RESPONSIBLE INVESTING, SUSTAINABLE GROWTH*

ICICI Prudential ESG Fund

NFO Period: Sept 21 – Oct 5, 2020

*Sustainable growth does not signify sustainability/assurance of returns under the Scheme.
ESG investing is synonymous with Sustainable investing. Exposures are taken in companies by assessing them based on 3 non-financial parameters:

- **ENVIRONMENTAL EMPATHY (E)**
  - Duty Towards The Planet

- **SOCIAL RESPONSIBILITY (S)**
  - Relationship With External & Internal Stakeholders

- **CORPORATE GOVERNANCE (G)**
  - Functioning of The Business & Conduct of the Management

Companies are assigned a composite ESG score based on the above factors.
ESG INVESTING – Factors Explained

ENVIRONMENTAL EMPATHY (E)

COMPANIES ARE SCORED BASED ON SOME OF THE FOLLOWING ACTIVITIES UNDERTAKEN TO:

- Efficiently Dispose Waste
- Address Climate Change
- Prevent Pollution
- Conserve Energy
- Conserve Water

The list under each head is not exhaustive.

COMPANY A
(Industrial Manufacturing)

- Inefficiently Using Water

COMPANY B
(Software Industry)

- Opt For Renewable Energy Sources

Water is vital for the paper industry. Inefficiency can affect their future operations.

Conserving non-renewable energy is of utmost importance. This helps in reducing operating costs.

The above is only for illustrative purposes.
ESG INVESTING – Factors Explained

SOCIAL RESPONSIBILITY (S)

COMPANIES ARE SCORED BASED ON SOME OF THE FOLLOWING ACTIVITIES UNDERTAKEN FOR:

- Gender Equality
- Women Empowerment
- Labour Welfare & Rights
- Donations To Social Causes
- Quality Products

COMPANY P

Negligent Towards The Safety Of Its Workers

COMPANY Q

Encourages Women To Restart Their Career After A Break

Labour may go on an Indefinite strike and Affect production.

Gains recognition and consumer confidence by demonstrating progressive thinking and improved male to female ratio in a work environment

The list under each head is not exhaustive.

The above is only for illustrative purposes.
COMPANIES ARE SCORED BASED ON SOME OF THE FOLLOWING ACTIVITIES UNDERTAKEN FOR:

- Ethical Practices
- Efficient Management
- Strong Internal Controls
- No Fraud or Illegal Activities

COMPANY X is subject to action by Regulators due to manipulation of records. COMPANY Y is backed by a strong management team and is free from fraud or illegal activities, indicating confidence in the functioning of the business.

The list under each head is not exhaustive. The above is only for illustrative purposes.
CORPORATE GOVERNANCE PLAYS A PIVOTAL ROLE IN SELECTING COMPANIES

A company with good corporate Governance may also ensure the fulfilment of their Environmental & Social duties.
TRADITIONAL VS RESPONSIBLE INVESTING

Traditional INVESTING

Financial PARAMETERS

SCREENING
Screening BASED ON VALUES OR SOCIAL FACTORS

ESG INTEGRATION
Inclusion OF ESG PARAMETERS IN RISK ASSESSMENT

Responsible INVESTING

Financial PARAMETERS

ESG PARAMETERS

CAPITAL FLOW

SUSTAINABLE THEMED
Investment In Defined ESG Themes/Sectors

Active Ownership
Engagement To Support Proactive Corporate Action
Snapshot of Global SRI assets under management - Source: GSIA

SRI Assets – Socially Responsible Investment Assets
UN PRI: The UN Principles for Responsible Investment (PRI) is an international organization that works to promote the incorporation of environmental, social, and corporate governance factors (ESG) into investment decision-making.

Source - Citi Research

UN PRI Signatories and AUM Growth (2006-2018)
GLOBAL PRESENCE - FLOWS

FLOWS INTO SUSTAINABLE FUNDS (in USD Billion)

Data as of December 2019. Source: Morningstar Direct. The above data pertains to all ESG Funds (equity, debt and hybrid) globally.
GLOBAL PRESENCE – No. of Schemes

Data as of December 2019. Source: Morningstar Direct. The above data pertains to all ESG Funds (equity, debt and hybrid) globally.
ESG CONCERNS & NEED IN INDIA

ENVIRONMENTAL ISSUES

• 17% Of World’s Population Resides In India
• India only shares 2.4% of the World Land
• Water Stress Levels Are At 54%
• 11 Out Of Top 12 Polluted Cities Globally Are In India

SOCIAL ISSUES

• Poverty Is Nearly Affecting 18% Of Population
• Labour Law issues.
• Gender discrimination still prevails in many parts
• Illiteracy is still a concern in India

CORPORATE ISSUES

• India is still lagging behind its developed market peers
• Overseas companies prefer companies with strong backgrounds
• Good Corporate Frameworks attract more talent and young workers
• India has seen a lot of frauds and illegal activities coming to light
BENEFITS OF ESG BASED INVESTING

WHY OPT FOR ESG INVESTING?

01. Less likely to be impacted by any regulations, taxes and restrictions imposed to save the planet, society or maintain governance.

02. Can push companies to become more aware of their negative actions.

03. Encourage companies to behave more responsibly, which is the need of the hour.

04. Climate change, societal issues and poor corporate governance ultimately pose a threat to a company’s future, sustainability, earnings and growth.

05. Exposure to long-standing companies that are usually ESG-compliant.
ESG BASED INVESTING: SCOPE IN INDIA

The concept is at a very nascent stage and unexplored

In light of the current conditions such as increasing climate hazards, environmental issues, governance & prevailing social ills, that India has witnessed in last few years, we expect investors to have lot of focus on ESG factors while making investment decisions.

Growing awareness about the need and benefits of ESG investing
ICICI Prudential ESG Fund is a fund that encourages Sustainable Investing by investing in Companies that follow the ESG theme.

SHOW ENVIRONMENTAL EMPATHY

TAKE CHARGE OF SOCIAL RESPONSIBILITIES

DEMONSTRATE GOOD CORPORATE GOVERNANCE
About ICICI Prudential ESG Fund...

**INVESTMENT PHILOSOPHY**
Identifying companies with a High ESG Score which reflects the strength and stability of the companies

**SELECTION PROCESS**
Selection process will be based on internal research and/or from the Nifty 100 ESG universe

**INVESTMENT PROCESS**
- Ratings are based on an in-depth study & research
- Any news or controversies will lead to revaluation
- Communication with company management to suggest ESG Score enhancement measures

**ALLOCATION**
- 80% to 100% in companies with strong ESG Scores
- Can invest in foreign securities i.e. global companies with a high ESG Score

**AVOID**
- Sin companies such as tobacco, weapons, alcohol etc.
- Companies with governance issues, leverage issues and other ESG related issues

**AIM**
To maintain a portfolio with a suitable ESG Score
Simply put, **ESG SCORES ARE BASED ON ACTIONS**

Taken in all the 3 Spheres:

0 WORST

- No steps to help the environment
- Activities that harm the earth

10 BEST

- Efforts to make a difference
- Attempt to mitigate environmental damage

- No social activities undertaken
- Improper treatment of people involved

- Undertakes csr activities
- Ensures the wellbeing of the people

- Engaged in Malpractices
- No disclosures or transparency

- Transaprent and ethical
- Strong management

**ESG SCORE**

Companies will be shortlisted based on these scores.

Companies may face changes in the ESG Factors over time. ESG Scores assigned to companies are subject to change accordingly. Refer to the SID for details concerning allocation and investment strategy used.
The scale of 0-10 applies to the composite ESG score. The individual scores are weighted averages. The above is only for illustrative purposes.

### COMPANY A

<table>
<thead>
<tr>
<th>FACTOR</th>
<th>SCORE</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>E</td>
<td>0.9</td>
<td>Inefficient waste management</td>
</tr>
<tr>
<td>S</td>
<td>1.5</td>
<td>Average working conditions</td>
</tr>
<tr>
<td>G</td>
<td>1.6</td>
<td>Unfavourable track record of the management</td>
</tr>
<tr>
<td>TOTAL</td>
<td>4.0</td>
<td></td>
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</table>

### COMPANY Z

<table>
<thead>
<tr>
<th>FACTOR</th>
<th>SCORE</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>E</td>
<td>2.1</td>
<td>Involved in water Conservation &amp; harvesting</td>
</tr>
<tr>
<td>S</td>
<td>2.7</td>
<td>Dedicates 5% of profits for social causes</td>
</tr>
<tr>
<td>G</td>
<td>3.2</td>
<td>Clean and strong management</td>
</tr>
<tr>
<td>TOTAL</td>
<td>8.0</td>
<td></td>
</tr>
</tbody>
</table>
Nifty 100 ESG Index – The Benchmark

Nifty 100 ESG has 88 companies spread across 17 sectors.

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>WEIGHTAGE</th>
<th>COMPANY</th>
<th>WEIGHTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Services</td>
<td>27.3</td>
<td>Reliance Industries Ltd.</td>
<td>10.7</td>
</tr>
<tr>
<td>IT</td>
<td>18.5</td>
<td>Infosys Ltd.</td>
<td>9.6</td>
</tr>
<tr>
<td>Consumer Goods</td>
<td>13.9</td>
<td>HDFC Bank Ltd.</td>
<td>9.0</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>12.4</td>
<td>Housing Development Finance Corporation Ltd.</td>
<td>5.8</td>
</tr>
<tr>
<td>Pharma</td>
<td>6.6</td>
<td>Tata Consultancy Services Ltd.</td>
<td>5.0</td>
</tr>
<tr>
<td>Automobile</td>
<td>5.1</td>
<td>Hindustan Unilever Ltd.</td>
<td>4.7</td>
</tr>
<tr>
<td>Telecom</td>
<td>3.3</td>
<td>Larsen &amp; Toubro Ltd.</td>
<td>3.1</td>
</tr>
<tr>
<td>Construction</td>
<td>3.1</td>
<td>Bharti Airtel Ltd.</td>
<td>3.0</td>
</tr>
<tr>
<td>Metals</td>
<td>3.0</td>
<td>Axis Bank Ltd.</td>
<td>2.9</td>
</tr>
<tr>
<td>Cement &amp; Cement Products</td>
<td>3.0</td>
<td>ICICI Bank Ltd.</td>
<td>2.3</td>
</tr>
</tbody>
</table>

Data as on August 17, 2020. Source: NSE. The portfolio of the scheme is subject to changes within the provisions of the Scheme Information document of the scheme. Please refer to the SID for investment pattern, strategy and risk factors. The asset allocation and investment strategy will be as per Scheme Information Document. The sector(s)/stock(s) mentioned in this document do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future positions in the sector(s)/stock(s).
ESG focused companies show better growth which may translate into better wealth creation for investors.

GROWTH OF Rs. 100

Data as on August 27, 2020. Source: NSE. Past performance may or may not sustain in the future. The performance figures pertain to the Index and do not in any manner indicate the returns/performance of the Scheme.
ESG-Friendly Portfolios During Downturns

From Bottom:
Nifty 100 ESG: 55%
Nifty 50: 52%

Post the correction, the Nifty 100 ESG Index has completely recovered and Nifty is still down by 5%

Data as on August 27, 2020. Source: NSE. Past performance may or may not sustain in the future. The performance figures pertain to the Index and do not in any manner indicate the returns/performance of the Scheme e.
Data as on August 21, 2020. Source: NSE. Past performance may or may not sustain in the future. The performance figures pertain to the Index and do not in any manner indicate the returns/performance of the Scheme.
KEY TAKEAWAYS

Indian companies too have started taking steps towards adopting better practices

Increasing shareholder awareness and rising millennial voice

Regulatory actions in India are being implemented to ensure better ESG standards

India has substantial exposure to environmental and social issues which can be dealt with through ESG Investing
## NFO DETAILS

| NFO Period | New Fund Offer Opens on: September 21, 2020  
New Fund Offer Closes on: October 5, 2020 |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>RTGS and transfer cheques</td>
<td>Till the end of business hours on: October 5, 2020</td>
</tr>
<tr>
<td>MICR cheques</td>
<td>Till the end of business hours on: October 5, 2020</td>
</tr>
</tbody>
</table>
| Option to be launched | ICICI Prudential ESG Fund - Growth & Dividend  
ICICI Prudential ESG Fund - Direct Plan - Growth & Dividend |
| Switches | Switch-in requests from equity schemes and other schemes will be accepted up to October 5, 2020 till the cut-off time applicable for switches.  
Switch-in request from ICICI Prudential US Bluechip Equity Fund, ICICI Prudential Global Advantage Fund (FOF) and ICICI Prudential Global Stable Equity Fund (FOF) will not be accepted. |
| Minimum Application Amount during the NFO | Rs.5,000/- (plus in multiple of Re.1 thereafter) |
| Exit Load | 1% of applicable Net Asset Value - If the amount sought to be redeemed or switch out within 12 months from allotment.  
Nil - If the amount sought to be redeemed or switched out more than 12 months. |
| SIP Amount (During New Fund Offer Period/ During Ongoing Offer Period) | Daily, Weekly, Fortnightly, Monthly SIP$: Rs. 100/- (plus in multiple of Re. 1/-)  
Minimum installments: 6  
Quarterly SIP$: Rs. 5,000/- (plus in multiple of Re. 1/-)  
Minimum installments – 4  
$The applicability of the minimum amount of installment mentioned is at the time of registration only. |
| Benchmark | Nifty 100 ESG TRI |
| Fund Manager* | Mrinal Singh |

*The overseas investments of the Scheme will be managed by Ms. Priyanka Khandelwal*
## ICICI Prudential ESG Fund

An open ended equity scheme investing in companies identified based on the Environmental, Social and Governance (ESG) theme.

This scheme is suitable for investors who are seeking:

- Long term wealth creation
- An equity scheme that invests in equity and equity related instruments of companies following the ESG theme.

*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.

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

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The AMC (including its affiliates), the Mutual Fund, the trust and any of its officers, directors, personnel and employees, shall not liable for any loss, damage of any nature, including but not limited to direct, indirect, punitive, special, exemplary, consequential, as also any loss of profit in any way arising from the use of this material in any manner. The recipient alone shall be fully responsible are liable for any decision taken on this material.

Investors are advised to consult their own legal, tax and financial advisors to determine possible tax, legal and other financial implication or consequence of subscribing to the units of ICICI Prudential Mutual Fund.
THANK YOU