Article 10
(SFDR - Level I)

Website disclosure for an SFDR Article 8 Investment Strategy

Q India Responsible Returns Strategy

We would like to draw your attention to the fact that the sustainability-related disclosures in the financial services sector (“SFDR”) does not require to use a specific layout at website level pursuant article 10. The level II anticipates more information to be provided compared to the level I. Please note that the information provided here is pursuant to the level I disclosure requirements only.

Environmental or social characteristics of the financial product

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

The current strategy promotes environmental and social characteristics pursuant to Article 8 of the SFDR but does not have sustainable investment objective and does not currently commit to investing in any “sustainable investment” within the meaning of the SFDR or the Taxonomy Regulation. The strategy will essentially invest in a diversified portfolio of India public equities that promote Environmental, Social and Governance (“ESG”) characteristics pursuant to Article 8. The portfolio managers will select stocks with a better ESG rating than the average of a peer group of a comparable stocks within a sector and always prioritise a positive ESG profile of their investments over companies that do not consider or emphasise ESG in their operations. When the above best-in-class approach is a premise of the strategy, an alternative qualitative due-diligence that includes the integration of ESG aspects is also performed. The ESG score is then used by the Investment Manager to assess the quality of its portfolio encompasses a broad range of environmental and social characteristics and is based on environmental, social and governance pillars' scores that take into account Climate change and environmental pollution, Natural resource use, Water Stewardship, Waste Management, Energy Efficiency, Renewable Energy and Human capital development / employee relations, Health and safety, Equal opportunity and workforce diversity, Corporate social responsibility, Human rights / child labour, Responsible sourcing and Board independence, Executive compensation, Treatment of minority shareholders, Functioning of audit, remuneration and nomination committees, Reputation / regulatory compliance under each of these pillars respectively stressing on materiality of each of them.

What investment strategy does this financial product follow?

We believe that ESG issues will increasingly impact long term shareholder returns for companies. Companies that focus on ESG issues with its multi stakeholders approach will have a relatively lower risk profile and will be better prepared to deal with possible negative externalities. While the ESG framework and measurement of direct costs to society and the environment are still an imperfect but an evolving science, adopting a sustainable framework for a business positively impacts a company's social license to

operate and allows it to deliver superior returns over the long term.
We believe organizations that manage environmental, social and governance (ESG) factors effectively are more likely to endure and create sustainable value over the long term.

The sustainability objectives of our ESG strategy are:
(a) achieving positive and above-average ESG profile
(b) mitigating ESG risks and harnessing ESG opportunities, and
(c) influencing overall positive behaviour by investing in companies that promote sustainable products and services.

Top Down Approach

Generally, for a company in our investment universe to be included in QESG, the following conditions need to be met -

- **Liquidity criteria:** US$ 1 mn average daily trading volume in the preceding 12 months
- **ESG compliant score:** Company's ESG score is positive and above the minimum threshold as decided by the portfolio team.
- **Financial Filters:** Compliance to minimum thresholds of return on invested capital and growth rates and maximum leverage limits as decided by the ESG team.

An ESG portfolio would take exposure to those securities with a positive / relatively high sustainability score and would generally exclude companies with, for example, poor records on pollution, labour relations or management practices. As part of our fiduciary responsibility, value system and risk management strategy, it is our core belief that a business, run in best interests of all stakeholders seldom fails to create a lasting value for its investors. Higher scoring companies will have higher weights (subject to total sector guardrails). If a portfolio company's ESG score falls below the minimum threshold or it fails our financial filters, the position will be immediately liquidated.

What is the policy to assess good governance practices of the investee companies?
As long-term stewards of our clients' capital, it is imperative for us to assess how companies manage all forms of capital - financial, social, and human and natural resources - and to incorporate the true cost of their business operations by measuring the impact of their actions on the society and the environment.
Our approach relies on our proprietary "Integrity Screen" focused on Governance as well as our principles-based, qualitative-oriented, ESG framework honed since 2015 to identify best and worst ESG practices.

Some of the key governance aspects that we regularly monitor of our investee companies are described below:

We believe companies that have effective boards and are resilient, agile and able to anticipate, manage and integrate into their strategy material environmental and social factors, are more likely to create and preserve value over the long term than those that do not. A company's governance and incentive structures, including its board make-up and remuneration practices, influences the ability of management to deliver long-term success.

a. Board independence: We prefer boards that are independent in substance and have the ability to engage in constructive debate, ask hard questions and challenge management's assumptions / proposals when necessary. We typically check the compliance to listing regulations and Companies Act, whether there is separation of role of Chairman and CEO, disclosures on process and criteria for appointing independent directors, director expertise and qualifications, participation in meetings and the overall performance evaluation process of independent directors.

b. Executive compensation: We prefer companies where executive compensation is linked to long-term performance and aligned with the long term shareholder interests. We check for disclosures on variable and fixed pay, policy on issuance and structuring of stock options and comparison of managerial pay with respect to peers as well as average employee remuneration in the company.

c. Treatment of minority shareholders: We avoid companies whererelated party transactions and other transactions such as mergers and acquisitions are clearly detrimental to minority shareholders. We also check for opaque and complex ownership structure which may have the potential to violate minority shareholder rights.

d. Functioning of audit, remuneration and nomination committees: We prefer committees with an independent chairman and consider it a good practice if executive directors are not members of the remuneration / audit committee.

e. Reputation / regulatory compliance: We avoid companies that have been subjected to a pattern of fines / penalties / settlements in relation to significantly negative or protracted ethical controversies / corruption issues / regulatory violations.

What is the methodology to measure the attainment of the environmental or social characteristics promoted by the financial product using the sustainability indicators?

The sustainability indicators used to measure the attainment of the environmental or social characteristics promoted are:

- Carbon intensity of the portfolio
- Carbon emission contribution by sector
- Portfolio companies targets to reduce emissions over time
- Projected portfolio emissions
- Portfolio gender diversity

- Portfolio board diveristy
- Portfolio board skillset
- Portfolio weighted ESG score
- PortfolioSustainable Development Goals (SDG) mapping

Monitoring of environmental or social characteristics

How are the environmental or social characteristics and the sustainability indicators monitored throughout the lifecycle of the financial product?

Monitoring of ESG risks and opportunities, and periodic updating of scores is the primary responsibility of the ESG analyst. The ESG analyst proactively updates the company research under their coverage every six months where all the primary assumptions of the company and sector are reviewed. During the course of his / her research, he / she is expected to interact with the company management and be informed of the latest industry and company specific developments.

In addition to the above, when a particular project or practice of a company has attracted a lot of controversy / negative feedback, the research team engages with the company management to get their point of view, as well as seek additional disclosures. In case the company is already in the portfolio then the investment team may consider writing to the board of directors to highlight its observations and seek immediate action.

Data sources and processing

What are the data sources used to attain each of the environmental or social characteristics?

For the data sources, our team mainly relies on company disclosures, sustainability and esg reports, quarterly statements, business responsibility reports,
Additional data sources in form of industry association reports, NGO reports, various publications reflecting global best practices etc. will be referred to measure the relative progress on the environmental and social characteristics. Our team also engages with investee companies and attempts to directly meet them at their operational sites. We will also refer to various studies and data provided by global organizations like SBTi, TCFD, CDP, TPI, WDI, etc.

Reference benchmark

Has a reference benchmark been designated for the purpose of attaining these characteristics promoted by the financial product?

☐ Yes ☒ No