

Appendix II – SFDR Annex

ANNEX II

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: UTI India Innovation Fund (the “Sub-Fund”)

Legal entity identifier: 635400XB8AVFJQCTAF93

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☒ ☐ ☒ No

☐ It will make a minimum of **sustainable investments with an environmental objective:** ____%

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective:** ____%

☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☒ It promotes E/S characteristics, but **will not make any sustainable investments**

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What environmental and/or social characteristics are promoted by this financial product?

The environmental characteristics promoted by the Sub-Fund are:

- carbon neutrality;
- Co2 emission reductions;
- decarbonisation efforts;
- use of renewable energy;
- electrification;
- water management; and
- toxic waste management.

The social characteristics promoted by the Sub-Fund are:

- employee health and safety;
- gender diversity; and
- product safety.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Please refer to the table below for the indicators that the Investment Manager tracks on an annual basis to measure the attainment of each of the environmental or social characteristics promoted by the Sub-Fund. Depending on the disclosures and progress of investee companies, the Investment Manager then actively engages with the relevant investee companies to discuss any deviations from set targets.

Environment Indicators	
Key Parameters	Datapoints
Carbon Emissions & Reduction Targets	
	Scope 1 emission
	Scope 2 emission
	Scope 3 emission
	Direct GHG Emissions
	In-direct GHG Emissions
	Targets to reduce Co2e Emissions
Water Consumption & Reduction Targets	
	Consumption (m3)
	Withdrawal (m3)
	% Water Recycled
	Water Intensity/Sales
	Targets to Reduce Water Consumption
	Rain Water Harvesting
Toxic & Hazardous Waste Emissions & Reduction Targets	
	Sox (tons)

	Nox (tons)
	Sox Intensity (tons/Rsmn)
	Nox Intensity (tons/Rsmn)
	Particulate Matter (tons)
	Ozone Depleting Substances (tons)
	Total Waste
	Hazardous Waste
	Targets to reduce Waste
Opportunity in Clean Technology	
	% Renewable Electricity Share
	% Electric/Hybrid/CNG vehicles in Portfolio
Social Indicators	
Employee Health & Safety	Datapoints
	Employee Benefits
	Employee Engagement
	Employee Attrition Rate
	Women Workforce Participation Rate
	Fatalities
Product Quality & Safety	
	Product Quality Control
	Product Recalls
	FDA Warning Letters

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?



Yes.

This Sub-Fund considers PAI on sustainability factors. This is done in a number of ways.

- The Investment Manager's decision on whether to make an investment in a company, and the size of that investment, takes into account a wide range of PAI Indicators relating to the social, environmental and governance characteristics of that company, including the adverse impact that the company is having on sustainability.
- The product does not invest in any companies engaged in certain activities which, in the opinion of the Investment Manager, are associated with a particularly adverse impact on sustainability. These include but are not limited to companies involved in the in the business of production, exploration, mining & processing of thermal coal.
- The Investment Manager engages with companies in which it invests on a range of issues, including engagement with companies which have high adverse impact, with a view to influencing the company to change its activities in a manner which will reduce the adverse impact.

The specific PAI indicators that are taken into consideration are subject to data availability and may evolve with improving data quality and availability.

The Sub-Fund's annual financial statements will disclose how PAI have been considered on sustainability factors.

No



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

What investment strategy does this financial product follow?

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, edutech, 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.

The Sub-Fund seeks to promote good environmental and social standards and invests in companies that apply good corporate governance practices, with a particular focus on the characteristics listed above under ***“What environmental and/or social characteristics are promoted by this financial product?”***.

To achieve this, the Sub-Fund pursues the following approaches in the investment process via exclusions, ESG integration, active ownership and positive screening, as further detailed below.

Exclusions: The Investment Manager, in consultation with the Investment Advisor, has determined that certain companies will be excluded from the Sub-Fund's investment universe where any one or more factors mentioned below are applicable to the relevant company. The Investment Manager strives to ensure that the investee companies are against any form of slavery and forced labour and are committed to ethical business practices. The Sub-Fund does not invest in companies that have been found guilty in exploiting children for labour or have been guilty in violating human rights. The Investment Manager encourages the investee companies to follow the 10 principles and become a signatory to UN Global Compact. The Investment Manager expects the investee companies to formally commit to respect human rights and have a human rights due diligence process in place.

As part of the Investment Manager's internal due diligence process, all existing and potential investments are routinely screened through one or more specialised ESG research providers to assess any violations of acceptable business practices including alignment with OECD Guidelines and UN Guiding Principles.

Exclusion filters are also applied to the portfolio construction process to restrict investments in companies that are allegedly involved in breaches of international law and norms on environmental protection, human rights, labour standards and anti-corruption.

The Investment Manager, in consultation with the Investment Advisor, ensures that at least:

- 90% of equities issued by large capitalisation companies whose registered office is located in developed countries, debt securities and money market instrument with an investment grade credit rating, sovereign debt issued by developed countries, and
- 75% of equities issued by large capitalisation companies whose registered office is located in emerging countries, equities issued by small and medium capitalisations, debt securities and money market instruments with a high yield rating and sovereign debt issued by emerging countries,

held in the Sub-Fund's portfolio are rated against the sustainability criteria.

Positive screening: After stocks are chosen through the Investment Manager's internal screening process, it then applies positive screening which reduces the Sub-Fund's investable universe by 7-8%.

Monitoring compliance: The Investment Manager, in consultation with the Investment Advisor, monitors compliance with the environmental and/or social characteristics outlined above on a regular basis through ongoing monitoring of sustainability indicators using company and third-party data providers. If the Investment Manager is not satisfied with a particular stock following engagement with the relevant investee company, it will adjust the Sub-Fund's portfolio to maintain alignment with the key indicators being monitored.

In addition to its exclusion policy and PAI monitoring, the Investment Manager also uses third party data providers, such as Sustainalytics, to support its considerations when determining whether an investment is a sustainable investment.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

Exclusion Policy: The Investment Manager implements an exclusion policy which eliminates any company from the Sub-Fund's universe which may cause significant environmental or social harm.

The exclusion policy can be found on the Investment Manager's website and includes:

- 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 20% of their revenue from Alcohol, Tobacco or Gambling.
- Companies that are engaged in the manufacturing or distribution of controversial weapons, which includes:
 - cluster bombs and munitions
 - landmines
 - chemical and biological weapons
 - nuclear weapons
 - Depleted uranium
 - White phosphorous
 - Blinding laser weapons
 - Non-detectable fragments
- Companies that have been found guilty of exploiting children for labour.
- Companies that have been found guilty of the following in a persistent and systemic manner without any acceptable corrective actions taken 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

In addition to the Investment Manager's exclusion policy, the following binding elements are used by the Investment Manager to select the investments to attain each of the environmental and/or social characteristics promoted by the Sub-Fund:

- ESG due diligence assessing selected sustainability indicators; and
- ESG due diligence assessing good governance practices (including sound management structures, employee relations, remuneration of staff, and tax compliance).

● ***What is the policy to assess good governance practices of the investee companies?***

Corporate governance factors are an integral component of the Investment Manager's investment philosophy and company selection process. The Investment Manager has an experienced investment team which enables it to incorporate insights on management track record on corporate governance, gained over decades, into its investment management

process.

The Investment Manager, in consultation with the Investment Advisor, assesses the governance practices of issuers through active analysis of the relevant companies' financial and operational health. The Investment Manager, in consultation with the Investment Advisor, analyses companies as going concerns and evaluates companies' track records over a long period of time, in addition to using governance ratings provided by third party data providers to supplement their research. In addition, the Investment Manager, in consultation with the Investment Advisor, directly engages with management at regular intervals in order to satisfy itself that the relevant issuers follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. The Investment Manager, in consultation with the Investment Advisor, monitors investee companies and checks whether companies have policies in place on these factors. In addition, the Investment Manager has adopted a stewardship code.

The Investment Manager also seeks to engage with investee companies on corporate governance issues such as capital allocation, related party transactions, board composition, board committees' composition, board gender diversity, management compensation (CEO remuneration) and compliance lapses.

Further, the Investment Manager aims to promote good governance practices through proxy voting, for example, by voting against management resolutions that are not aligned with best practices or are not aligned with investors' interests.

The good governance practices only apply to investments in companies and do not apply to government bonds.

Asset allocation

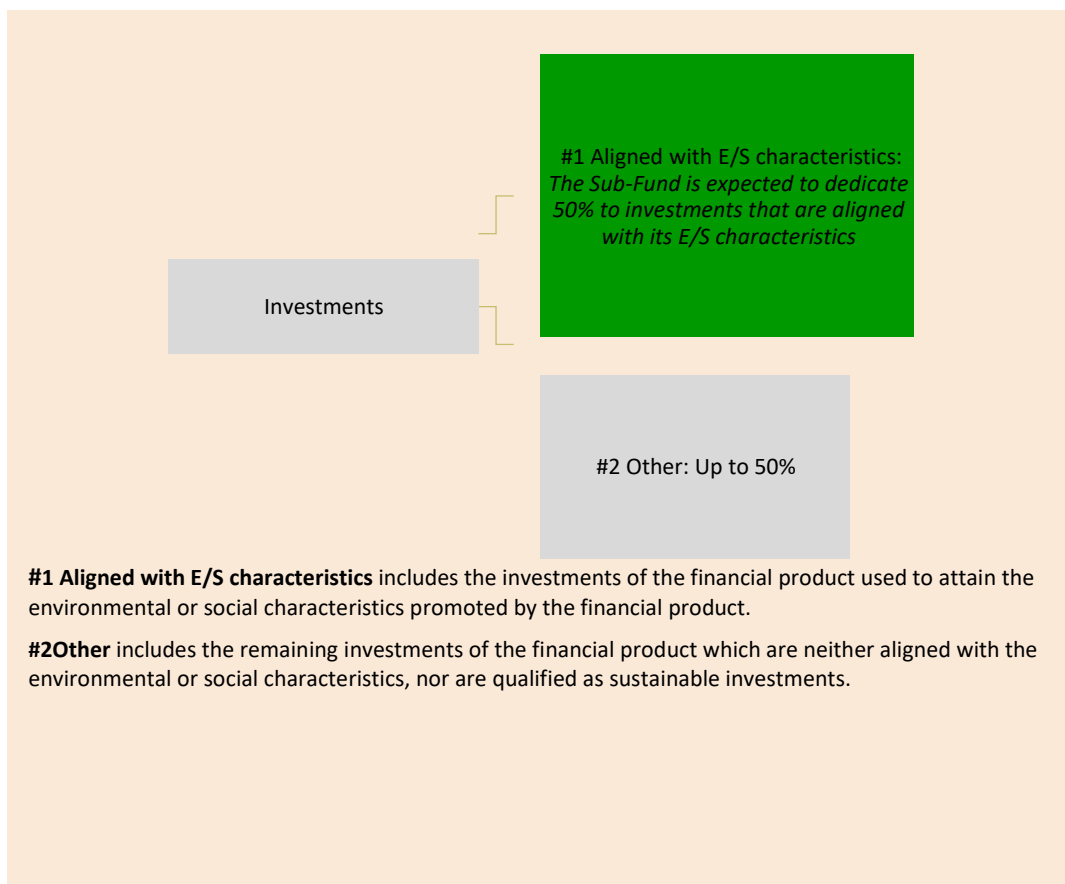
describes the share of investments in specific assets.



Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

What is the asset allocation planned for this financial product?



The minimum proportion of the investments of the financial product used to meet the environmental or social characteristics promoted by the Sub-Fund is 50%.

The remaining portion of investments is up to 50% and is made up of cash and other investments that are not aligned with the Sub-Fund's environmental and/or social characteristics. There are no minimum environmental or social safeguards relating to these investments

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

As at the date hereof, it is expected that the minimum proportion of investments of the product in environmentally sustainable economic activities aligned with the EU Taxonomy shall be 0%.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹³?

Yes:

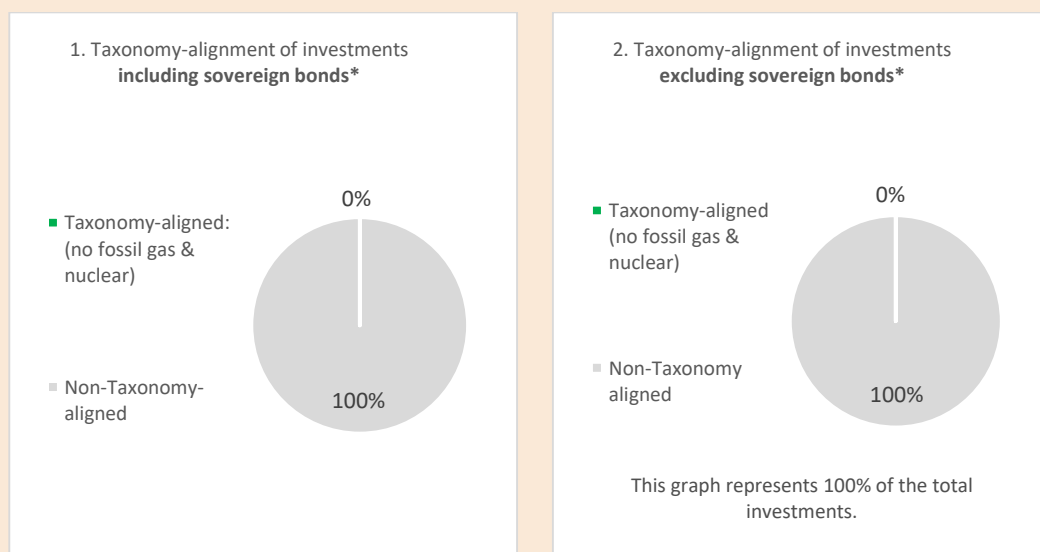
In fossil gas

In nuclear energy

No

X

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

What is the minimum share of investments in transitional and enabling activities?

0% of Net Asset Value.

¹³ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Cash for ancillary liquidity and other investments that are not aligned with the Sub-Fund’s environmental and/or social characteristics. There are no minimum environmental or social safeguards relating to these investments.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://utifunds.com/sfdr-disclosure/>

The Investment Manager’s responsible investing policy can also be found on the website:

<https://utifunds.com/responsible-investing-policy/#>