

Article 10 Sustainability Related Disclosures for UTI Indian Fixed Income Fund

The below table explained the ‘sustainability-related disclosures’ for the UTI Indian Fixed Income 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 Fund’s investment strategy is to generate total returns with moderate levels of credit risk by investing in a portfolio of fixed income securities issued by the Central Government of India, State Governments of India, Indian Public Sector Undertakings, and Indian companies or companies deriving a significant portion of their business in India. The Fund will invest in both local currency (INR) denominated debt as well as offshore, foreign currency debt of Indian issuers. Offshore, foreign currency debt of Indian issuers refers to bonds and debt instruments issued by Indian corporations and financial institutions in currencies other than INR. The Fund may invest some part of its assets in debt instruments, issued by Indian companies and banks, denominated in USD or other foreign currencies. This exposure to non-INR investments may be converted to INR exposure through the use of non-deliverable forward contracts. The Fund may also invest up to 10% of net assets in fixed deposits held with offshore branches of Indian banks, for ancillary liquidity purposes only, in accordance with the requirements of the Central Bank UCITS Regulations.
Monitoring of environmental or social characteristics	<p>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.</p> <p>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</p>

controversy, which may negatively impact ESG credentials and the stock price of a company.

Methodologies

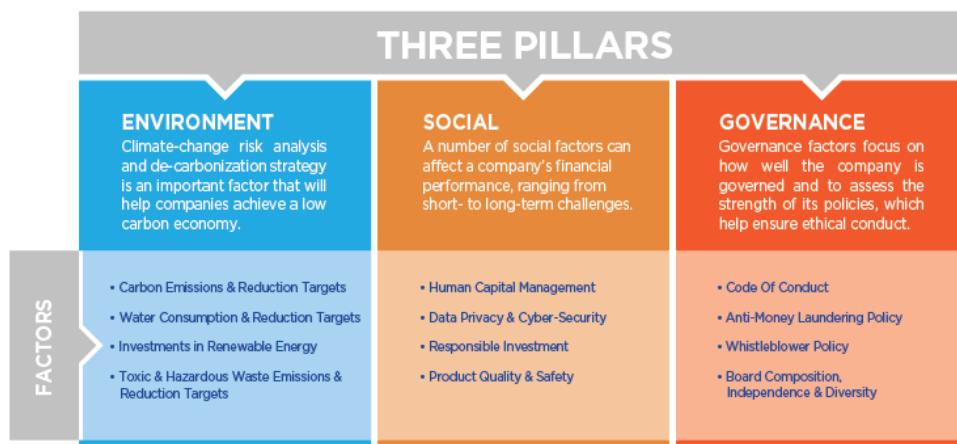
1) Integration:

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.

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

	<p>ESG ratings reports aid us to assess a company’s performance in-depth across its sectoral peer groups as well</p> <p>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 different 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.</p> <p>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.</p> <p>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. We have also used the following methods for engagements:</p> <ul style="list-style-type: none"> i. One-on-One Engagement with company management ii. ESG Questionnaires iii. Material Risk Assessment Surveys
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 top-down macro approach when screening for fixed income securities. Our internal rating for the companies is based on detailed business and financial analysis of the company, along with assessment of promoter and management quality and other qualitative aspects such as conduct of the entity on corporate

governance aspects. While we take cognisance of the external ratings by registered rating agencies in India (CRISIL, ICRA, India Ratings, Care, etc.), we factor in our internal ratings for assessment and analytical purposes.

Besides, we also set credit risk and exposure limits on the fund. Credit Assessment includes:

- Assessment of borrowers' repayment ability over investment horizon;
- Setting up of issuer limits (Short Term - up to 12 months and Long Term - 1 year or longer)
- Ensuring adequacy of security and covenants in the credit term sheet
- Risk sharing – by ensuring that invested credits have market acceptability and we aren't the sole holder of the credit.

In order to adhere to the measures, we have incorporated the following practices into our Short Term (ST) & Long Term (LT) Exposures credit assessment parameters.

ST Exposure includes assessment of the following parameters:

- Liquidity/internal generation adequacy over the tenure of investment
- Asset liability management (ALM)

LT Exposure includes additional assessment of the following parameters:

- Detailed financial projections over the investment horizon
- Stress testing of projected financials to test 'through-the-cycle' rating

Furthermore, a dedicated ESG professional has joined our investment team who assist the investment team with his relevant domain knowledge. 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. ESG considerations are now 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

	<ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> ○ Violating human rights ○ Involved in Environmental pollution ○ Involved in systemic corruption ○ Systemic Corruption. <p>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.</p>
Engagement policies	<p>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.</p> <p>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.</p> <p>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.</p> <p>We also consider voting an important 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.</p>
Designated reference benchmark	The fund does not have any reference benchmark for measuring its financial or ESG performance.