Article 10 Sustainability Related Disclosures for UTI India Innovation Fund

The below table explained the 'sustainability-related disclosures' for the UTI India Innovation Fund. This document has been produced by UTI International Singapore Private Limited ("UTIIS", or the "Firm") in order to meet the requirements of Regulation (EU) 2019/2088, known as the EU Sustainable Finance Disclosure Regulation, or "SFDR".

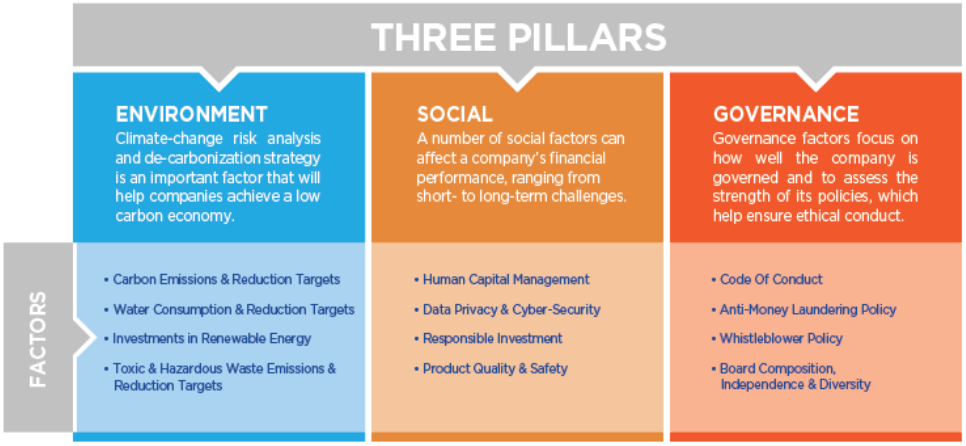
Topic	Summary
No sustainable investment objective	This financial product promotes environmental or social characteristics, but does not have as its objective a sustainable investment
Environmental or social characteristics of the financial product	The Fund promotes environmental or social characteristics by preferentially investing in companies that have already adopted and implemented best-in-class sustainability practices ("Best-In-Class companies"), and those on the path of transitioning towards and adopting such sustainability practices ("Transitional Issuers").
Investment philosophy/ strategy	The Sub-Fund is a thematic fund focused on TID in India. The Sub-Fund will not follow a benchmark and will be actively managed. The Investment Manager will predominantly follow a bottom-up approach to seek companies that exhibit strong TID characteristics. Such companies could be in any sector and could be large established blue-chip companies or young start-ups in the pre-IPO stage. The rapid rise of digital technologies has created opportunities in fields as diverse as healthcare, e-commerce, fintech, edu-tech, agri-tech and renewable energy. Given India's scale, demographics and internet penetration, many such companies are likely to have a high earnings growth potential.
Monitoring of environmental or social characteristics	We believe in promoting good Environment, Social & Governance (ESG) standards in the companies we invest in and consider this as an essential part of our ownership responsibilities. UTI AMC is a signatory to the United Nations Principles for Responsible Investment ("UNPRI") since 2020. Signing the PRI signifies our commitment to responsible investment and that as asset managers, we will strive to promote strong Environment, Social & Governance (ESG) standards in the companies we invest in and consider this as an essential part of our ownership responsibilities. We monitor key environmental and social characteristics that may have significant impact on the long-term sustainable profitability of our investee companies, annually. We track our investee companies' progress with respect to key parameters such as Carbon Zero/Neutral Targets, GHG emissions, Product Carbon Footprint, Waste management, Water Management, Decarbonisation strategy, Gender Diversity, Renewable Energy Usage. We also encourage investee companies to adopt Best Practices such as Anti-Corruption/Anti-Bribery Policy, Human Rights Policy and becoming a signatory to and incorporate the principles laid down by UN Global Compact. We also screen investee companies for being involved in direct/indirect production of Controversial Weapons or any involvement in a controversy, which may negatively impact ESG credentials and the stock price of a company.
Methodologies	1) Integration: a. ESG Framework We follow an inclusive approach to analyze and integrate a company's financially material ESG factors, risks and opportunities as additional inputs, into our investment decision-making process. Exposure to ESG

factors/risks may have significant impact on the long-term sustainable profitability of our investee companies. We evaluate such risks that relate to the company or industry and integrate them in our investment decision process. Integrating ESG factors, potential material risks and incorporating the cost implications stemming from such risks, requires an in-depth sectoral ESG knowledge & expertise to drive our investment decisions.

A dynamic sector-specific framework has been created by selecting relevant Key

Parameters, which focus on the three pillars namely Environment, Social & Governance aspects of ESG integration. The framework has leveraged the Sustainability Accounting Standards Board (SASB) materiality framework and our sector based ESG domain knowledge and expertise. Our equity coverage of 367 companies translates into 27 internally defined sectors, which are exposed to different sector specific ESG risks and opportunities.

The material ESG parameters/factors under the three pillars, Environment, Social & Governance, that we consider while analyzing companies in our investment universe, which vary across sectors and industries:



b. ESG Database

To evaluate a company's performance, we have created an internal

ESG database (data sourced from Bloomberg, Annual Reports and Sustainability Reports) which houses up to 4 years of historical ESG data, depending on the availability of company disclosures. This helps us in evaluating the ESG performance of a company on an individual basis and in peer benchmarking. We have subscribed to a top-tier third-party Global ESG ratings provider, Sustainalytics, a Morningstar company which evaluates companies based on ESG risk profiles and management's ESG risk mitigating strategies. ESG performance scores/credentials are based on a company's business segments, geographic locations, exposure to ESG risks and policies & programs to mitigate such risks. The rating takes into account various environmental, social and governance issues material to a particular company. These ESG ratings reports aid us to assess a company's performance in-depth across its sectoral peer groups as well

c. ESG Integration Process

	Quantitative and Qualitative ESG factors/risks that may impact a company's long-term sustainable performance, are evaluated by our ESG & research analysts. The research analysts adjust their financial analysis by linking specific aspects of the company's risk management strategy to di_erent value drivers such as costs, revenue, Capital Expenditure and profits. The analysts then adjust their financial models and valuations accordingly, which is communicated to the investment team including the fund managers. 2) Stewardship As an asset manager, it is our prime responsibility to safeguard our investors' interests through monitoring and regular engagement with investee companies on financial performance, ESG risks & disclosures. Further, ESG factors relevant to a company would also influence our voting decisions as well. We have subscribed to two Proxy Advisory service providers for inputs related to stewardship and voting. Further we also engage with investee companies on resolutions, when we deem it necessary. a. Engagements: Our regular engagements primarily focus on financial performance and management discussions. We have now commenced ESG focused discussion with companies to gauge their ESG performance, understand their risk mitigating strategies and to encourage them to adopt best-in-class ESG practices. So far we have engaged with 44 companies. We believe the number of ESG focused engagements will increase over the coming years, as the adoption of BRSR reporting (Business Responsibility & Sustainability Report) becomes mandatory from FY23. We have also used the following methods for engagements: i. One-on-One Engagement with company management ii. ESG Questionnaires iii. Material Risk Assessment Surveys b. 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. Voting Decision process: The voting process involves the research analyst of the respective company, fund managers, Head of Research and the ESG analyst who is responsible for the proxy voting decision-making process. Third Party Proxy Voting Advisors: We have subscribed to the services of Institutional Investors Advisory Services (IIAS) and Stakeholders Empowerment Services (SES) as third-party proxy voting advisors. However, services of third-party professional agencies would be recommendatory in nature and not binding on our voting decision process.
Data sources and processing	To evaluate a company's performance, we have created an internal ESG database (data sourced from Bloomberg, Annual Reports and Sustainability Reports) which houses up to 4 years of historical ESG data, depending on the availability of company disclosures. This helps us in evaluating the ESG performance of a company on an

	individual basis and in peer benchmarking. We have subscribed to a top-tier third-party Global ESG ratings provider, Sustainalytics, a Morningstar company which evaluates companies based on ESG risk profiles and management's ESG risk mitigating strategies.
Limitations to methodologies and data	The data for Indian companies on Sustainalytics is not as comprehensive as it is in other parts of the world, and it will take time for the data to become more robust. Nonetheless, it represents an important step for our investment team to have access to a different set of data, specifically aligned to ESG, for them to carry out their due diligence and company research. The ESG elements will then be incorporated into decision-making process in due course.

Due diligence	The portfolio manager employs a bottom-up approach when screening for securities. The fund's investment philosophy is such that he only considers investing in Indian businesses of the highest quality as an enhanced layer of 'protection'. We have a pre-determined set of screening criteria ensures a bias towards some of India's best-run, cash generative businesses. This warrants a high degree of confidence in ensuring we are taking care of the 'Governance' side of ESG implementation. It is our commitment to constantly monitor and update our respective policies. Within the next year we want to get to a place, when the underlying ESG data is robust enough, where ESG considerations will become an integral factor of our research analysts individual company rating.
	
	As it stands, UTIIS has committed to a screening criterion whereby we will exclude the following companies from our investment universe -
	• Companies in the business of production, exploration, mining & processing of thermal coal.
	• Companies that generate more than 75% of their captive power using thermal coal.
	• Companies that derive more than 25% of their revenue from activities related to fossil fuels
	• Companies that derive more than 25% of their revenue from Alcohol, Tobacco or Gambling
	• Companies that derive more than 5% of their revenue directly from manufacturing or distribution of controversial weapons, which includes:
	  ◦ cluster bombs and munitions
	  ◦ landmines
	  ◦ chemical and biological weapons
	  ◦ nuclear weapon
	• Companies that have been found guilty of exploiting children from labour
	• Companies that have been found guilty of the following in a persistent and systemic manner and the issue is considered to be material in the context of the overall operations of the company:
	  ○ Violating human rights
	  ○ Involved in Environmental pollution
	  ○ Involved in systemic corruption
	  ○ Systemic Corruption.
	
	We are confident that, over time, our responsible investment policy will have the ability to deliver material change within corporate India, a country where even small changes in the way asset managers invest can make a material difference.

Engagement policies	Within the firm, we believe it is our responsibility as an Asset Manager to safeguard our clients' interests through active ownership, monitoring, and mutual engagement

	with the issuers of the securities we hold in our clients' portfolios. We believe our responsibilities as diligent investors do not cease with the decision to purchase a security. We maintain regular dialogue with the managements of investee companies across different sectors. Where we find areas of concern, we make those concerns known to them. Engagement can take many forms, such as sending emails to individual investee companies, one-to-one calls or meetings with the investee companies' management teams. The central focus of our engagement program is at the company level. Generally, we do not identify broad themes and then engage with multiple companies on the same issue. Instead, we identify specific factors through our research that could be potential impediments to an underlying business' performance. We may ask a company to make a specific change, or we may just seek to gain more information on an issue to ensure our investment decisions are well informed. We prioritize our engagement with companies based on the size of our investment and the exposure to a company. We have adopted the Stewardship code to enhance the monitoring of, and engagement with, the investee companies to improve the Corporate Governance practices to protect and enhance the long-term wealth of unit holders. We also consider shareholder voting an important shareholder right and a valuable tool in the engagement process. We endeavour to vote on all board resolutions of investee companies, which are critical for protecting and enhancing investor's interests. Whilst we use proxy voting advisory services from reputed service providers to help analyze company proxy materials and statements, all votes are confirmed in house by the analyst team in discussion with the portfolio managers. We aim to vote in an informed and pragmatic manner, taking into consideration a company's unique circumstances. The ESG factors relevant to a company would influence our voting.
Designated reference benchmark	To measure financial performance, the fund's reference index is the MSCI India Index. While the index is representative of the investment opportunities we explore for the Fund, the index is not constructed using any environmental or social criteria