



ESG & Stewardship Report 2024

Table of Contents

Principle 1 3
Signatories purpose, investment beliefs, strategy and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Principle 2 6
Signatories governance, resources, and incentives support stewardship.

Principle 3 8
Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

Principle 4 10
Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

Principle 5 20
Signatories review their policies, assure their processes and assess the effectiveness of their activities.

Principle 6 24
Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

Principle 7 27
Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

Principle 8 32
Signatories will monitor and hold to account managers and/or service providers.

Principle 9 33
Signatories will engage with issuers to maintain or enhance the value of assets

Principle 10 39
Signatories, where necessary, participate in collaborative engagement to influence issuers.

Principle 11 40
Signatories, where necessary, escalate stewardship activities to influence issuers.

Principle 12 42
Signatories actively exercise their rights and responsibilities.

Principle 1

Signatories purpose, investment beliefs, strategy and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Veritas Asset Management LLP (“VAM LLP or Veritas”) was founded on the core belief of protecting and growing client’s capital in real terms. Whilst many clients wish to achieve returns in excess of an index, they primarily do not wish to see the value of their assets depreciate over time. By setting an inflation plus target, we create an investment return objective that is absolute rather than relative. In order to achieve that absolute return, we seek companies with the most predictable cashflows. These companies are those with sustainable characteristics and forward-thinking management that are aligned with shareholders.

The culture of the firm, its structure, the investment process, and the way in which we have developed the business have all evolved from this core belief in real returns.

The context in which a firm operates is critical and at Veritas we have a set of cultural traits that anchor our business. These traits have often been written about by our Founding Partner, Charles Richardson, and published on our website. The 10 principles are listed below:

1 Investment-led:

The practice of investment, alongside developing the conditions within which the right degree of thought and analysis takes place, is of paramount importance.

2 Client orientated:

We aim to align ourselves with client interests by only pursuing clients who seek our philosophy, process, and core competencies. We invest alongside our clients.

3 Independence:

Independence of thought and action.

4 Entrepreneurial:

We prefer people in the Partnership to take initiatives, find solutions and ‘get things done’ in the interests of the clients and the Partnership.

5 Simplicity & Focus:

We believe the practice of investment and the business of investment to be complex and demanding – so we concentrate on simplicity and focus to better navigate the demands.

6 Marathon not a sprint:

We concentrate in both investment practice and business development on long term success. We are prepared to make difficult decisions that are right in the long term, and we are prepared to be different from the crowd.

7 Thoughtful, analytical & evidence based:

Seek the truth. These traits develop excellence and a meritocracy – vital for a partnership.

8 Partnership:

Influence and authority built in the boutique by excellence and contribution over multiple years. Partnership has an important implicit contract of mutual responsibility amongst the Partners and with the clients.

9 Integrity:

Vital foundation stone in a people business dealing with the management of client capital.

10 Determination:

We want a firm of able people with the right character and personality for long term success which comes from patience and determination.

The relevance of core principles

By being investment-led and independent of thought, we have never proliferated mandates in order to maximise growth in assets. To us, Environmental, Social and Governance (“ESG”), is fundamental to how one looks at a business and assesses future cash flows. It should be applied to all investment strategies. We do not apply a box tick mentality to ESG or see it as something to be compartmentalised. As can be seen from the organisation chart on page 5 we offer two equity strategies. Global Equities (approximately 88% of AUM) and Asian Equities (approximately 12% of AUM). Our approach to stewardship and ESG integration is consistent across both strategies and all funds. For example, all Funds are categorised as Article 8 under Sustainable Finance Disclosure Regulation (“SFDR”) and our Net Zero commitment is applied to 100% of invested assets.

Governance is central to Environmental and Social risk/opportunities and the assessment of management, its long-term vision, and how it is rewarded is key to an investment thesis. What is a material risk/opportunity for one company may differ from another but will be a critical component in assessing a company’s ability to sustainably generate future cash flows. Where a company generates significant levels of carbon, we would expect to see independently verified disclosure, targets, and key performance indicators (“KPIs”) in incentives as part of the governance structure. It is unlikely to satisfy our quality/sustainable threshold without these. We look to act as owners of a business rather than investors in tradeable securities and believe in active stewardship through Voting and Engagement.

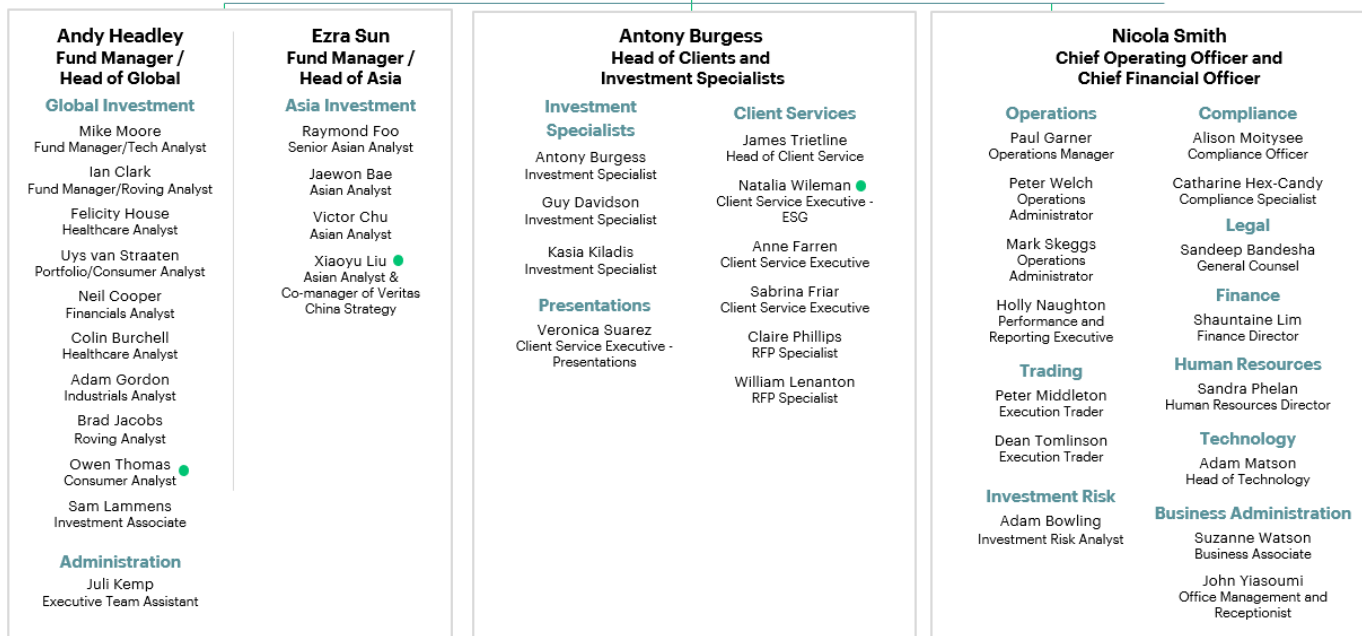
We align ourselves with our clients in other ways, to reinforce partnership and the sustainable growth of the business. We have soft closed the strategies at times where we feel not to do so may impact existing investors. The Global Equity strategy was closed for 3 years prior to 2020, as it became increasingly difficult to deploy cash at the right entry points. The strategies have predictable performance profiles on which our clients depend, and the Partners of the firm believe in ‘skin in the game,’ something we look for amongst investee companies. As such, employees invest their own capital in our funds, alongside our clients.

Turning the lens inward, we strive to set a precedent in sustainability within our own operations. Our Corporate Social Responsibility (CSR) Team oversees our CSR endeavours.

- Veritas works with a designated charity, Sponsors for Educational Opportunity London (“SEO”), which aims to deliver superior educational, training, and mentoring support to young people from underrepresented and underserved background, thus aiming to increase the pool of diversified talent in the financial industry. SEO assists students from A Levels through university into finance, accountancy, and law careers. Throughout 2023, beyond financial contributions, Veritas staff have supported SEO initiatives through mentoring, job shadowing, and hosting insight days.
- At Veritas we aim to embrace a culture of inclusion where our people feel respected, are treated fairly and where different viewpoints, thoughts and ideas are shared and listened to. To achieve this, we proactively seek, develop and retain the best talent from all walks of life and backgrounds. We believe that by nurturing a diverse team, we achieve better business outcomes for our clients and encourage our teams to be more engaged.
- Veritas is committed to Net Zero as an organisation. We are signatories of both the Net Zero Asset Managers initiative and the Science Based Target initiative. The organisation has been carbon neutral since 2022.

VAM LLP Managing Partners Board: Arunma Oteh (Non-Executive Chairperson); Antony Burgess ●; Andy Headley; Nicola Smith; Ezra Sun

VAM LLP Management Committee: Antony Burgess; Nicola Smith



● ESG Team

Action taken in the 12 months to 31 December 2023

Many decisions made are influenced by discussions with investors and consultants and the evolution of RFI requests, enabling us to identify emerging areas of focus. Simultaneously, we monitor global regulatory developments. During the reporting period, we have assessed the impacts of Sustainability Disclosure Requirements (SDR) and Labelling Rules enforced by the Financial Conduct Authority (FCA), changes to the Sustainable Finance Disclosure Regulation (SFDR) enforced by the EU Commission, the introduction of International Sustainability Standards Board (ISSB) standards, and evolving overseas regulations – particularly the U.S Securities and Exchange Commission (SEC) Climate Disclosure Rules, which impact a large percentage of invested assets.

- **ESG Rating Model**

A significant portion of 2023 was dedicated to the development of our proprietary ESG rating model. This initiative was a collaborative effort involving multiple business areas. Rather than outsourcing the responsibility of an ESG rating to a third-party provider, it was decided to enhance the quality rating given to companies as part of the research process, by including an ESG score.

- **TCFD Report**

Veritas published our first TCFD report, ahead of the regulatory deadline stipulated by the FCA for a UK Asset Manager of our size.

- **Net Zero Statement**

The firm has formalised our commitment and efforts on climate transition by issuing a Net Zero Statement.

Principle
2

Signatories' governance, resources, and incentives support stewardship.

ESG and Stewardship Governance Structure

The organisation has a flat structure which embodies our cultural trait of simplicity and focus. There are three broad areas to the business: investment, clients, and operations. Each is headed by a Managing Partner that sits on the Managing Partners Board ("MPB"). Within the client and operational areas, there are Heads of departments which report to the appropriate Managing Partner. This ensures that no individual within the firm is more than two steps removed from decision making, facilitating the sharing and implementation of ideas. Veritas promotes the concept of 'team of teams' with individuals across the firm involved in initiatives.

The MPB consists of four Managing Partners and a Non-Executive Chairperson: Arunma Oteh (Non-Executive Chairperson), Antony Burgess (Head of Clients and Investment Specialists), Nicola Smith (Chief Operating Officer, COO), Andy Headley (Fund Manager and Head of Global), and Ezra Sun (Fund Manager and Head of Asia). The MPB has ultimate responsibility for the consideration and signing off on key initiatives that affect the business. All members of the MPB hold a range of financial related qualifications and an average of over 25yrs. of industry experience.

Responsibility for investment and the integration of ESG rests with the investment teams and the Portfolio Managers, with oversight by the Managing Partners Board ("MPB"). This approach has been consistent since the inception of the firm.

We have an ESG Team that oversees specific processes and infrastructure ensuring compliance with regulation and education within teams throughout the firm.

The ESG team currently consists of four individuals across departments:

- Antony Burgess (Head of Clients and Investment Specialists, and Managing Partner)
- Owen Thomas (Analyst - Global Team)
- Xiaoyu Liu (Co-Manager, Veritas China strategy, and Analyst - Asian Team)
- Natalia Wileman (Client Services Executive - ESG)

The team considers new initiatives that may be additive to the investment process, specifically related to stewardship or client reporting. There is clear accountability and oversight from start to conclusion. Before anything is endorsed, it will be signed off by the MPB, which includes one member of the ESG team who will present to the MPB.

Any agreed action, e.g., the introduction of a new policy, will be communicated to the various teams by the appropriate team leaders, e.g., the Head of Global Investments will inform the analysts within the Global team. It is important that a Managing Partner and Investment professionals are involved to ensure oversight of all business areas. By having a client service executive in the team, any impact on reporting can be assessed. There are regular meetings for the ESG team to evaluate new initiatives, attendance of relevant conferences/ webinars and thorough discussions on the latest ideas/ regulations with third party experts. The aim is to rotate the investment professionals every 3-5 years.



Data Resources

ESG information is integrated into proprietary research conducted in-house with full integration within the investment process. We do not rely on third party ESG ratings but prefer to conduct our own analysis utilising some of the data from third party providers. We source ESG data from several external providers, listed below. We also use data to help generate reporting for investors. Every two years, the ESG Team reviews the data offerings from third-party providers. In the reporting period, we introduced Bloomberg ESG, to enhance the data feeds required to develop our proprietary ESG rating model.

Bloomberg L.P.	MSCI ESG Research LLC	Institutional Shareholder Services ("ISS")	Carbon Disclosure Project ("CDP")	Carbon Trust
<ul style="list-style-type: none"> Besides leveraging publications such as the sustainability reports obtained directly from the businesses in which we invest to conduct in-house research, we utilise Bloomberg ESG data to enhance our analysis. 	<ul style="list-style-type: none"> Bespoke alerts for breaches of global norms frameworks. Screening for controversial weapons. Data that will enhance our climate transition work. Data to aid thematic engagement initiatives. Peer ESG comparative positioning data to investee companies. Investor reporting 	<ul style="list-style-type: none"> Voting policy application and execution. We have produced a custom ESG Red Line Voting policy that ISS applies to all company meetings. 	<ul style="list-style-type: none"> Data from the CDP is used to assess the progress made by investee companies in their transition to a low carbon economy in line with TCFD guidelines. We use the output as part of the climate related engagement with companies. 	<ul style="list-style-type: none"> Carbon Trust was appointed to assist with calculating VAM LLP's decarbonisation targets, which is compliant with our Net Zero Asset Managers signatory status. The target is recognised by the Science Based Targets initiative ("SBTi") and complements our TCFD engagement policy.

Remuneration

Fund Managers are incentivised to consider ESG risks by virtue of seeking sustainable businesses. Performance is measured over 1,3- and 5-year periods and any underperformance will be examined for lessons learnt and whether ESG related factors played a role. The Fund Managers are fully aware that the majority of clients seeking investment services, wish to appoint Managers that embrace sustainability and have clear stewardship policies in place.

Each Investment Analyst is rewarded for stock ideas and the impact they have had on the fund and within the team. There are both quantitative measures (performance over 1 year 3 and 5-year periods) and qualitative measures (sharing of ideas, new initiatives, impact). Given the types of business we look for, we do not strip out ESG metrics or targets as these are embedded in the stock thesis. An example of a sale over the reporting period illustrates the point. CVS Health has progressively been moving to a more integrated healthcare provider to adjust to the transition to value- based healthcare and to provide healthcare to the patient wherever they may be (at home, local clinic, hospital etc.). The trend to keep patients out of hospital has accelerated post COVID. Additionally, the acute shortage of clinicians and healthcare workers means that healthcare providers must rely more on technology to keep patients at home and use analytics to intervene only as necessary. CVS has been converting some of its pharmacy outlets into 'health hubs' where patients can be treated. During 2023, it was decided to sell out of CVS. One of the main reasons for the CVS Health sale is the company could not demonstrate the power of the integrated model (health 'clinics'+ insurer + Pharmacy Benefit Manager) after two years with c.7000 people in a fully integrated plan. On paper, there is a clear adoption to the direction of travel in reducing health spend and the social benefit of identifying and treating patients in high-risk categories more quickly and efficiently, which itself will help reduce long term health costs. However, execution has been below expectations and the company has made several high-priced acquisitions at a time of high leverage and interest rates.

Principle
3

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

We believe that given the size of our partnership and the fact our only business activity is asset management, we do not encounter some of the conflicts faced by larger financial services companies. Notwithstanding this, we still ensure that we have a robust Conflicts of Interest Policy which clearly sets out how we identify, consider, mitigate, manage, disclose, and record all conflicts ensuring they are dealt with in a manner that is not prejudicial to any of our clients. We seek to create an environment where staff awareness of conflicts of interests and potential conflicts of interests is conducive to identifying and resolving issues as they arise. Our core aim is to always act in the interests of clients.

We endeavour to undertake a risk-based approach to conflicts of interest and consider all conflicts when implementing policies and procedures. Disclosure of actual or potential conflicts forms a central part of the Conflicts of Interest Policy and any conflicts that arise will be disclosed to the relevant parties.

We have put numerous procedures in place to manage and mitigate conflicts, including prior approval of all employees' personal trades, gifts and entertainment, conflicts of interest register and policy, anti-bribery and corruption policy, and an annual disclosure of outside interests, if applicable.

We seek to act in the interests of all our clients when considering stewardship activities. Conflicts of interest may arise from time to time, such as voting on matters affecting an investee company whose pension scheme may be one of our clients or where our clients are shareholders in two companies involved in both sides of a deal or dispute. To identify such conflicts, on a monthly basis, the ESG team reconciles the firm's list of investee companies against its client list in the CRM system. If no conflicts are identified, the Compliance team will be advised of a nil report. If a conflict is identified, the Compliance team will be notified, and the item will be logged in the conflicts of interest register, along with the date of the next AGM or EGM for the investee company (if available). Notification of the conflict will also be provided to the Investment team, who will engage with the ESG team to ensure there is no risk of inappropriate influence in the voting process. If required, matters will be escalated to the Management Committee.

As long-term investors, who manage concentrated portfolios, it is rare that we encounter a conflict of interest that relates to stewardship. Conflicts of interest management practices are reviewed periodically by the Compliance team and Chief Operating Officer on a regular basis within the Operating Committee and Management Committees. The Conflicts of Interest Policy, procedures, and the conflicts register is updated and approved annually by the Operating Committee. The only conflict of interest identified in 2023 was the result of pension fund client onboarding in the previous year, the shares of the parent company of which are held within the Global Focus Fund. The above procedure has been followed to ensure no inappropriate influence in voting.

The 'conflicts register' of both potential and actual conflicts of interest is available to clients on request. The Conflicts of Interest Policy is available on our website at www.vamllp.com.

Single Team Approach

The structure of our organisation helps mitigate conflicts of interest. Each investment team serves only one strategy. The analysts are not conflicted by having to find ideas for more than one team. Any company analysed as suitable quality will be added to the Universe List of stocks. Only these stocks can be purchased for client portfolios and any stock purchased or sold will be actioned across all clients (subject to any investment restrictions). In the event of onboarding a new client, a trade is stopped for allocations to be reconfigured, meaning the incoming client is treated fairly.

In the event of being made insiders to a position, either inadvertently or knowingly, there are set procedures in place to halt trading and add the stock to a restricted list. Staff undergo annual training involving assessments that need to be passed that cover areas including conflicts of interest.

Specifically related to stewardship, we aim to apply the same holistic approach in order that all clients benefit and there is less chance of conflicts of interest. When we introduce an initiative, we will formally assess whether it can and should be introduced across all funds and for all clients. For instance, we have aligned all funds with Article 8 of the SFDR. In 2023, we developed a custom ESG Red Line Voting Policy for the Asian Investment Strategies. Red Line Voting has been applied to the Global Strategies since 2017. At that time, inconsistent ESG disclosures prevented its application to assets in Asia, though our goal was always to apply the policy across all strategies. The specifics of this policy are detailed under Principle 5 of this report.

Training

Employees participate in comprehensive training that's assessed for effectiveness. The topics covered include personal trading, insider dealing, and anti-money laundering - critical areas directly tied to our clients' best interests. As the ESG landscape is evolving at a far quicker pace than other business areas, this results in multiple training sessions per year, with a key focus on the following objectives:

1. Senior Management Involvement:

- All training sessions include senior management. Active participation reinforces our commitment to ESG principles.

2. External Expertise:

- When introducing new regulations or reporting initiatives, our ESG team consults with external organisations. These organizations encompass NGOs like the Science Based Targets initiative (SBTi) and the Carbon Disclosure Project (CDP), as well as the UK Investment Association, legal firms, and data providers such as MSCI.

3. Wider Business Focus:

- Recognising the importance that all employees understand the ESG strategy and evolution, we have implemented monthly training sessions for client focused business areas such the Client Services and RFP Teams (New initiative 2023). The sessions are led by a member of the ESG Team and cover industry standards, proxy voting, engagement, carbon accounting, climate considerations, and decarbonisation strategies.

4. Continuous Learning Culture:

- Beyond mandatory training, employees are encouraged to pursue courses like the CFA ESG Certificate. In 2023, two additional team members began their preparation to take the examination.

Principle
4

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

Our investment approach involves assessing risks/ opportunities over a 10-year time horizon. As such systemic risks form part of the discussion and where these are material, may form part of a theme/trend which both aids idea generation but also frames engagement with companies. The output of this approach is to contribute to an improvement in a well-functioning financial system. Once a risk is determined, change needs to be encouraged through policies and measurable actions.

Climate Change

Climate change in our view remains a key systemic risk. There is growing evidence of a 'carbon bubble' and the need for an orderly transition to prevent a rushed, disorderly transition. We spend considerable time engaging with professional networks, academics and reading, and climate transition is front of mind. We engage with a concentrated number of companies, the majority of which cite climate as a material risk to the financial system.

There is also a risk within the investment industry of refusing to acknowledge the growing awareness of climate change and the tightening regulations. Clients do not wish to invest in funds that have no clear climate policies in place and companies will find fewer investment houses wishing to hold their equity which may hinder raising of capital. This is not a positive outcome if the risk simply moves 'off balance sheet' to private companies.

Company Management is responding to pressure but there remain hurdles posed by varying regulatory responses. Over 140 countries have made some commitment to Net Zero, but some companies deliberately blur the truth and others genuinely struggle with understanding the changing ESG landscape in real time. Areas of inconsistency include Scope 3 emissions, Net Zero pledges without specific measurable goals, and when to use and not use offsets. To be able to set targets at a fund level, it is first necessary to aim for consistent emissions disclosures and reporting amongst investee companies to better assess the starting point.

Veritas is committed to achieving Net Zero by 2050 with the percentage of AUM managed in line with Net Zero being 100% of invested assets by that date. This is a self-imposed commitment by virtue of becoming a signatory of the Net Zero Asset Managers initiative ("NZAM"). Given that we have also signed up to the Science Based Targets initiative ("SBTi"), we are obliged to set interim targets for both SBTi, which needs to be five years from the base year (2021 is base, so 2026) and for NZAM, which is the 2030 target.

- **Summary of Climate Commitments**

We endorse the initiatives Task Force on Climate-related Financial Disclosures ("TCFD") and Transition Pathway Initiative ("TPI"). These bodies encourage disclosure on areas related to climate change, in a standardised format, which is comparable across company and sector. To make sense of a 1.5-degree world and how companies are positioned, it is necessary to first bring about standardised reporting. Ultimately, we believe that there should be an open architecture to carbon disclosure rather than the need to sign up to a third-party provider. Veritas is a signatory of several globally recognised ESG Non-Governmental Organisations ("NGOs").

2014	2017	2019	2020	2021
<ul style="list-style-type: none"> Financial Reporting Council's (FRC) UK Stewardship Code 	<ul style="list-style-type: none"> UN Principles for Responsible Investment (UNPRI) 	<ul style="list-style-type: none"> Task Force on Climate-related Financial Disclosures (TCFD) 	<ul style="list-style-type: none"> Transition Pathway Initiative (TPI) 	<ul style="list-style-type: none"> Net Zero Asset Managers Initiative (NZAM) Science Based Targets Initiative (SBTi)

We take a pragmatic view to sustainability. To focus on only those companies that demonstrably offer only benefits, would reduce the investable universe to a handful of companies. If we take Net Zero, and only invest in companies with SBTi approved targets today and screen out those that do not or eliminate those that are removed from SBTi, maybe temporarily, clients will need to understand that their risk/ return profile would be very different and maybe not aligned with all objectives. It also does little to help with Net Zero aspirations at a global level. Instead, we see ESG as progressive and take a more holistic approach. There are different buckets today ranging from the compliant through to the 'low hanging fruit' where change can be encouraged relatively quickly, out to the non-compliant that will take more encouragement. In short, we subscribe to the view that as long only active managers, we should use the two tools afforded to us, voting and engagement, rather than exclusion and/ or divestment.

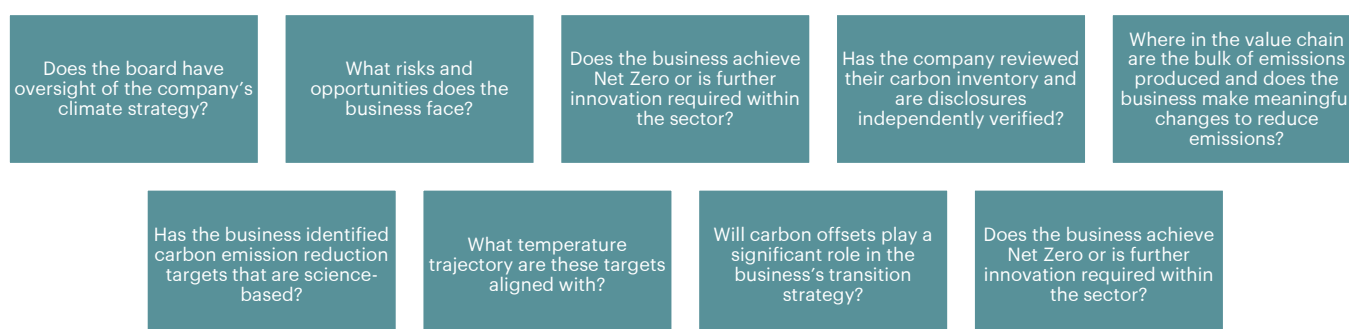
Climate Initiatives

- TCFD Aligned Engagement**

Whilst there is no hard exclusion, prior to investing in a business, the investment team assesses the materiality of risks posed by climate change on a case-by-case basis and where necessary, the financial impact of physical risks. Any company deemed to be at significant risk from climate change will not be added to the Universe List.

VAM LLP implemented a Taskforce on Climate related Financial Disclosures ("TCFD") engagement structure, whereby all investee companies are mapped against TCFD framework and engagement will result in those companies where there is a shortfall.

More specifically the team are trying to identify how the business is positioned in their transition to a low carbon economy, this includes identifying the following:



By implementing a process that assesses all companies held, the team are not only capturing material climate related risks from a bottom-up perspective during the initial research, but the team are also ensuring that companies that are not materially impacted by climate change are keeping abreast of changes, irrespective of the business sector, activity, or location.

The tables below provide a high-level overview of our top 10 portfolio holdings mapped against TCFD framework.

Net Zero & Carbon Management Oversight¹

- Veritas Global Focus Fund**

Top 10 Portfolio holdings as of 31 December 2023

Top 10	Security name	Portfolio Weighting %	CDP Score 2022 ²	TCFD Framework ¹								
				Governance		Strategy		Risk		Metrics & Targets		
				Governance Oversight	Executive remuneration linked to climate	R&D required to align product or service	Scenario analysis	Imminent Climate Risk Identified	CDP Net Zero Target ³	SBTi Near term Target ⁴	SBTi Net-Zero	Target Ambition
1	Mastercard	5.5	A-	✓	✓	x	✓	x	✓	✓	x	1.5°C aligned
2	Alphabet Inc.	5.5	A	✓	✓	x	✓	x	✓	△	x	1.5°C aligned
3	Airbus	5.4	A-	✓	✓	✓	✓	x	x	✓	x	1.5°C aligned
4	Amazon.com	5.3	-	✓	x	x	x	x	✓	∅	x	1.5°C aligned
5	Canadian Pacific Kansas City	5.1	A	✓	✓	✓	✓	x	x	✓	△	Well-below 2°C aligned
6	Diageo	5.1	A	✓	✓	x	✓	x	✓	✓	△	1.5°C aligned
7	Vinci	4.8	A	✓	✓	x	✓	x	✓	✓	x	Well-below 2°C aligned
8	Intercontinental Exchange	4.6	-	✓	✓	x	✓	x	x	x	x	Not available
9	Thermo Fisher Scientific	4.3	B	✓	✓	x	✓	x	✓	✓	✓	1.5°C aligned
10	Fiserv	4.2	C	✓	✓	x	x	x	x	x	x	Not available

- Veritas Asian Fund**





Top 10 Portfolio holdings as of 31 December 2023





Top 10	Security name	Portfolio Weighting %	CDP Score 2022 ²	TCFD Framework ¹								
				Governance		Strategy		Risk		Metrics & Targets		
				Governance Oversight	Executive remuneration linked to climate	R&D required to align product or service	Scenario analysis	Imminent Climate Risk Identified	CDP Net Zero Target ³	SBTi Near term Target ⁴	SBTi Net-Zero	Target Ambition
1	Alibaba Group	9.5	B	✓	✓	x	✓	x	x	△	△	1.5°C aligned
2	TSMC	9.3	A-	✓	✓	x	✓	x	✓	x	x	Not available
3	Samsung Electronics	8.2	A-	✓	✓	x	✓	x	x	x	x	1.5°C aligned
4	Tencent Holdings	5.9	C	✓	✓	x	✓	x	✓	✓	△	1.5°C aligned
5	Goodman Group	5.2	A-	✓	✓	x	✓	x	x	✓	△	1.5°C aligned
6	REA Group	4.9	D	✓	x	x	x	x	x	x	x	Not available
7	Kweichow Moutai	4.9	F	x	x	x	x	x	x	x	x	Not available
8	HDFC Bank	4.7	C	✓	✓	x	✓	x	x	x	x	Not available
9	HKEX	4.5	C	✓	✓	x	✓	x	✓	x	x	Not available
10	Infosys Technologies	3.7	A	✓	✓	x	✓	x	✓	✓	x	Well-below 2°C

¹ Task Force on Climate Related Financial Disclosures. The company has either formally committed to the TCFD or disclosed publicly they have adopted the framework. ² A net-zero target must consist of two main elements; a target to reduce value chain emissions by an amount consistent with net-zero in global scenarios that limit warming to 1.5°C or well-below 2°C; a target to neutralize the impact of residual emissions (i.e., emissions that are infeasible for society to abate in 1.5°C scenarios) by permanently removing an equivalent amount of CO2 from the atmosphere. Carbon neutral refers to a policy of not increasing carbon emissions and of achieving carbon reduction through offsets. ³ Science Based Targets Initiative (SBTi) are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C. Targets are confirmed or Implementation anticipated within the next 2yrs. ⁴ The temperature pathway is not in reference to a Net Zero or Absolute Emissions reduction targets with a minimum goal of 75%

• Engagement on Climate Objectives as a result of TCFD shortfalls

As long-term investors, our strategies typically have an investment horizon of approximately 3-5 years. We often work closely with management to achieve engagement objectives, sometimes requiring multiple interactions on the same issue. The table below provides details of our interactions with companies regarding their climate objectives, including two new instances where we began engaging on this issue and updates on the progress of two companies previously mentioned in last year's report. The reality is that the Chinese names within portfolios, will need patience and a gradual approach. China's policy has set expectations for 2060 as a Net Zero date. Companies are more likely to respond to pressure to validate this target before being pushed further to bring that target forward to 2050.

Company	New Engagements	Status
	<p>BYD is focusing on the development of new energy vehicles and innovative technologies. It has launched highly efficient PV modules and has been recognised for its technical strength in the solar power industry. The company has made investments in green development and environmental protection and invested in significant projects focused on enhancing energy efficiency in production technology and process management. The company claims it aims to adhere to the China 3060 Dual Climate policy (peak carbon by 2030 and Net Zero by 2060). The company currently does not report its GHG emissions to the CDP, an issue we believe must be addressed within the next 12 months. It has formed a Carbon Emission Control Committee and appears to be moving in the right direction, but a CPP submission would give further granularity on strategy.</p>	
	<p>The company has yet to establish Science-Based decarbonisation targets, an issue we believe must be addressed within the next 12 months. The company stated it is committed to carbon peak by 2030 and Net Zero by 2060, in line with China's policy. We have engaged with the company to communicate our expectations and to seek further details on its climate strategy.</p>	

Company	Previous Engagements	Latest Update (2023)	Status
	<p>The company is committed to achieving Net Zero by 2050, but it still needs to establish Science Based Targets. In 2022, progress was made on targets, including assessing its Scope 3 carbon inventory. The company has committed to calculating SBTs within 3-5 years, considering the significant volume of Scope 3 Emissions.</p>	<p>The company's Near Term (2030) and Net Zero (2050) Targets, aligned with 1.5°C, have been verified by the SBTi.</p>	
	<p>The company had not yet completed the Carbon Disclosure Project (CDP) report or determined Science Based Targets (SBTs). Overall, it was lagging behind its peers. In 2022, they reported Scope 1 & 2 GHG Emissions and were assessing the Scope 3 carbon inventory, transition plan, and a Net Zero target - with the intention to report to CDP and calculate SBTs by 2023.</p>	<p>The company has committed to Net Zero by 2050, aligned with a 1.5°C pathway. It intends to reduce Scope 1+2 GHG emissions by 43% by 2030. Additionally, the business is assembling its Scope 3 carbon inventory.</p>	

- **ESG Red Line Voting**

We introduced ESG Red Line voting in 2017. The non-profit organization, the Association of Member Nominated Trustees ("AMNT") developed 39 Red Lines to be applied to ESG topics. The policy incorporates guidance on the disclosure on GHG emissions from the Carbon Disclosure Project ("CDP") and the UN Global Compact ("UNGC"). We have customized the Red Lines to apply them across all Global mandates. Currently we apply 29 Red Lines of which 5 are related to Environmental topics. The Red Lines trigger a 'comply or explain' action which ensures we communicate to clients the action being taken by a company if we vote alongside management. It is often more constructive to work with management than apply a blunt tool. The 5 Environmental Red Lines are listed below and reviewed at least annually, to ensure relevance. They form part of the formalised approach to company engagement.

ENVIRONMENT	E1	Climate Change: Requirement for an Environmental Sustainability Committee	If the company does not have a sustainability committee with responsibility for environmental issues including climate change chaired by a board director, or if the company is outside the FTSE 350 and does not have a named board member with responsibility for this area as evidence of appropriate concern, vote against the chair of the board.
	E2	Climate change: Task Force on Climate-related Financial Disclosures"	If the company does not report in line with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") vote against the chair of the board.
	E3	Climate change: introduction and disclosure of emission reduction targets	If the company has failed to commit to introduce and disclose science-based emission reduction targets, a coherent strategy and action plan in line with a 1.5°C scenario, vote against the chair of the board.
	E5	Climate change: disclosure of information via CDP questionnaires	If the company has failed to disclose quantitative and qualitative environmental information through for example CDP's water and forests questionnaires or similar, vote against the re-election of the chair of the sustainability committee or, in the absence of such a committee, against the re-election of the chair of the main board.
	E6	Environmental damage	If the company has a history of major incidents of environmental damage, or a major incident in the year under report, and the directors' report does not include a substantial account of how it is responding to resulting criticism and of the ways in which it proposes to minimise the risks of repetition, vote against the reappointment of the chair.

After a number of years of assessing the effectiveness of Red Lines, and in order to move further towards consistency across the firm, Red Line Voting was introduced to the Asian equity funds. As with the Global Red Lines, this has the benefit of improving the level of company disclosure to the benefit of all market participants. The Asian Red Lines are discussed further under Principle 5.

Red Line Voting Policy Example

Company: Charter Communications

ESG Category: Environmental

Red Line Breached: Red Line E3 - The company has failed to commit to introducing and

disclosing science-based emission reduction targets with a coherent strategy and action plan in line with a 1.5-degree scenario.



Company Overview:

Charter Communications, Inc. operates as a cable telecommunications company. The company offers cable broadcasting, internet, voice, and mass media services, serving customers in the United States.

Summary of interaction:

Over the last four years, Veritas has engaged with Charter Communications on multiple climate-related issues. We initially engaged with the company in 2019 to encourage annual disclosure of GHG emissions, which was essential for us to determine the company's position and to better understand the impact on the Fund. In 2021, we engaged with the company again to reinforce the importance of disclosure and to encourage the company to establish an environmental strategy that incorporates science-based decarbonisation targets. The engagement objective concerning the disclosure of emissions was achieved in 2021 when the business submitted its first climate change report to the CDP. In 2022, as part of a Thematic Engagement Initiative across all positions in the Fund, we focused on decarbonisation target alignment with the Science Based Targets Initiative (SBTi). Emission reduction targets that are not Science-Based are unreliable. Therefore, we encouraged all companies we invest in to adopt an effective Science-Based climate strategy that preferably incorporates a 1.5 degrees Celsius warming scenario encompassing the entire value chain. We expect Science-Based Targets to receive verification by an independent body. Following an extensive review of each company's climate strategy and commitments to align their business with Net Zero, we categorised companies into the following groups: List A - Companies that do not have SBTs; List B - Companies that have SBTs that have not received independent verification; List C - Companies that have SBTs misaligned with a 1.5°C temperature pathway. Each company, including Charter Communications, was sent a custom letter that detailed our stance on climate change and where we believe the company has fallen short in their efforts thus far. As the company had not confirmed receipt of the letter, we followed up with another letter on this issue prior to a meeting with management in October 2022. The following concerns were raised at the meeting; The company submitted a report on climate to the CDP in 2021. However, there is no submission for 2022; The 2021 CDP submission did not specify any absolute decarbonisation targets; We acknowledge the 2035 carbon neutrality target. However, investors need to understand the pathway to achieving this and the incremental steps to be taken, which include the need to have science-based targets aligned with a temperature pathway.

Outcome:

The company decided not to report to CDP in 2022 as they are awaiting the publication of the SEC disclosure rules in 2023. The explanation for not reporting to the CDP could have been more compelling, and we suspect there are concerns regarding how they would be rated due to the lack of substance underpinning their climate strategy. The SEC Proposal is based in part on the Task Force on Climate-related Disclosures ("TCFD") framework, which has been adopted by multiple jurisdictions including Canada, Hong Kong, Japan, New Zealand, Singapore, and Switzerland. As the company should have a broad understanding of what to expect once the rules are finalised, we would have preferred a proactive rather than reactive approach to have been taken. Unfortunately, we were not satisfied with the response received. Our ESG Red Line voting policy was triggered at the 2023 AGM for concerns related to climate. The policy recommendation was to vote against the re-election of the Chairman. Having informed the company during previous communications that the next step of our stewardship escalation strategy is to vote against management if progress is not evident, we voted against the re-election of Thomas Rutledge.

Measuring Success

1. Implied Temperature Rise (ITR)

As a way of measuring the impact of policies, we appointed the company Carbon Trust to assist with calculating the implied temperature rise (ITR) of all assets to determine an overall pathway to Net Zero. Carbon Trust are respected advisors to organisations and governments on climate transition pathways and use SBTi approved methodology.

VAM LLP has committed to manage 100% of AUM in-line with Net Zero by 2050, excluding cash and assets invested in money market funds..). Given that we have signed up to NZAM and the Science Based Targets initiative (SBTi), we are obliged to set interim targets for both SBTi, which needs to be five years from the base year (2021 is base, so 2026) and for NZAM, which is the 2030 target.

The decarbonisation framework is consistent with the SBTi Financial Institutions Target Methodology, which incorporates the IPCC pathway to 1.5°C. The Temperature Rating methodology is used to determine our targets for financed emissions. The baseline year set was 2021, at which point the firm-level metrics were 2.76°C (Scopes 1+2) and 2.93°C (Scopes 1+2+3).

The Implied Temperature Rise (ITR) model, developed by Carbon Trust, includes only companies that have set targets reported to the CDP or verified by SBTi. Companies that have committed to SBTi but have not yet had their targets approved, or those without set targets, are assigned a default score of 3.2°C. Whilst the model uses the weighted average approach (the respective weighting is the invested value in a company divided by the total value of all portfolios), this hardline default approach impacts the overall implied temperature rating, which is the key to encouraging action.

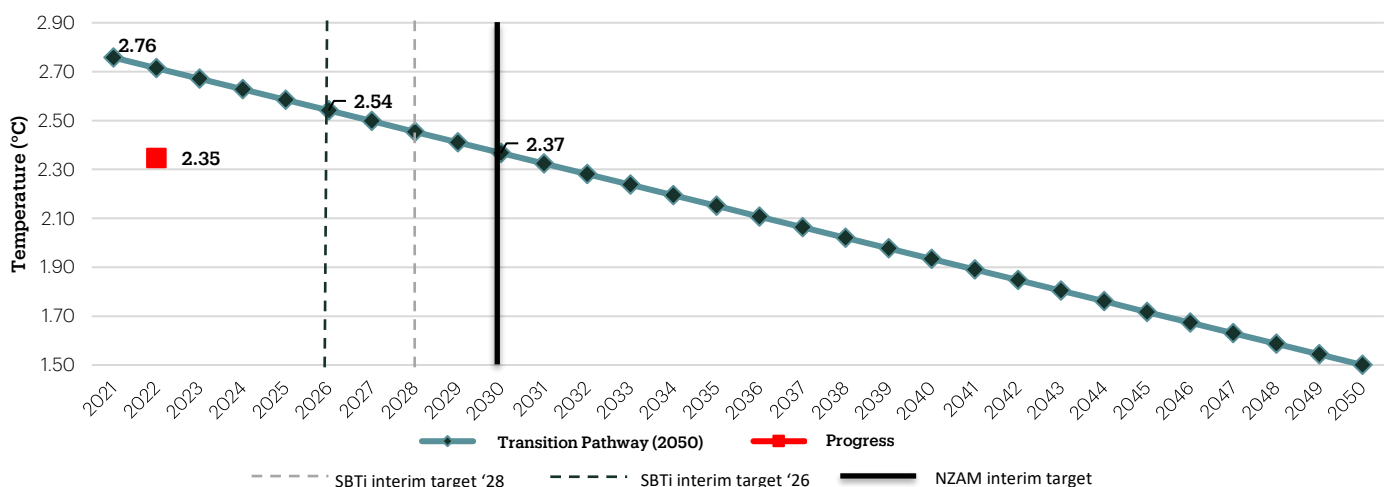
The ITR will reduce quickly by encouraging companies to commit to having their targets verified by SBTi or report to the CDP, which aligns with our TCFD engagement policy. Conversely, if a company fails to adhere to its commitments to the SBTi, it can be removed, potentially raising the Implied Temperature Rise (ITR). For instance, in 2023, Amazon.com, Inc. was removed from the list of SBTi signatories because its commitment expired without the establishment of a credible carbon emission reduction goal by the deadline. Rather than selling the position on this basis, we will engage to understand better the circumstances that led to this outcome. The information below summarises the progress made towards the targets set.

Annual ITR Update

Companies with 3.2°C TR	Δ 2022
Removed from portfolio	25%
Added to portfolio	23%

Companies with ≠3.2°C TR	Δ 2022
Removed (average 2.0°C)	6%
Added (average 1.9°C)	12%

VAM LLP: Transition Pathway to 1.5°C



The ITR chart illustrates the transition to Net Zero at 2050 from the base year in 2021. It also highlights the interim targets set in line with by the SBTi (2026 and 2028) and NAZM (2030) and the ITR as at end 2022. By having voting policies (red lines) and engagement triggers based on TCFD guidelines, stewardship activity is resulting in company targets being recognised and the overall temperature of invested assets falling (from 2.76 degrees in 2021 to 2.35 degrees at the end of 2022).

Pooled Fund ITR

During the reporting period, some clients have requested ITR data for a specific fund, to help with their own disclosure requirements. Whilst the Firm's commitment is on 100% AUM, we now provide fund data to clients that request it.

Veritas Global Focus Fund

For the VGFF, we have established a transition pathway to align the Fund with 1.5°C, aligned with the overarching goal of achieving Net Zero by 2050 for 100% AUM. The base year is 2021, with an initial temperature rating of 2.63°C. Two interim targets have been established, in line with our commitments to the Science Based Targets Initiative (SBTi) and the Net Zero Asset Managers Initiative (NZAM), with targets of 2.44°C by 2026 and 2.28°C by 2030, respectively. Progress is reviewed annually by the third-party Carbon Trust. In the 12-month period ending on 31 December 22, we achieved a reduction of -20% (Scope 1+2), resulting in a temperature rating of 2.09°C, surpassing both interim targets.

Veritas Asian Fund

For the VAF, we have established a transition pathway to align the Fund with 1.5°C, aligned with the overarching goal of achieving Net Zero by 2050 for 100% AUM. The base year is 2021, with an initial temperature rating of 3.19°C. Two interim targets have been established, in line with our commitments to the Science Based Targets Initiative (SBTi) and the Net Zero Asset Managers Initiative (NZAM), with targets of 2.90°C by 2026 and 2.66°C by 2030, respectively. Progress is reviewed annually by the third-party Carbon Trust. In the 12-month period ending on 31 December 22, we achieved a reduction of -7% (Scope 1+2), resulting in a temperature rating of 2.95°C, surpassing both interim targets.

FUND RESULTS	Temperature Ratings (For the calculations, the weights of companies with available data were normalised to 100%.)				Change YoY	
	2021		2022		2021 vs 2022	
FUND NAME	Scope 1+2 TR (°C)	Scope 1+2+3 TR (°C)	Scope 1+2 TR (°C)	Scope 1+2+3 TR (°C)	Scope 1+2 Δ Temp	Scope 1+2+3 Δ Temp
VAMLLP	N. A	N. A	2.24	2.58	100%	100%
Veritas Asian Fund	3.19	3.19	2.95	3.05	-7%	-4%
Veritas China Fund	3.2	3.2	3.2	3.2	0%	0%
Veritas Global Equity Income Fund	2.24	2.51	2.09	2.45	-7%	-2%
Veritas Global Focus CCF	2.67	2.89	2.1	2.45	-21%	-15%
Veritas Global Focus Fund	2.63	2.85	2.09	2.45	-20%	-14%
Veritas Global Real Return Fund	2.63	2.85	2.31	2.62	-12%	-8%
Veritas Izoard Fund	2.56	2.78	2.06	2.41	-20%	-13%

2. Sustainable Finance Disclosure Regulation (SFDR) Binding Elements

Since all strategies at Veritas are categorised as Article 8 Funds, as per our commitments under the Sustainable Finance Disclosure Regulation (“SFDR”), we can monitor the alignment with the binding elements. The table below provides a summary of the specific commitments made in terms of managing portfolios to ensure compliance with the Article 8 status for the Veritas Global Focus Fund. Post-investment, we continue to monitor any changes impacting these thresholds. Notably, two of the binding elements relate to climate and provide a further measure of success as detailed in the Annex IV annual report.

<p>Regulation</p> <ul style="list-style-type: none"> The Sustainable Finance Disclosure Regulation (“SFDR”)
<p>Proportion of investments</p> <ul style="list-style-type: none"> The Investment Manager intends to invest a minimum of 60% of the Fund's NAV in investments which attain the environmental and/or social characteristics promoted by the Fund. The remaining 40% of investments will be in investments which seek to achieve the broader objectives of the Fund, including those which may not match the Fund's ESG criteria in its entirety.
<p>Binding Elements²</p> <ul style="list-style-type: none"> 1. The Fund will ensure that a minimum 30% of net assets are invested in companies committed to achieving Net Zero. Compliance will be measured using verification and commitments aligned with Science-Based Net Zero Target methodologies and/or pledges to the Business Ambition for 1.5 °C campaign, each as promoted by the SBTi. 2. A set of fixed exclusion criteria is in place to exclude companies or issuers from consideration for investment where their revenue is significantly derived from controversial weapons (for example, anti-personnel mines, cluster munitions, chemical weapons, and biological weapons). 3. The Fund will be managed to achieve an overall carbon footprint (calculated with regard to Scopes 1+2) that is a minimum of 50% lower than that of the MSCI World (Net dividends Reinvested) Index.
<p>Blended Methodology</p> <ul style="list-style-type: none"> To achieve the minimum 60% threshold of investments in companies that promote environmental and/or social characteristics, we apply a blended methodology that weights the binding elements equally.

Annually, we assess our compliance with the binding elements, and the results are disclosed in our financial statements within the SFDR Annex IV report. Below, we summarise how our two largest Funds were aligned with the sustainability indicators identified during the 2023 reporting period.

Sustainability Indicators ²³ :	Veritas Global Focus Fund	Veritas Asian Fund
The percentage of the Sub-Fund's portfolio companies aligned with Net Zero	42%	37%
Carbon footprint (calculated with regard to Scopes1+2) that is a minimum of 50% lower than that of the MSCI World Index.	86%	88%
Percentage of the Sub-Fund's total assets complying with global norms frameworks including the UNGC and UNGP.	100%	100%
Percentage of the Sub-Fund's total assets that consisted of portfolio companies that were involved with controversial weapons	0%	0%

² Average performance 12 months to 30 September 23. Third party data sourced from MSCI ESG Research LLC, and the Science Based Target Initiative (SBTi) is used as an input to calculate sustainability indicators. Investment manager seeks to cover 100% of assets excluding cash; however, some companies may be held where coverage is not available from the data provider.

³ The information presented is unaudited. This unaudited information has been prepared by the Investment Manager. While this information has been prepared with due skill and care, it has not been independently verified or audited by external auditors, and therefore, no assurance is given as to its accuracy or completeness.

- **Biodiversity**

Context:

An evolving area of focus is biodiversity and an area of risk that will be considered during 2024. The negative impacts on biodiversity may also be linked to climate change. The key drivers of nature change, as reported by the TNFD, include Climate Change, Land/Freshwater (Ocean Use change), Resource use & replenishment, Pollution/ Invasive alien species and introduction removal. Land use change, driven by human activities, encompasses alterations to terrestrial habitats such as deforestation, mining, shifts in ecosystem management like intensified agriculture or forest harvesting, and modifications in landscape configuration leading to habitat fragmentation. Conversely, sea use changes relate to human occupation and modification of marine environments, for example developments like wind farms and alterations in shipping routes. Climate change poses a significant threat to ecosystems worldwide, manifesting through shifts in climate and weather patterns that impact ecosystem functioning and trigger species migration, potentially endangering up to one-sixth of global species and exerting widespread effects across all biomes.

The Kunming-Montreal Global Biodiversity Framework (GBF) was adopted at COP15, following a four-year consultation and negotiation process. The Framework is a global initiative aimed at addressing biodiversity loss and promoting conservation efforts worldwide. The framework sets out ambitious goals and targets for the conservation and sustainable use of biodiversity. It aims to build upon previous agreements like the Convention on Biological Diversity (CBD) and establish a comprehensive and effective plan for biodiversity conservation. The impacts of nature-related risks and opportunities on an organisation in respect to its financials, are evident through alterations in revenue, expenses, and CAPEX.

Action Taken:

- **Company Assessments**

We have carried out an assessment across all assets held to identify our exposure to biodiversity risk that may not always be material, but we believe should still be assessed and monitored where necessary. Companies including Amazon.com Inc. and Nestle have exposure to multiple biodiversity risks. Due to the limited disclosures available to assess these risks in greater detail, it is crucial that businesses exposed to biodiversity risks provide clear information on the risks identified, as well as the governance and strategies in place to address these issues. Many of the companies held in our Funds where multiple risks have been identified have begun reporting to the CDP on this topic. For example, Amazon.com Inc has implemented Board-level oversight and executive management-level responsibility for biodiversity-related issues. The business has also made public commitments. In 2019, Amazon created the Right Now Climate Fund, a \$100 million fund for nature-based solutions to restore & conserve forests, wetlands & grasslands. Amazon has made commitments across the use of palm oil, paper, beef, soy, cocoa, coffee & tea.

- **Systematic evaluations**

Biodiversity data availability is comparable to the early days of the industry's engagement with climate change, there is a notable deficiency in disclosures and reporting from listed companies. This shortfall makes it challenging to evaluate the risks businesses pose to biodiversity and complicates our ability to currently report meaningfully on this issue. However, it is an area that should improve over time. In 2023, Veritas invested significant efforts in creating a proprietary ESG rating model which incorporates biodiversity factors. Given that company disclosures on biodiversity are still emerging, we have established the necessary infrastructure to capture this information, anticipating its quality will improve to a satisfactory level over the coming years. As with other initiatives, like Red Lines, these factors are likely to evolve.

Principle
5

Signatories review their policies, assure their processes, and assess the effectiveness of their activities.

Policy Review

We actively consider the obligations of ownership and stewardship of our client's capital. We aim to preserve the real value of client's capital but to also report on how we fulfil our stewardship responsibilities. Behind each of our stewardship policies is an output which is reported to clients in a detailed quarterly report. Each of these policies is assessed on an annual basis for effectiveness by listening carefully to feedback from our clients, attending conferences, webinars on current and proposed future regulations and interactions with the UK Investment Association ("IA"), the United Nations Principles for Responsible Investment (UN PRI), the Transition Pathway Initiative ("TPI"), Science Based Targets Initiative ("SBTi"), the Net Zero Assets Managers Initiative ("NZAM") etc. The reporting is reviewed by the investment teams, the Management Committee, the MPB, Legal and Compliance Team, and the client team. The report is combined with regular quarterly client reporting and discussed in quarterly calls with clients and consultants. We host a number of ESG specific meetings with clients, who provide valuable feedback and highlight what they would like to receive going forward. Given Veritas has only two main investment strategies, we believe that this review and feedback process is appropriate for a firm of our size and assets under management. This can be demonstrated by the enhancements made over the reporting period, and those proposed for 2024.

Key outcomes over the reporting period:

i. Net Zero Statement

In 2023, we published our Net Zero Statement which details our climate strategy across the entire carbon inventory. It became clear that clients wished to receive one document which succinctly summaries the firm's commitment to Net Zero, the strategy for achieving it and how the actions were measured. The Firm's pledge to achieve Net Zero is reflected in the commitment to the Net Zero Asset Managers Initiative ("NZAM") and the Science-Based Targets Initiative ("SBTi"). Veritas became carbon neutral in 2022. Alphacello Ltd, a third-party organisation, has been appointed to independently calculate and verify carbon emissions of the Firm. The methodology used is consistent with the GHG Protocol Corporate Accounting and Reporting Standard. The Firm has applied a financial control approach to Scope 1, 2 and 3 emissions for which Veritas is responsible, using 2019 as the base year.

Veritas recognise that not only must emissions be reduced, but residual emissions should also be offset, and contributions must be made to assist others to reduce their footprint. The Firm's carbon mitigation strategy is to offset its carbon usage through VCS (Verified Carbon Standard) projects. During early 2022, residual emissions were netted off (based on 2019 levels) by contributing to a small hydro-power project in India and a biomass cookstoves project in Malawi. Less developed countries with governments that cannot direct sufficient funds to support environmental initiatives require assistance with climate adaptation and mitigation. It's essential that any offsets make a direct impact in reducing emissions immediately, as illustrated in the contribution to the biomass project. Veritas also believes in supporting newer technologies such as Hydro Power to encourage further innovation.

The most significant portion of Veritas' emissions are financed emissions as a direct result of providing investment management services to segregated clients and a suite of Veritas branded funds ("Funds"). Veritas is committed to achieving financed emissions of Net Zero by 2050 with the percentage of AUM managed in line with Net Zero by that date being 100%. This is a measurable commitment by virtue of becoming a signatory of the Net Zero Asset Managers initiative ("NZAM").

ii. Asian Desk ESG Red Line Voting Policy Development

Each year, we conduct a thorough review of our ESG Red Line voting policy, in order to ensure that the red lines are effective and that they accommodate, where possible, emerging areas. Red Line Voting was introduced in 2017 by adapting the AMNT’s Red Line Voting policy so it was appropriate for Global Equity mandates. During the reporting period, we developed the Asian Desk ESG Red Line Proxy Voting Policy, which was launched on the 1st of January 2024.

There are 15 Red Lines, which when triggered will lead to a vote against management or explanation as to why the vote was not against. We use ISS to help administer the policy and they will provide rationale when the policy is evoked and there is a recommendation to vote “AGAINST” management. The Global Desk ESG Red Line Policy served as initial guidance when drafting the Asian Policy, but the policy guidance was not suitable for Asian without modifications. The red lines need to be measurable and appropriate to the jurisdictions that make up the Asian portfolios. This involved collaboration with ISS to instigate a set of rules that would act as triggers to prompt voting and /or engagement. The Red Lines will be assessed annually, and any change reported. The initial 15 Red Lines are listed below, with some of the ESG considerations behind them.

Material ESG Failures	MF1		<p>Material failures of governance, stewardship, risk oversight, including demonstrably poor risk oversight of environmental and social issues, including climate change, or fiduciary responsibilities at the company, including failure to adequately manage or mitigate environmental, social and governance (ESG) risks;</p> <ul style="list-style-type: none"> • A lack of sustainability reporting in the company’s public documents and/or website in conjunction with a failure to adequately manage or mitigate ESG risks; • Failure to replace management as appropriate; or • Egregious actions related to the director(s)’ service on the boards that raise substantial doubt about his or her ability to effectively oversee management and serve the best interests of shareholders at any company. •
	MF2	ESG failures	<ul style="list-style-type: none"> • Adequate disclosure has not been provided in a timely manner (Disclosure); • There are clear concerns over questionable finances or restatements (Financial concerns); • There have been questionable transactions with conflicts of interest (Conflict of interest); • There are any records of abuses against minority shareholder interests (Abuse); • The board fails to meet minimum corporate governance standards, including board independence standards (Board Independence); • There are specific concerns about the individual, such as criminal wrongdoing or breach of fiduciary responsibilities; (Misconduct) or • Absences at board and key committee meetings have not been explained (in countries where this information is disclosed). (Attendance) • Vote for employee and/or labour representatives if they sit on either the audit or compensation committee and are required by law to be on those committees. Vote against employee and/or labour representatives if they sit on either the audit or compensation committee, if they are not required to be on those committees.
Environmental	E1	GHG Emissions Disclosure	<p>The company has detailed disclosure of climate-related risks, such as according to the framework established by the Task Force on Climate-related Financial Disclosures (TCFD), including:</p> <ul style="list-style-type: none"> • Board governance measures; • Corporate strategy; • Risk management; and • Metrics and targets

	E2	Net Zero	The company has declared a target of Net Zero by 2050 or sooner and the target includes scope 1, 2, and relevant Scope 3 emissions.
	E3	Interim Target	The company has set a medium-term target for reducing its GHG emissions.
Social	S1	Representation of women on boards	Vote against the re-election of the chair of the nomination committee if there is no strategy in place to address any underrepresentation of women at board level, where fewer than 20% of the company's board members are female.
	S2	Representation of women on senior leadership positions	Vote against the re-election of the chair of the nomination committee if, within senior leadership positions, none of the roles of Chair, CEO, Chief Financial Officer and senior independent director are held by women.
Governance	G1	Accountability for Capital Structure with Unequal Voting Rights	Generally, vote against directors or against the discharge of (non-executive) directors, if the company employs a stock structure with unequal voting rights. Vote recommendations will generally be directed against the nominees primarily responsible for, or benefiting from, the unequal vote structure.
	G3	Directors and the Nomination Committee	If a full-time director of the company concurrently holds the chair of another public company or is a director of more than one other public company, vote against that person's re-election.
	G5	Directors and the Nomination Committee	Vote against the re-election of any non-executive director if it could result in that person's continuous service as a director of the company exceeding nine years, unless it is not intended that he or she be treated in future as an independent director.
	G6	Directors and the Nomination Committee	Vote against the re-election of the chair of the nomination committee if the company does not have the minimum number of independent non-executive directors based on market practices/local standards.
	G9	Audit Committee	If the Audit Committee does not have at least one member with recent and relevant financial experience, vote against the re-election of the chair of the nomination committee.
	G12	Auditors and the Audit Committee	Vote against the re-election of the chair of the board and any non-independent members of the audit committee if that committee is not to not consist entirely of independent non-executive directors.
	G15	Pre-emption rights	If authorisation is sought for the directors of a company to allot shares in it without offering full pre-emption to existing shareholders, vote against giving it if the authority is to last beyond the next AGM, or if general exclusion of pre-emption is sought over more than 5% of issued share capital (or more than 10% if for a specified acquisition or capital investment), or if a specific exclusion is sought over more than one-third of issued share capital.
	G18	Executive remuneration and the Remuneration Committee	Vote against the chair of the board and the re-election of non-independent members of the remuneration committee if the committee does not consist entirely of independent non-executive directors.

iii. **Proprietary ESG Rating Model**

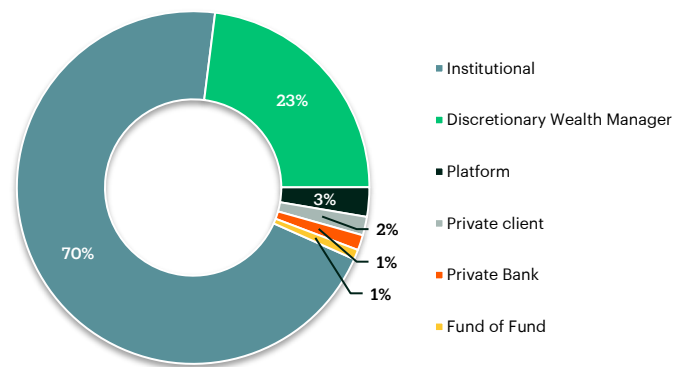
In 2023, VAM LLP initiated the development of a proprietary ESG Rating Model, integrating multiple data sources, including Bloomberg ESG Data, MSCI Research, and other third-party sources such as Glassdoor. It evaluates a broad spectrum of ESG topics, utilising over 100 data points to benchmark a company's performance against its peers, identifying performance levels and potential red flags for further analysis. A distinct advantage of this model over third-party ratings or scores is that it allows our investment team the flexibility to make independent judgements on materiality and management of ESG issues - capabilities typically outsourced with third-party ratings. The ESG score is being incorporated into the company Quality Score. Given the investment approach is to seek good quality, sustainable (covered in principle 7) businesses, ESG has always been considered as part of the quality assessment, but this approach now formalises that further. Our investment team is responsible for assigning a rating for each ESG category, which results in an overall rating from 1 to 5, ranging from Excellent to Poor. The ratings consider raw data, peer analysis, and in-house research, supplemented by narrative justifications provided by the investment team. The model underwent several beta testing phases before its launch across both investment teams on April 1, 2024. We are currently undergoing a 3-month testing phase, which includes verifying the model's compliance with relevant regulations. This phase is critical for implementing final adjustments based on the insights gathered, aiming to optimise the model's performance.

**Principle
6**

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

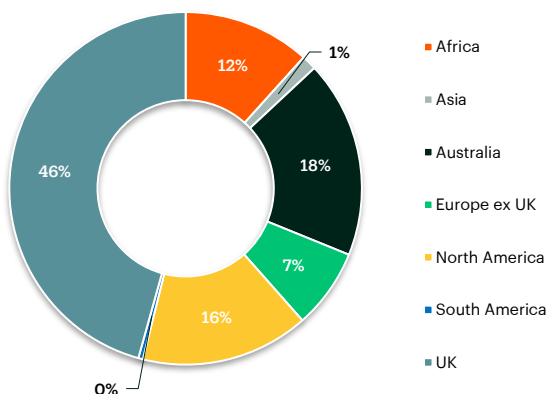
Veritas is run with a partnership culture and owners’ interests are aligned with those of its clients. Veritas’ partners and employees are invested alongside clients. Approximately 80% of clients are institutional. This number may be understated given the nature of nominee accounts where there is little look through to the underlying client. The balance is retail clients investing via wealth managers and platforms. The business is broadly split geographically with over 50% of clients domiciled outside of the UK. Veritas currently has GBP 20bn of assets under management (“AUM”). We have two core investment strategies, Global and Asia, both strategies have an investment horizon of 3-5 years. Both strategies seek quality characteristics which incorporate sustainability and produce an approved Universe List from which portfolios are built. In the case of Global Equities, the Universe List is approximately 250 stocks, and in the case of Asia, approximately 65 stocks.

Investors Base - AUM Distribution



As long-term investors, we think of ourselves as ‘engaged owners’ of the businesses we invest in, not just shareholders who buy and sell shares each day. Therefore, stewardship of investee companies is key to our investment approach, and a prerequisite expected by investors. We also have a partnership culture. We are invested alongside our clients; we control the growth of the business, and we are in constant dialogue with our clients. The onboarding of new clients includes a rigorous process to not only comply with all relevant regulations but to ascertain the level of reporting a client wishes to receive and the best methods for eliciting feedback. Whilst we produce detailed quarterly reports which include an extensive section on ESG as described below, we understand that some clients wish to be more interactive when it comes to stewardship of their assets. This may include a one-to-one meeting to discuss how to assist clients with their own stewardship reporting.

AUM - Geographical Distribution



Veritas operates an investment specialist model. Clients are offered a quarterly call/meeting with an assigned Investment Specialist to cover the management and stewardship of their assets over the previous quarter. Over 80% of our segregated clients have such calls/meetings and this, together with the one-to-one meetings, provides the feedback loop from which we can further improve processes and reporting. Given that the Head of Investment Specialists is also a member of the ESG team and a Managing Partner on the MPB, any new initiative that is discussed can be fast tracked for consideration and implementation.

Our reporting is available to all our clients, irrespective of investment size and jurisdiction. We can also accommodate custom reporting where required. Some clients prefer to request we complete a custom template that covers specific questions. Where reporting can be enhanced, we look to introduce, where we can, reporting for the benefit of all clients.

Enhancements over the Reporting Period

There have been several changes to reporting that took place during the reporting period, in response to client feedback.

(i) Taskforce on Climate Related Financial Disclosures (TCFD)

In 2019, VAM LLP joined the TCFD, a globally recognised framework initiated by the Financial Standards Board (FSB). Committed to transparency, we've published a TCFD report aligned with the four pillars, disclosing our governance, strategy, risk, and metrics & targets. As a UK Asset Manager under FCA regulation, we're mandated to produce a TCFD report by 2026, but published our annual TCFD report in 2023, well ahead of schedule. The report incorporates Climate Value-at-Risk (Climate VAR), which represents a new approach to climate reporting for us. The report is available to view online at <https://www.vamllp.com/sustainability/>.

(ii) Asian Desk Proxy Voting Reports

Following the development of the custom ESG Red Line voting policy for our Asian Strategies, we have also enhanced the reporting provided to investors in our Quarterly Investment Reports. This is divided into two parts. The first is a summary of voting on all resolutions with rationale given in instances where we vote against management and any likely engagement/ action to be taken as a result. Secondly, ESG specific voting in relation to the Red Lines. Here we implement a 'comply or explain' approach and will provide rationale for not voting against management where a Red Line is breached.

(iii) Global Norms Conventions Monitoring

In our previous Stewardship report, we introduced the Global Norms Screen and an automated alert system, operational both pre- and post-investment. VAM LLP conducts regular reviews of all investee companies to ascertain compliance with the Global Norms principles. Should there be any significant changes during the month, our system automatically sends an email alert to the Investment Team, Compliance Team, and ESG Team.

The key global norms conventions we monitor are as follows:

- **The United Nations Global Compact ("UNGC")** identifies companies involved in controversies where the company's alleged actions constitute a violation of one or more of the ten principles that cover environmental, anti-corruption, human rights, and labour standards. The framework encourages signatories to share best practices in order to become better, more sustainable organisations.
- **The UN Guiding Principles on Business and Human Rights ("UNGP")** is a set of guidelines for companies to specifically prevent and address human rights abuses committed in business operations. The 31 Guiding Principles are arranged in three chapters, or pillars: protect, respect and remedy. Each defines concrete, actionable steps for companies to meet their respective duties and responsibilities to prevent human rights abuses in company operations and provide remedies if such abuses take place. UN Global Compact signatories can use the UNGP Reporting Framework to meet their reporting requirement with respect to the Human Rights element of the UN Global Compact's Communication on Progress.

Fail



The company is implicated in one or more controversy cases where there are credible allegations that the company or its management inflicted serious large-scale harm in violation of global norms.

Watch List



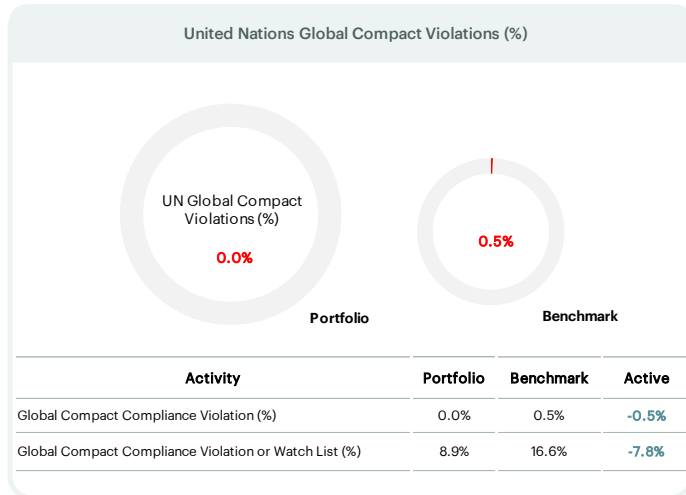
The company is implicated in one or more controversy cases that are serious and warrant ongoing monitoring. However, based on information available to date, it does not constitute a significant breach of global norms according to the methodology.

Pass



According to the methodology, the company has not been implicated in any controversy case constituting a significant breach of global norms within the last three years.

On a quarterly basis we now provide an update on this area to clients in the quarterly investment reports. The information below details the results of the compliance monitoring against global norms frameworks for all companies held by VAM LLP as of December 31, 2023.



Additional Global Norms Framework Violations (%)¹

Human Rights Norms Violation (%)	0.0%	0.5%	-0.5%
Human Rights Norms Violation or Watch List (%)	5.6%	16.2%	-10.6%
Labor Norms (%)	0.0%	0.0%	0.0%
Labor Norms Violation or Watch List (%)	4.8%	13.0%	-8.2%

The examples below feature two companies currently on the UNGC watchlist for potential violations of Global Norms. We have evaluated the potential breaches and, consistent with our policy, we will engage with these companies if it becomes necessary, specifically if they fail the global norms screen. During the 2023 reporting period, none of the companies we held failed to comply with the global norms' conventions.

The Coca-Cola Company

- The Coca-Cola Company has been added to the United Nations Global Compact (UNGC) watchlist due to a potential breach of Principle 7, which emphasizes supporting a precautionary approach to environmental challenges. In November 2022, Break Free From Plastic (BFFP) published a brand audit report based on 397 brand audits across six continents. The report identified The Coca-Cola Company, PepsiCo Inc., Nestle, Mondelez International, Unilever PLC, The Procter & Gamble Company, Philip Morris International, Danone SA, and Colgate-Palmolive Company as the top plastic polluting corporations in 2022. Remarkably, these same corporations were allegedly the top polluters from 2018 to 2022. The Coca-Cola Company held the dubious distinction of being the top polluter, with PepsiCo Inc. and Nestle following closely. The report also accused these three corporations of employing greenwashing techniques. In February 2023, The Coca-Cola Company's impact was reassessed from extensive to extremely widespread, positioning it as one of the top three contributors to global plastic pollution. Furthermore, the nature of harm associated with their practices was upgraded from minimal to medium, reflecting their alleged involvement in general pollution. The situation remains complex and contentious.

Airbus SE

- Airbus SE, a major aerospace company, has been added to the United Nations Global Compact (UNGC) and United Nations Guiding Principles on Business and Human Rights (UNGP) watchlists due to potential violations of Principle 3. This principle emphasizes upholding the freedom of association and the effective recognition of the right to collective bargaining. In October 2022, factory workers across eight sites in Spain (including Madrid, Castile-La Mancha, and Andalusia) staged a protest against Airbus SE, demanding higher wages. Represented by unions such as Comisiones Obreras (CCOO), Unión General de Trabajadores (UGT), and ATP-Sae, most of the company's 12,300 Spanish workers participated. The protest was triggered by the company's record profits and aimed at a compensation review to maintain workers' purchasing power during Europe's cost-of-living crisis, as highlighted by CCOO Industry Madrid. Despite unsuccessful negotiations between the unions and Airbus in December 2022, with the Ministry of Labor's mediation efforts falling short, workers planned to resume strikes. The unions reportedly declined the company's proposal, which included a 1.5% pay rise and a profit-based salary review clause. In 2023, Airbus and the unions reached a preliminary agreement that included a 7.95% wage increase, guaranteeing a 5% to 7.4% raise for all workers. However, the agreement remained subject to a vote by the union members.

Principle
7

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

VAM LLP's investment philosophy of identifying high quality companies and investing at attractive entry points, has sustainability at its core. In order to value companies in the future based on the cash they generate, it is necessary to focus on two broad areas: a) how sustainable a business is, in terms of the product it sells, its business model, its corporate structure and its management; the more sustainable and predictable a business, the better the quality, and b) any risks or opportunities that arise from a changing landscape and whether management is alert and focused on those changes, as well as being aligned with shareholders.

The E and S factors are undoubtedly dependent on the management of a business, i.e., its governance structure, the G factor. Well governed businesses will address risks and opportunities that are not only relevant today but also in the future and where material will include environmental and social factors. The quality characteristics sought when selecting an investment in a company are synonymous with sustainability and many of the factors labelled under ESG. These overall beliefs are embedded throughout the firm and applicable to all products. When introducing an initiative or commitment, the intention will be to ensure it is applicable across all portfolios, for example, the commitment to Net Zero, is done so on 100% of AUM.

The investable 'universe list' of high-quality companies with sustainable business models comprises less than 10% of the total universe of companies, adjusted for size and liquidity – most listed equities simply do not qualify to be added to the universe list. The process is deliberately designed to ensure the universe list is highly selective and 'narrow' which allows a more in-depth understanding of the companies i.e., the approach of applying a positive screen rather than to negatively screen out companies.

ESG risks and opportunities are integrated into company analysis throughout the investment process and across multiple dimensions, as illustrated below:

Sustainable demand and growth | The sustainability of the demand for a product or service is vital for a long-term investor. VAM LLP does not invest in companies that may benefit from a short-term fad and instead look for a growing demand for their products and services over 10+ years. This holistic analysis considers whether the company's primary business proposition will likely become more relevant in creating a sustainable growth tailwind over time. This is a forward-looking judgment and hence does not exclude sectors like defence. Traditional 'environmental' factors fall out of this approach, for example commodity producers or utilities where the sustainability of demand (and/or regulatory backdrop) over a 10-year horizon is questionable, due to the high carbon intensity of the production process. The main reason the portfolio has a low carbon footprint (as measured by third-party independent vendors) is a result of this approach. However, the approach is not dogmatic, and investment may be made in utilities, such as renewable energy businesses that meet the criteria.

Sustainable business model | A sustainable growth backdrop for the product is necessary, but more is required for a business to generate shareholder value. A robust business model with demonstrable barriers to entry and the ability to generate cash flows is essential for value creation. Sonic Healthcare is a market leader in anatomical pathology and has built a federated model over 7 jurisdictions both organically and through sensible bolt on acquisitions. Anatomical pathology is defined as the study of organs and tissues to determine the cause and effect of disease. It is necessary for 100% of all cancer diagnoses, and so an essential part of the whole laboratory industry or pathology space. Sonic is one of the biggest players in anatomical pathology in the world. Digital pathology refers to the digitisation of anatomical pathology workflow, and it is set to transform anatomical pathology and bring about big steps in efficiency, quality, capacity and workflow. Up until now, you basically take a class glass slide, with a stained tissue sample, place on the stage of a microscope and manually look for abnormalities. Now the image will be uploaded, and digitised so AI can power much quicker diagnostics. Sonic has been increasing its AI

capability including the acquisition of Pathology Watch and is well advanced on a prognostic AI algorithm for melanoma. In short, the business has been focused on maintaining its barriers and tilting the business to benefit from an accelerating enduring trend.

Sustainable earnings and cashflows | A software company can 'pull forward' earnings by signing long term contracts with up-front payments, but it is taking on a form of 'debt' by borrowing from the future. Similarly, businesses charging unsustainably high prices for products and services will be able to report higher margins, which are unsustainable. A good example is the US Healthcare company, United Health. United Health has increasingly moved to a 'value based' pricing model, where it is rewarded based on results achieved rather than 'fee for service', where physicians are rewarded based on the number of patients they treat and drugs they prescribe. Given governments are focused on cost reduction, the business is aligned with the direction of travel.

Sustainable capital structure | VAM LLP is mindful of being equity holders and are cognizant of being subordinated to debt, off-balance sheet obligations, pensions and other hidden 'liabilities' that must be serviced before common shareholders can access cash flows (for example, dividends or future growth). Some businesses are inherently more stable and can support higher leverage to benefit equity holders (infrastructure assets like airports e.g., Aena or Vinci) – other, more cyclical industries with lower entry barriers leave themselves vulnerable if they take on more financial leverage.

Sustainability in Governance

Governance is a broad important topic and ultimately all ESG is about 'G'. After all it is senior management that determines whether a company has a climate policy in place. Governance is multi-faceted, and it is considered from a variety of standpoints in each case. These include the following:

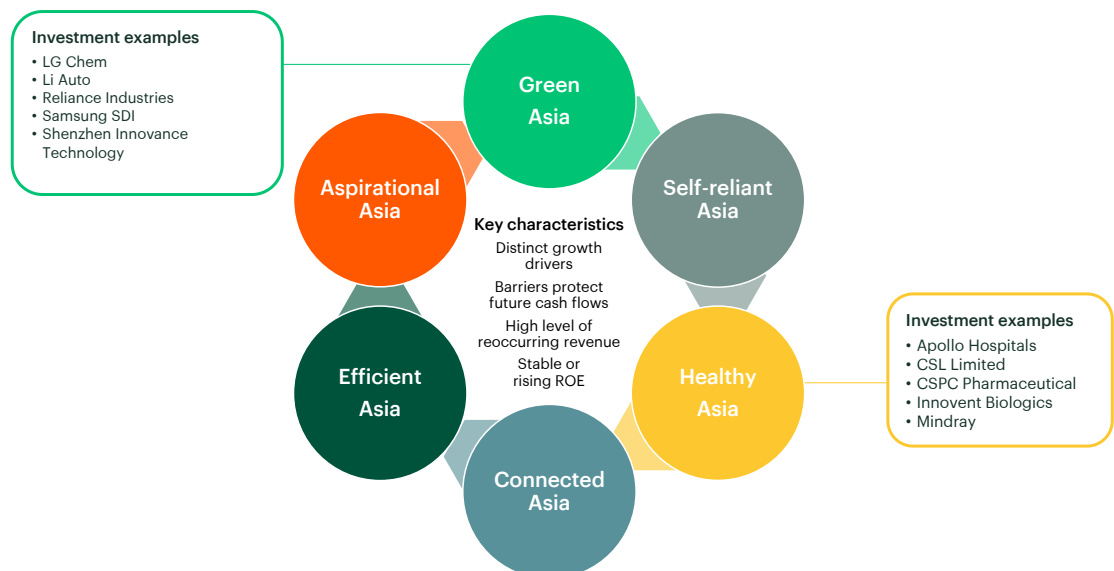
- i. **Board of directors** | At the core, sustainable governance structures require the 'principal/agent' problem to be addressed by companies. A well-functioning Board provides oversight and challenge to operating management ("agent") and represents the risk capital of minority shareholders ("principal" or "owners"). The key judgment to form is whether the principal-agent relationship is adequately represented. This may be evident by a company using different share classes with unequal voting rights or the presence of stakeholders whose incentives may not be aligned with shareholders (e.g., state owned Chinese companies).
- ii. **Executive remuneration and shareholder alignment** | A key element of governance is incentives that drive behaviours at all levels. VAM LLP prefers management teams with 'skin in the game' which are aligned with shareholders and are likely to think as well as act like shareholders would in assessing all relevant variables (and risks) that affect the long-term value of the business, ESG or otherwise. The appropriateness and disclosure of KPIs that form part of incentive compensation, remuneration structures and convexity/symmetry of payoffs that do not encourage excessive short-term risk taking to the detriment of long-term value creation is vital.
- iii. **Capital allocation** | Capital allocation is central to value creation and encompasses all aspects of the business, including environmental and social factors. This is a key tenet to the link between 'ESG' and 'value creation' – businesses that allocate capital wisely in innovation, in treating stakeholders fairly, and for future growth and opportunities will be able to drive healthy cash flows, returns on capital and hence shareholder value. It's important to judge the appropriateness of capital allocation policies relative to the firm's position in the industry and its own lifecycle. The investment teams look for discipline and restraint in pursuing M&A (and avoiding value destructive deals), appropriateness of dividend coverage and willingness to do stock buybacks (at the appropriate time and at the appropriate price).
- iv. **Engagement with management** | VAM LLP are 'engaged owners' and are hence willing to engage with companies to influence governance. A constant dialogue on all key issues will be maintained.

- v. **Disclosure and Accounting** | Quality and conservatism of financial accounting policies, especially when significant management discretion is involved in preparing accounts is highly important. Attention is paid to off-balance sheet liabilities, opaque risks, and the quality and transparency of disclosures of key performance indicators for outside investors to judge performance.
- vi. **Governments and regulatory context** | It is essential to recognise the importance of governments in driving societal change. While ‘ESG’ factors continue to drive changes (mostly for the better), the role of governments will also come under scrutiny, and businesses are prone to be either helped or harmed by this (through say, regulation or taxation). This is a direct link between ESG ‘policy’ and shareholder value creation (or destruction). Capitalism and private investors cannot affect all changes on their own. Regulation affects many fixed asset industries directly (such as infrastructure or utilities) but an example of regulation being used in a traditionally unregulated sector is the Chinese gaming regulator restricting new game licenses amid concerns over children’s health. Whilst education plays a role, the use of mobile phones and gaming has undoubtedly exacerbated the mental health problems of the younger generation which has consequently proved to be a huge risk for some companies. Regulation, in other instances, can in fact benefit companies by raising the barrier to entry to new entrants.

Sustainability Examples

One of the ways we generate ideas is by looking at long term trends/themes. Some of these themes can have an environmentally or socially beneficial tilt.

Asia Investment Themes



Green Asia and Healthy Asia are enduring themes within the Asian equity portfolios that help generate ideas. Asian themes are highlighted.

The team of investment analysts will assess companies that they believe will benefit from the commitments of countries and companies to reduce emissions in the near term. Many companies have now set aggressive reduction targets, which are unlikely to be met without help. We are starting to see this manifest itself with several companies withdrawing or being removed from the SBTi. The beneficiaries of this trend are not limited to ‘solution providers’, as defined by third-party rating companies. The definition used focusses on the obvious candidates (EV, battery companies, solar/wind, etc.) and misses those companies that are focusing on the future and pivoting business practice to help address the transition. Within the idea generation stage of the investment process the theme of climate transition focusses the investment analysts minds on beneficiaries in a broader sense.

Asian Investment Strategy: LG Chem Ltd.

To establish global ESG leadership, LG Chem has committed to achieve Net-Zero by 2050 and joined the Science Based Target initiative, advancing its previously stated carbon reduction goal by 20 years and meaning it must offset 20 million tons of carbon per annum by 2050. To achieve this, LG has completed a Life Cycle Assessment (LCA) on its products, evaluating their environmental impact from the raw material phase through its manufacturing, both domestically and internationally. LG Chem also plans to power 100% of its global production sites with renewable energy, including solar and wind energy.

Major facilities, including the cathode material plant in Cheongju, North Chungcheong, which produces core materials for electric vehicle batteries, will source their electricity from this renewable energy. The Leyou New Energy Materials plant in Wuxi of Jiangsu Province, China, has been operating solely on renewable energy since 2021, and it is expected to reduce approximately 100,000 tons of carbon emissions compared to conventional electricity usage. Following the cathode material plant in Wuxi, LG Chem transitioned its precursor plant in Zhejiang Province to renewable energy through a power purchase agreement with China. This shift allowed LG Chem to achieve 100 percent renewable energy across the entire battery material value chain in China, with a focus on the precursor and cathode material. The chemical company is also spearheading the development of ecofriendly post-consumer recycled (PCR) plastic and biodegradable plastic to address the issues of pollution and micro plastics. In 2019, it succeeded in the commercial production of eco-friendly white PCR plastic, the first in the world. Until then, the industry had grappled with challenges such as reduced durability and fading colours of existing PCR products as they are recycled. Additionally, it could only be made in black and grey. LG Chem has also developed a biodegradable material with 100 percent biodegradable content derived from corn-based glucose and waste glycerol, which can match the physical properties and transparency of synthetic resins like polypropylene. It does not need to be blended like other biodegradable materials.

LG Chem is the first Korean company in the industry to establish an integrated carbon management system, the Net-Zero Management System (NZMS). They use NZMS as an important tool for business decision-making, comparing and reviewing the economic feasibility of investments for each carbon reduction task, and conducting simulations considering changes in the external environment (e.g. in the price of carbon credits). LG Chem introduced an internal carbon price (ICP) to proactively identify financial risks arising from future carbon emissions and accelerate the transition to a low-carbon management system. ICP is mainly used for mid- to long-term business planning and investment review. They are actively incentivizing carbon reduction activities and investments by applying a carbon price that exceeds the current price of emission allowances in their mid- to long-term business planning, and accounting for regulatory costs associated with carbon emissions in their investment economic analysis.

Global Investment Strategy: Vinci SA

Vinci offers faster energy transition through the production of renewable energy (and engineering contracts to help e.g., connect solar farms to the national grid) and decarbonisation of transport infrastructure and buildings. Specific to climate, Vinci Autoroutes has deployed new initiatives to help decarbonise road mobility. The company signed five low-carbon motorway conventions with different regions and communities in France. To help accelerate the shift to eco-mobility and reduce greenhouse gas emissions from road travel, Vinci Autoroutes initiated the rollout of e-vehicle charging infrastructure on motorways. It is developing tools to quantify the carbon impact of projects during the bidding phase to propose low-carbon alternatives and implement low-carbon strategies in engineering.

Vinci operates airports, toll roads, and has a construction business which includes energy infrastructure. The size of the position in the portfolio has increased as the company increasingly embraces opportunity as a solution provider. It is well positioned for the megatrends among global economies and societies of faster energy transition through the production of renewable energy, decarbonisation of transport infrastructure and buildings, and digital revolution, all of which will require massive investments. Specific to climate, VINCI Autoroutes has deployed new initiatives to help decarbonise road mobility. The company signed five low-carbon motorway conventions with different

regions and communities in France. Additionally, almost half of their fleet of light intervention vehicles were converted to electric in 2022, with plans to have 85% of the fleet electric and the remaining 15% running on rechargeable hybrid or biofuel by 2030. To help accelerate the shift to eco-mobility and reduce greenhouse gas emissions from road travel, VINCI Autoroutes initiated the rollout of e-vehicle charging infrastructure on motorways. It is developing tools to quantify the carbon impact of projects during the bidding phase to propose low-carbon alternatives and implementing low-carbon strategies in engineering. Another highlight of 2022, in the Energy business, was the successful integration of Cobra IS. It won several major contracts linked to energy transition. Vinci has increased exposure to renewable energy production, when its Belmonte solar farm in Brazil, with a capacity of 0.6 GW, and new projects adding a further 1.4 GW of capacity are scheduled to enter the construction phase in the coming months, in Spain and Latin America. Vinci has had its carbon targets validated by the SBTi. It is looking to reduce its scopes 1 and 2 greenhouse gas emissions by 40% by 2030 compared with 2018 levels and its scope 3 GHG emissions by 20% by 2030 compared with 2019 levels.

Principle
8

Signatories will monitor and hold to account managers and/or service providers.

Veritas works with three primary ESG service providers: Institutional Shareholder Services (ISS), MSCI ESG Research LLC, and Bloomberg L.P. Bloomberg ESG data was appointed over the reporting period and enhances our data sourcing capabilities. To develop our proprietary ESG Rating Model, we evaluated a number of providers and chose Bloomberg as our primary data source due to its integration with systems like Microsoft and its significantly improved ESG data capabilities in comparison to the review conducted in 2021.

Since 2017, ISS has managed voting policy application and execution on behalf of investors, including the creation of a custom voting policy based on ESG Red Lines, for the Global Strategies. Breaching any of the Red Lines prompts a vote against management or an explanatory note as to why we did not vote against ISS will flag up when a red line has been breached and the investment team will decide a course of action.

In 2023, it was decided to add Red Line Voting to the Asian strategies, with the aim to have consistent policies across all assets. The Red Lines applied to the Global strategy were not all appropriate in an Asian context. It was necessary to consider what would be meaningful and also obtainable ie did ISS have the capability to monitor and flag in time in order to prompt a reaction. We worked with ISS to develop a custom ESG Red Line Voting Policy for Asian Strategies, which meant blending guidance from the Global Desk Red Line Policy and ISS Sustainable Responsible Investment (SRI) policy. ISS provides the details behind a breach, when one occurs and the investment team will vote against management or provide rationale why that was not the case, as with the Global team ("comply or explain").

We monitor all service providers through Key Performance Indicators (KPIs) and review meetings on a quarterly and annual basis. If a provider fails to meet the criteria outlined in the Service Level Agreement, we conduct a thorough review to address any shortcomings.

Noteworthy activities in 2023 include:

- Developing a Red Line ESG Voting Policy for Asian Strategies.
- Analyzing third-party data to contribute to our proprietary ESG Rating Model and deciding to integrate Bloomberg ESG data with MSCI ESG Research LLC.
- Assessing Credit Suisse Holt Carbon Valuation Matrix and the availability of Carbon Adjusted CFROI.
- Publishing firm-level PAIs report using the new MSCI platform, MSCI One.

Principle
9

Signatories will engage with issuers to maintain or enhance the value of assets.

Veritas seeks to buy high quality businesses at the right price. Amongst the characteristics sought when assessing the quality of a business, we would include attractive returns on invested capital (“ROIC”), the generation of significant free cash flow, high barriers to entry to protect future cash generation and predictability in the deployment of the cash generated. In short, we seek to invest in businesses that are sustainable over the long term at an attractive price.

A business's governance is central to the investment case. The management and board are accountable for the company's long-term strategy and should be cognisant of the risks and opportunities over a 10-year time horizon and deploy capital accordingly.

Strong management will incorporate sustainability and governance policies and be better placed to deal with emerging risks and opportunities; for example, addressing the use of plastics, developing greater fuel efficiency/ electrification of air travel, or positioning themselves for the transition of healthcare to a value-based system that focusses on reducing drug pricing. Weak management will find their businesses displaced or become uncompetitive.

As such, it makes little sense to compartmentalize E (Environmental) and S (Social) factors from G (Governance). As active long-term investors, on behalf of our clients, we have two main tools with which to challenge management, proxy voting and engagement. We believe exiting a position should be a last resort.

Positive not negative screening

Veritas runs a concentrated strategy of 25-40 stocks. The level of research is extensive, and a significant element of the research effort is centered on company management. This includes assessing the following:

- Management’s long-term objectives and how they intend to deploy cash. Have they a good understanding of target markets, competitive advantages, barriers to entry, any environmental/ social factors relevant to their business that may pose a risk or reward.
- Whether management incentives are aligned with shareholders and KPIs are reasonable and not too short term.
- The rating of management after a meeting. Each VAM LLP attendee will independently rate management before they are given an overall rating based on assessment of vision and capability. Rating drift results in a review and potential engagement.
- Where there is a question on sustainability/ predictability, we seek a higher margin of safety before we invest.

Two Tiers of Engagement

We think of ourselves as ‘engaged owners’ of the businesses in which we invest on behalf of our clients and will engage with companies to influence governance. We engage actively and regularly with the companies and maintain a constant dialogue on all key issues. Coupled with Materiality, we believe VAM LLP has a part to play in encouraging constructive behaviour. As such, we effectively have two tiers of engagement.

Tier one engagement is conducted where the item poses a material financial sustainability issue. As material issues differ from company to company, the focus is placed on material issues relevant to a particular company. An assessment from the original research as to what is material for a specific business will have been made, this will include which issues have the highest potential to affect the company's ability to create or destroy shareholder value. If the company engages in an activity that challenges the sustainability of its operations or demonstrates a lack of vision to adapt, there will be reason to engage.

Tier two engagement is more thematic in nature and involves interactions with a company to promote good business practices, which benefits all market participants. For example, in relation to environmental positioning, companies should have their transition plans independently verified by an organisation like the Science Based Targets Initiative (SBTi), irrespective of whether it is a high carbon emitter. Whilst the VAM LLP Funds have a lower carbon footprint than the index, disclosure of climate credentials is essential if any sense is to be made at the portfolio level, or in the industry as a whole. This has meant instigating an SBTi thematic engagement initiative where companies not signed up to the SBTi, but in our view should be, are being encouraged to do so.

VAM LLP introduced a specific Taskforce on Climate related Financial Disclosures ("TCFD") engagement structure, whereby all investee companies are mapped against TCFD framework and engagement will result in those companies where there is a shortfall.

Engagement with companies also occurs in relation to social areas such as gender diversity. Each year a topic of focus is chosen, and all investee companies are assessed to identify those not compliant with expectations. Where feasible, the engagement objective is aligned with industry best practices or a higher standard. As long-term global investors seeking to work with businesses, best practice must be considered on a case-by-case basis from a regional and industry perspective to ensure expectations are practical. Persistence and patience are both critical as the timeframe to achieve a thematic engagement objective will often exceed 12 months.

Engagement Triggers

Engagement can be triggered in several ways:

- Action that is not aligned with shareholder interest. This can include buying/ or attempting to buy a company that adds no value to shareholders (i.e., poor deployment of cash) or changing the compensation scheme to include targets that do not align interests with shareholders.
- Breach of the ESG Red Line Voting Policy. The Voting Policy consists of an ESG specific tier. There Red Lines relate to ESG factors that if breached will lead to a vote against management but potentially engagement before doing so.
- Controversy flagged that breaches UN Global Compact ("UNGC"). Investment analysts receive an email prompt regarding any breaches of the UN Global Compact 10 Principles. Should they not already be aware of the infringement, the investment analyst may request a meeting to discuss it with management.
- Task Force on Climate-related Financial Disclosures ("TCFD") shortfalls. Specific to climate transition and reducing the overall temperature on the portfolio. Investee companies are mapped according to disclosures made in line with TCFD guidelines. Where there is a shortfall, we will raise it with management.
- Deterioration in the rating of management. As described above, management is rated and a deterioration in rating may prompt company engagement.

Process of Engagement

1. Once the engagement objective has been identified, in the first instance the Investment Team will usually write to company management explaining the issue and what action should be taken.
2. If the issue is not addressed, the Investment Team will seek to speak with senior management (CEO, CFO, COO etc.) to address the issue.
3. In cases where there is a regulatory or political angle, the Investment Team may have already spoken to third party professionals through an expert network.
4. Post meeting with management, where relevant, the Investment Team will follow up again in writing. At this juncture, we will determine the expected timeframe for any suggested actions to be achieved and how they will be monitored/ measured.
5. If the investment team believe that company management are not addressing the matter efficiently or the timeframe to action any changes is not being met. The Investment Team may choose to vote against management at the next opportunity and notify them of our intentions to do so.
6. If engagement and voting fail, the Investment Team may choose to exit the position, and the company will be removed from the Universe List. All activity and milestones are recorded in the engagement log.

Constructive Dialogue

The Investment Team believes in treating management with respect and conduct its engagement activity away from press/media. On occasion, the Investment Team works with management to give them time to implement a strategy e.g., introducing more Non-Executive Directors (“NED’s”) to the board. Where one of the Red Lines within our Environmental, Social and Governance (“ESG”) Voting policy is breached, but the Team does not deem it to be material for full engagement, they may inform management that it will not vote against them but suggest they may wish to consider a cause of action.

The Investment Team applies the principles behind engagement across the funds within VAM LLP. Given the long-term nature of our approach, the team generally has good access to management. However, access may be limited to large companies, where VAM LLP represents a small percentage of the market capitalisation. In these cases, the Team may collaborate with other investment managers.

Engagement Examples

We have incorporated a variety of engagement examples throughout this report with engagement objectives that relate to Governance and Environmental issues. Below we have provided an engagement example that’s focuses on Human Rights, a social issue:

Strategy: Global Focus Strategy

Company: Thermo Fisher Scientific

Sector: Healthcare

Country: United States

ESG Category: Social

Topic: Human and Labour Rights (e.g. supply chain rights, community relations)

Communication Type: VC Meeting



Company Overview: Thermo Fisher Scientific is considered as one of the world's leaders in serving science. The company makes and distributes analytical instruments, scientific equipment, consumables, and other laboratory supplies. Products range from chromatographs and spectrometers to bulk-elemental analysis instruments, among others. Thermo Fisher Scientific's Mission is to enable customers to make the world healthier, cleaner and safer. As the world leader in serving science, the company designs its products with great care. They engage in comprehensive training and educate customers to help them use products as designed. They also have policies in place regarding the ethical and responsible sale of technology. These policies follow widely accepted global scientific and ethical standards.

Engagement Objective: Understand the company's position on potential Human rights violations.

Rationale for the engagement: Veritas has concerns about reports that ThermoFisher Scientific's genetic kits violate human rights in Tibet.

Actions taken: During the meeting, Veritas reminded Eileen Pattinson that we had engaged on a similar issue involving the potential use of such kits in the Xinjiang region to suppress minority groups in 2021. We understood the response then: ThermoFisher ceased selling products in the region and put in place procedures to carefully controlled distributors to ensure full sight of the supply of such kits. Now there are reports of Chinese authorities using mass-forced DNA collection in Tibet and the suggestion that ThermoFisher kits are being used to process such DNA. Veritas expressed our concerns about ThermoFisher's potential role in such activities and asked the company to explain its actions and oversight. Eileen Pattinson noted that it is an evolving situation, and their action may change. ThermoFisher has yet to cease supply in Tibet as they have strict procedures and monitoring in place (unlike in 2021) and do not have evidence that their kits are being used in such activity. They are confident the number of kits reaching the Tibetan police force is small, consistent with policing requirements (4000 tests per annum), and inconsistent with any mass testing/screening. If they found evidence of misuse, they would cease supply and were confident they have procedures in place to monitor the use of kits.

Outcomes and next steps: In October 2023, during a follow-up meeting with the company, Eileen Pattinson noted the ongoing evolution of the situation and indicated potential changes in their actions. A Bioethics committee was established. ThermoFisher had not discontinued the supply of specific DNA kits to Tibet, citing stringent procedures and monitoring, unlike in 2021. They lacked evidence of kit misuse but were confident in their monitoring measures. They believed the number of kits supplied to the Tibetan police force was minimal and consistent with policing needs, not indicating mass testing. They pledged to cease supply upon evidence of misuse and assured the implementation of robust monitoring procedures. In January 2024, it was announced that the company ceased sales of DNA collection kits to Tibet following criticism from human rights groups and pressure from Congress.

Thematic Engagement

In our Asian strategy, we launched a thematic climate engagement initiative in 2023. As signatories of the Net Zero Asset Managers Initiative ("NZAM") and the Science-Based Targets Initiative ("SBTi"), we firmly believe that for the global economy to achieve Net Zero, all businesses must be accountable for their share of Greenhouse Gas emissions ("GHG"). We encourage investee companies to report emissions annually, preferably through the Carbon Disclosure Project ("CDP"), which facilitates public transparency. Furthermore, we believe companies must establish a decarbonisation strategy that incorporates Science-Based targets, ideally encompassing a 1.5 degrees Celsius warming scenario throughout the entire value chain. These targets must incorporate independent climate science based on 'global carbon budget' projections, aimed at keeping global warming below 1.5 degrees Celsius compared to pre-industrial levels, as per the guidance stipulated in the Paris Climate Accord. Decarbonisation targets that are not science-based will fail to deliver the desired impact.

We understand that practical implications of implementing Science-Based Targets will differ for each company. Furthermore, we appreciate the complexities of measuring and managing Scope 3 GHG Emissions. Therefore, we requested companies prioritise Scope 1+2 emissions and incorporate Scope 3 Emissions when feasible. Furthermore, we communicated that each company's climate strategy should be at least consistent with the Nationally Determined Contributions (NDCs) established by your respective country.

During the thematic engagement, we targeted 18 companies identified as having shortfalls:

- 9 companies lacking climate disclosures through the CDP.
- 9 companies for not setting science-based decarbonization targets.

The table below demonstrates the sectoral and regional distribution of the companies we engaged with, resembling the heat map analysis provided under Principle 4.

Country	Number of Companies
Hong Kong	1
India	4
China	13
Total	18

Sector	Number of Companies
Communication Services	1
Consumer Discretionary	4
Consumer Staples	2
Energy	1
Financials	2
Health Care	3
Information Technology	5
Total	18

Please find below an engagement overview for Alibaba.com, a company that had not established science-based decarbonisation targets.

Strategy: Asian Strategy
Company: Alibaba.com
Sector: Consumer Discretionary
Country: China
ESG Category: Environmental
Topic: Climate
Communication Type: Letter



Company Overview: Alibaba Group Holding Limited provides online sales services. The Company provides internet infrastructure, electronic commerce, online financial, and internet content services through its subsidiaries. Alibaba Group Holding offers its products and services worldwide.

Engagement Objective: The company had not set Science-Based GHG Decarbonisation Targets, a matter we believe should be addressed, ideally within the next 12 months.

What we have done: As an asset manager overseeing investments across multiple businesses, it's critical for us that investee companies establish and report science-based decarbonisation targets. This allows us to effectively determine the implied temperature rise ("ITR") of our investment portfolio and enables us to comply with reporting requirements to which we are committed. We expressed our concerns regarding the lack of Science-Based Targets and its potential implications for investors and the broader economy. We understand the practical implications of implementing Science-Based Targets will differ for each company. We appreciate the argument around the complexities of measuring and managing Scope 3 GHG Emissions, so we proposed the business prioritises Scope 1+2 emissions and incorporate Scope 3 Emissions when feasible. As a barometer we suggested that the company aligns its climate strategy with the Nationally Determined Contributions (NDCs) established by its respective country.

April 2024

Outcomes and next steps: The company has now submitted its Greenhouse Gas (GHG) emission targets to SBTi (Science-Based Targets initiative) for validation, with the carbon neutrality commitment serving as the benchmark. We anticipate the validation of these targets within the next 24 months and will monitor.

The Chinese positions within the Asian portfolios, will as a group, be the greatest challenge when reducing the ITR on 100% of AUM, but with companies like Alibaba starting to adhere to Net Zero objectives, there should be demonstrable improvement over time.

Principle
10

Signatories, where necessary, participate in collaborative engagement to influence

Collaborative Engagement

Ordinarily, we would engage with management on an individual basis to rectify an issue. In cases where management is unresponsive or we hold a small percentage of the float, we may collaborate with other interested parties. Given our concentrated investment approach, all holdings are important irrespective of the significance of our holding in terms of the issued share capital. Thus, if the issue is material and we must collaborate to elicit a response, we will do so.

Over the last 12 months, an engagement of a collaborative nature concerned a proxy contest involving Illumina.

Illumina is the clear market leader in DNA sequencing with an installed base of over 20,000 sequencing instruments worldwide which generate an attractive stream of recurring revenue in the form of sequencing consumables and service. The company is well positioned to benefit from continued adoption of DNA sequencing across research and clinical applications as the cost of sequencing continues to decline. While the human genome was first sequenced in 2000 the DNA sequencing market is still nascent with less than 0.1% of the world's population sequenced to date.

Ahead of the 2023 AGM, Icahn Enterprises raised their concerns about Illumina closing the acquisition of Grail despite regulators not approving the deal. They proposed three directors at the upcoming Illumina AGM – Vincent Intrieri, Jesse Lynn, and Andrew Teno. Jesse Lynn and Andrew Teno are employees of Icahn Enterprises and Vincent Intrieri previously worked for Icahn Enterprises. We engaged with Illumina, Icahn Enterprises, Glass Lewis, and Institutional Shareholder Services (ISS), before deciding how to cast our votes. We chose not to vote for the management universal proxy (white proxy) and voted for the dissident universal proxy (gold proxy card) as recommended by ISS. ISS recommends voting for only one dissident nominee Andrew J. Teno and voting for all the management nominees with the exception of John W. Thompson. We believe that increased oversight and challenge of management is required from the board. We have numerous concerns including the handling of the Grail acquisition, delayed disclosure of important information related to this transaction (in particular the low tax basis of the deal which is particularly relevant given they closed the deal without regulatory approval), poor operating performance and egregious compensation. In this situation changing only one director is insufficient, particularly given the board intends to add 2 new board members subsequent to the AGM. As such we voted for all 3 dissident nominees and withheld votes for all management nominees.

Collaboration with Financial Market Participants

VAM LLP is a member of the UK Investment Association ("IA"). For approx. four years we had seat on the IA Sustainability and Responsible Investment Committee, ending on the 31 December 2023 – due to seat rotations amongst UK Asset Managers. A key focus of the forum is to discuss draft position papers presented by regulators; committee members take a position on the paper, which is then communicated to the regulator. Most recently, we have provided our position on alignment with Net Zero initiatives and targets in response to a request submitted by the Financial Conduct Authority ("FCA"). As our partnership IA Sustainability and Responsible Investment Committee has concluded, we are currently exploring ways to collaborate with other participants within the financial market.



Principle
11

Signatories, where necessary, escalate stewardship activities to influence issuers.

Where we perceive there to be a potential risk to shareholder value and where we believe action taken by management could avert those risks, we will engage. Engagement often takes place where there is potential poor deployment of cash lack of transparency in some part of business (this may relate to incentives or company structure), reputational risk (e.g., data protection in social media businesses) or working conditions (e.g., factory standards in clothes outsourcing). The investment team will be responsible for any company engagement, with portfolio managers and at least one analyst involved in the dialogue with the company. Engagement is a fundamental part of the process and can play a significant role in ensuring the sustainability of a business.

Escalation Approach

Placing escalation into context, we would start by saying we believe in treating management with respect and will endeavour to work with management in order to find a solution. To retain a strong long-term relationship, we hold our discussions with companies in a confidential manner subject to the engagement summaries provided for client reporting purposes. The objective behind escalation is to ensure a company is working towards a solution, particularly in an area that questions whether the holding remains appropriate for client portfolios. It is also worth noting that the portfolios are concentrated, so the number of engagements will be commensurate with concentration.

Usually, we initially write to management and an issue will either be escalated if there is no response or an unsatisfactory response. As long-term holders, in most cases management are willing to discuss the issues raised. Meetings will follow, after which we will write again with recommendations. These will often lay out key thresholds we expect to be met. Should the change not take place, the issue will be escalated again.

We keep a log of engagements with an alert prompt to indicate when we expect to receive an update from management. Should we receive no response, we will contact the company to escalate the matter. This was more formally introduced during the reporting period in relation to thematic engagement. Given the work on SBTi and diversity, it was necessary to ensure there is a prompt follow up with management 12 months after the previous engagement.

If we engage with a company and the engagement is unsuccessful, we will either:

1. vote against the company if applicable and inform company management of our intentions
2. continue to hold the investment and engage with the company but lower the intrinsic value
3. sell the investment

The table below presents the current progress and subsequent actions for the thematic engagement on the Asian Desk, as outlined in Principle 9. The objective was to identify companies within the Asian Funds that did not meet the TCFD framework requirements. Specifically, we identified companies that either did not disclose their emissions inventory in compliance with global standards, ideally through the CDP, or lacked independently verified science-based decarbonisation targets, ideally by the SBTi. In the column to the far right, we have highlighted companies that will be subject to our escalation process over the next 12 months.

Company	TCFD Pillar Shortfall	Engagement Objective	Status	Actions
Alibaba Group	Metrics & Targets	SBTi	Closed	Submitted a Near-Term and Net Zero targets to the SBTi.
Apollo Hospitals	Risk	CDP	Closed	Intention confirmed to submit first report 2024.
BYD.Co	Risk	CDP	Open	Escalation
HDFC Bank	Metrics & Targets	SBTi	Open	Escalation
Hygiea Healthcare	Risk	CDP	Open	Escalation
Kweichow Moutai	Risk	CDP	Open	Escalation
Meituan	Risk	CDP	Open	Escalation
Mindray	Metrics & Targets	SBTi	Open	Escalation
NARI Technology Co Ltd	Risk	CDP	Open	Escalation
NetEase	Metrics & Targets	SBTi	Open	Escalation
Ping An	Metrics & Targets	SBTi	Closed	The company has submitted a near-term target to SBTi.
Reliance Industries	Metrics & Targets	SBTi	Open	Escalation
Samsung Electronics	Metrics & Targets	SBTi	Open	Escalation
Samsung SDI	Metrics & Targets	SBTi	Open	Escalation
SK Hynix	Metrics & Targets	SBTi	Open	Escalation
Titan Company	Risk	CDP	Open	Escalation
TSMC	Metrics & Targets	SBT	Open	Escalation
Wuliangye Yibin	Risk	CDP	Open	Escalation

Principle
12

Signatories actively exercise their rights and responsibilities.

Given the concentrated, focused nature of our investment approach, we believe our investment teams understand the businesses we invest in on behalf of our clients and take stewardship responsibility seriously, including our proxy voting responsibilities.

We commit to voting on all resolutions tabled. With this in mind, our firm approach is to not engage in stock lending, in order to mitigate empty voting. We are also philosophically opposed to lending out stock in a company of which we are long term shareholders. When casting our vote, whilst we take third party views into consideration, such as ISS Policies, and questions raised by clients who use external proxy advisors, it is important that where mandated, the final decision rests with the investment team.

There have been cases where resolutions brought against management by shareholders for good reason have failed simply because third party proxy firms have recommended voting against the resolution and with management instead. Veritas maintains independence of decision based on detailed knowledge of the company.

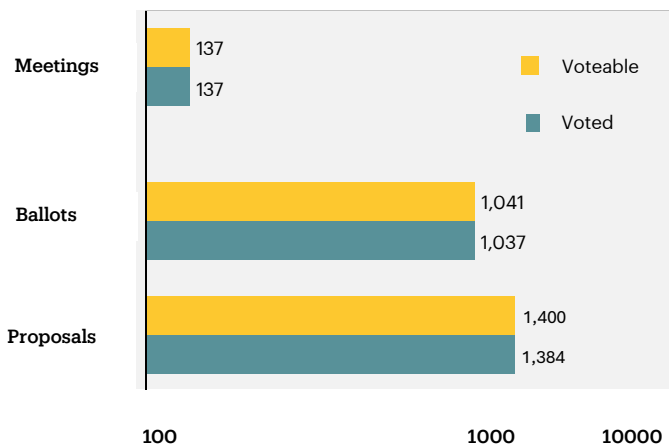
Voting on key issues is rarely done in isolation and is often a follow up post engaging with management. A decision to vote in favour of management could be conditional to implementing a course of action, e.g., introducing more Non-Executive Directors within a set time period or adjusting a Long-Term Incentive Plan.

Common practice is for shareholders to rely on their investment manager to vote and Veritas takes this responsibility seriously. Some segregated clients will choose to indicate how to vote, and, in these instances, Veritas will vote in line with a client’s wishes, even if this is contrary to our “house view” but will offer an explanation as to why the house view differs. The proxy voting policies can be found under the sustainability section of website: <https://www.vamllp.com/sustainability/>. A summary of all votes cast for pooled vehicles under the Veritas Funds Plc umbrella, is available on the following webpage: <https://vds.issgovernance.com/vds/#/NzgyMA==>

Our Voting Policy consists of two parts, one of which is ESG specific. We vote on all resolutions and ISS provides vote recommendations and vote execution services. We also follow a customised ESG Red Line policy. The Red Lines contain guidelines covering topics associated with ESG. For example, red lines that relate to climate related factors include a redline to vote against senior management if the business has no climate change committee with board oversight. Should any of the red lines be breached, the instruction is to either vote against management or explain why not. This enables us to effectively communicate with clients.

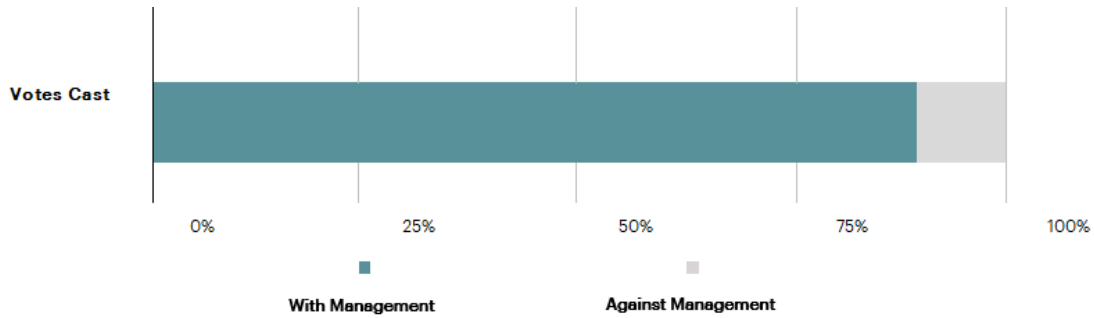
VAM LLP Company Meeting Overview – 12 months to 31 December 2023

Category	Number	Percentage
Number of votable meetings	137	
Number of meetings voted	137	100%
Number of meetings with at least 1 vote Against, Withhold or Abstain	58	42.34%

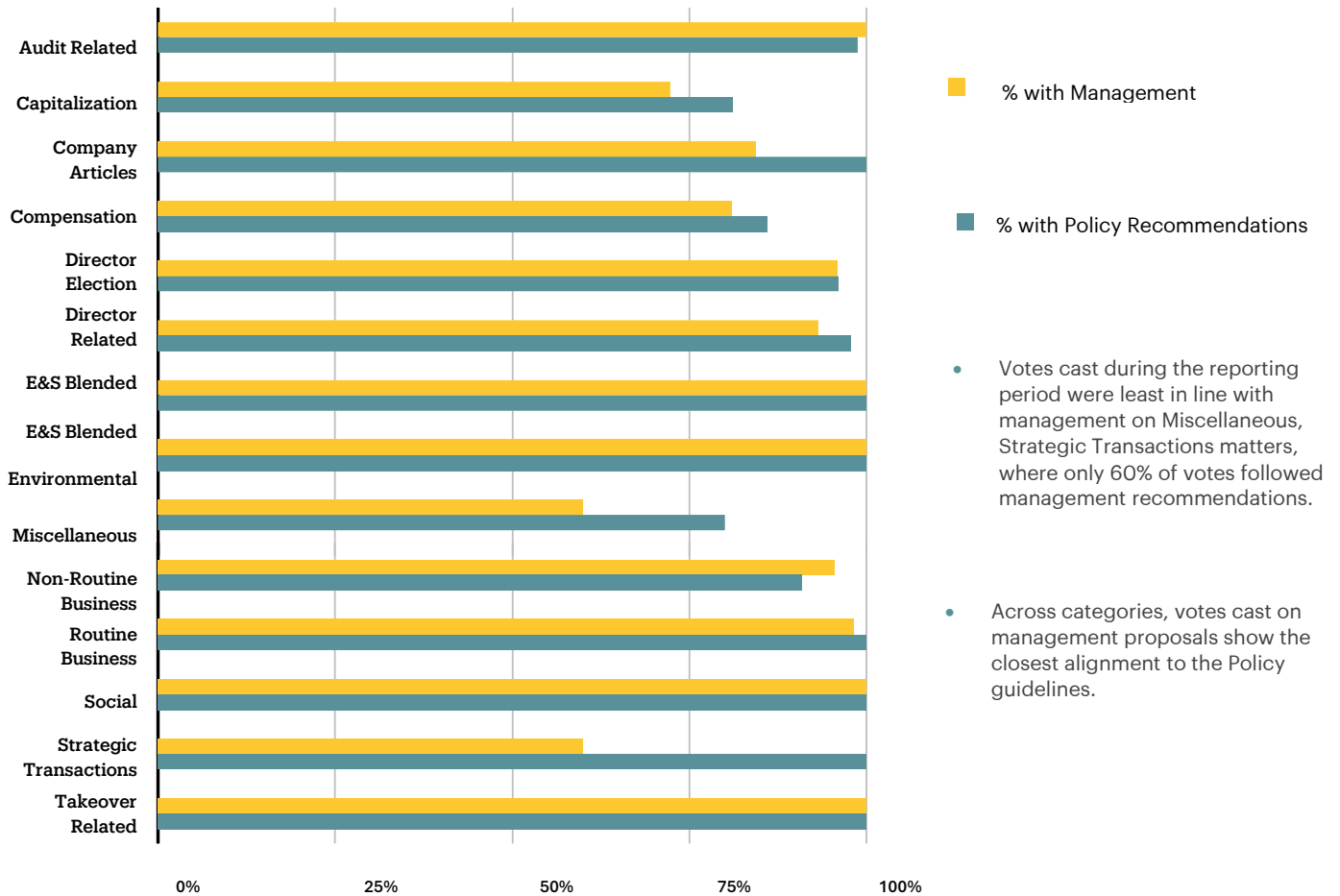


Votes “FOR” and “AGAINST” Management

The votes cast during the reporting period were aligned with management recommendations in 90% of cases.



Votes Cast on Management Proposal Categories



When reporting our voting activities to clients, we divide this information into two parts. The first section addresses votes cast that resulted in a vote contrary to management’s recommendation.

Votes “AGAINST” Management Guidance



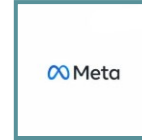
- **Proposal** | Advisory Vote to Ratify Named Executive Officers' Compensation
- **Management Vote Recommendation** | "FOR"
- **VAM LLP Vote Instruction** | "AGAINST"
- **Rationale** | A vote against this proposal was warranted due to the following reasons: Despite engaging with shareholders and receiving specific feedback, the company did not make substantial adjustments to the compensation program to address their concerns. CEO Jassy’s pay declined after the mega promotion award, but persistent issues remain. Compensation for other NEOs primarily relies on time-vesting restricted shares, and incentive programs lack clear performance metrics and quantified goals. Additionally, an NEO’s recent \$41 million grant raises concerns, especially considering the \$81 million sign-on grant received just one year prior.

Amazon.com, Inc.



- **Proposal** | Advisory Vote to Ratify Named Executive Officers' Compensation
- **Management Vote Recommendation** | "FOR"
- **VAM LLP Vote Instruction** | "AGAINST"
- **Rationale** | Performance-Based Awards present several concerns. These awards lack a minimum performance period of 3 years, and despite a decline in the company’s performance, bonuses are being granted with inappropriate discretion. In the annual pay program for non-CEO NEOs, there are additional issues. An ESG-based bonus program lacks transparency in pre-set goals. NEO base salaries increased despite the ESG bonus being halved due to “macroeconomic conditions.” The annual LTI program unexpectedly shifted to time-vested equity without disclosed rationale. Furthermore, two NEOs received equity grants exceeding median CEO pay for peers. The relative TSR target lacks rigor, and no vesting cap is disclosed for negative absolute TSR. CEO Pichai’s equity grant, though rigorous, lacks a significant portion of performance equity for multi-year coverage, potentially resulting in higher pay compared to peers.

Alphabet Inc.



- **Proposal** | Elect Director Peggy Alford
- **Management Vote Recommendation** | "FOR"
- **VAM LLP Vote Instruction** | "WITHHOLD"
- **Rationale** | Instructions to withhold votes were warranted for compensation committee members Peggy Alford, Marc Andreessen, Andrew Houston, and Tony Xu due to concerns about the executive pay program. Additionally, WITHHOLD votes are further justified for incumbent governance committee members Peggy Alford, Marc Andreessen, Andrew Houston, and Tony Xu, as well as Mark Zuckerberg (owner of supervoting shares), given the absence of a reasonable time-based sunset provision for the multi-class structure. Furthermore, Peggy Alford, as chair of compensation, nominating, & governance, merits a WITHHOLD vote due to consecutive years of high director pay without disclosed rationale.

Meta Platforms, Inc.

The second part of the voting report focuses on the ESG Red Line component of the policy.

Votes "AGAINST" ESG Red Line Policy Guidance



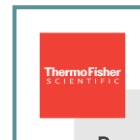
Becton, Dickinson and Company

- **Proposal** | Elect Director Thomas E. Polen
- **ESG Red Line Policy Recommendation** | "AGAINST"
- **VAM LLP Vote Instruction** | "FOR"
- **Rationale** | Veritas voted contrary to the guidance of Red Line E4 - The company has failed to commit to introducing and disclosing science-based emission reduction targets with a coherent strategy and action plan in line with a 2 degree scenario. The near-term target covering Scopes 1+2 has been submitted to SBTi and is aligned with a temperature ambition of 1.5 degree. BD are working with ERM, the largest global pureplay sustainability consultant, to establish baseline emissions for major sources of scope 3 emissions. They expect to have targets verified by SBTi and published by September 2023 at the latest. Given the size and scope of the business it is not surprising this has taken some time. Veritas will review the targets they put in place for Scope 3 once they have established a baseline, then monitor whether they submit a Net Zero target to SBTi for verification.



Sonic Healthcare Limited

- **Proposal** | Elect Mark Compton as Director
- **ESG Red Line Policy Recommendation** | "AGAINST"
- **VAM LLP Vote Instruction** | "FOR"
- **Rationale** | Veritas voted contrary to the guidance of Red Line E2 - The company does not report in line with the recommendations of the Task Force on Climate-related Financial Disclosures. Whilst Veritas acknowledge that the criteria of Red Line E2 has not been met in full, the company is moving quickly towards reporting in line with TCFD. In their 2022 Sustainability Report, it is stated: 'Building on the governance, strategy and emission measurement initiatives described above, we also plan to conduct climate-based risk and scenario planning across our divisions during FY2023, to facilitate a qualitative response to the Task Force for Climate Related Financial Disclosures (TCFD), with a quantitative TCFD response to follow in FY2024.' Given the recent progress, a vote "AGAINST" the re-election of the chair is a disproportionate response at this stage.



Thermo Fisher Scientific Inc.

- **Proposal** | Elect Director Marc N. Casper
- **ESG Red Line Policy Recommendation** | "AGAINST"
- **VAM LLP Vote Instruction** | "FOR"
- **Rationale** | Veritas voted contrary to the guidance of Red Line S4 - Within senior leadership positions, none of the roles of Chair, CEO, Chief Financial Officer and senior independent director are held by women. Whilst Veritas acknowledged that none of the three positions above (Chair/CEO one position at ThermoFisher Scientific) are held by women, there has been positive development in Board composition since 2021 with 27% of Board members now women (3 out of 11, up from <20% in 2021). However, Veritas did note that the company had targeted a 30% representation by the 2023 AGM, a target it has not met. Veritas did not wish to vote against the Chair and CEO, Marc Casper, as this time, however, will engage with the company to ensure a new, more aggressive target is set for women on the Board and will engage on D&I targets more broadly.

Additionally, we have provided examples of our voting activity for shareholder-tabled proposals, which are gaining significance due to the growing number of ESG-related matters presented at annual general meetings (AGMs).

Shareholder Tabled Proposals



Alphabet Inc.

- **Proposal** | - Report on Alignment of YouTube Policies With Online Safety Regulations
- **Management Vote Recommendation** | "AGAINST"
- **VAM LLP Vote Instruction** | "FOR"
- **Rationale** | A vote FOR this proposal was warranted, as increased reporting would provide shareholders with more information on the company's management of related risks.



Meta Platforms, Inc.

- **Proposal** | Report on Framework to Assess Company Lobbying Alignment with Climate Goals
- **Management Vote Recommendation** | "AGAINST"
- **VAM LLP Vote Instruction** | "FOR"
- **Rationale** | A vote FOR this proposal was warranted at this time. The request is not considered overly onerous or prescriptive, and shareholders would benefit from greater transparency of the company's direct and indirect climate lobbying, and how the company would plan to mitigate any risks that might be identified.



UnitedHealth Group, Inc.

- **Proposal** | - Report on Congruency of Political Spending with Company Values and Priorities
- **Management Vote Recommendation** | "AGAINST"
- **VAM LLP Vote Instruction** | "FOR"
- **Rationale** | A vote FOR this proposal was warranted, as a report on the company's value alignment with political expenditures would enable shareholders to have a greater understanding of how the company oversees and manages risks related to its political affiliations.

