sustainable office practices to minimize environmental impact.
- **Encourage Sustainable Practices:**  
Promote digital document management systems to significantly reduce paper consumption.
- **Enhance Access to Charitable Institutions:**

Facilitate connections with esteemed charitable organizations to support underserved communities through contributions generated from Islamic funds.

- **Promote Diversity in Hiring:**

Ensure on best effort basis, a balanced recruitment strategy that includes a suitable ratio of female candidates and individuals with disabilities.

### **Environmental, Social and Governance Policy** (*Business Code of Conduct policy excerpt*)

- To ensure commitment to strengthen environmental, social and corporate governance areas in accordance with the global best practices.
- To encourage the management to adopt digitalization to enhance efficiency and to protect the environment;
- To promote and ensure compliance with ESG policy of the Company, if any;
- To encourage philanthropic activities, donations, contributions to charities and other matters of social welfare, in terms of sustainable practices;
- To encourage the management to publish or disclose regular reports on their ESG targets, environmental and social impact activities;
- To ensure that the Company operates in an environmentally and socially responsible manner, while having strong governance practices in place;
- To ensure that the Company adopts most efficient energy management system, prevention of energy waste and utilization of natural resources in a responsible manner;
- To ensure commitment to prevent the wasteful use of natural resources and minimize any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment in accordance with the applicable laws.

### **Environmental, Social and Governance Policy** (*Stewardship policy excerpt*)

- UBL Fund Managers Limited, while recognizing the importance of Environmental, Social, and Governance factors in long-term investment performance and risk management, believes that any such initiative should be investor lead to be effective. The policy outlines the company's view to integrate ESG considerations into its stewardship activities and investment decision-making process.

UBL Funds will endeavor to:

Incorporate, while giving primacy to its fiduciary duty of acting in good faith and best interest of the unitholder as laid down in the NBFC Regulations, following factors into the company's investment analysis and decision-making process to better understand the risks and opportunities associated with investee companies, which include but not limited to the following:

- Profile of the sponsors and management;
- Governance Structure of the company;
- Environment and social instances impacting investee company profitability;

- Product, customer and supply chain;
- Issues raised relating to ESG by the external auditors in their report;
- Use relevant ESG data and research to inform investment strategies and identify companies with strong ESG performance. However, there may be instances where investee companies have not adequately disclosed this information which would be impediment in achieving this objective.

## **Annexure A**

### **Proposal & Approval Guidelines**

- Annual CSR/ESG plan containing a broad gist of activities could be presented to the BoD at the beginning of the year listing activities under the given causes.
- A list of organizations under various heads (arts/health/education/social services) would be populated and pre-approved. All other donations/sponsorships would require approval from the CEO.
- Proposals or plans as and when they are shortlisted/developed, should be forwarded to the Internal Committee with recommendations for approval.
- The Committee will be authorized for disbursement of funds for projects that pass the selection criteria.
- Selection of organization should be considered on the basis of the defined criteria.
- Sponsorships/Donations being made to registered organizations, when being sent to Finance; should contain:
  - a. Approved copy of the internal memo
  - b. Proposal/Invoice from the organization (where applicable)
  - c. NTN Number/Tax Certificate
  - d. Receipt of payment (Post payment)
- Proof of completion of the project by way of a confirmation letter from the organization and receipts/photographs should be shared with:
  - a. Head of Corporate Social Responsibility
  - b. Audit, Compliance or Finance Department
  - c. CEO

#### **Amount:**

1. Total CSR budget for the year to be announced by the Finance department annually.
2. Donations/Contributions/Sponsorships to a single project should not exceed 50% of the total annual budget.
3. Donations made through Shariah Funds can be utilized for CSR/ESG related charity.