Veritas
— Asset
Management

Real Return
Investing

ESG & Stewardship Report 2023

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April 2023

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:	If 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 clients. 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 75% of AUM) and Asian Equities (approximately 25% of AUM). Our approach to stewardship and ESG integration is consistent across both strategies and all funds. For example, all Funds are categorized as Article 8 under Sustainable Finance Disclosure Regulation ("SFDR") and our Net Zero commitment is on 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 ask a lot of the companies in which we invest, and we challenge management where necessary. Increasingly, we have looked at our own business and questioned how we can lead by example and ensure sustainability. We have a Corporate Social Responsibility ("CSR") Team that ties together the various CSR initiatives and ensures alignment with some of the UN SDG's. This includes the following;

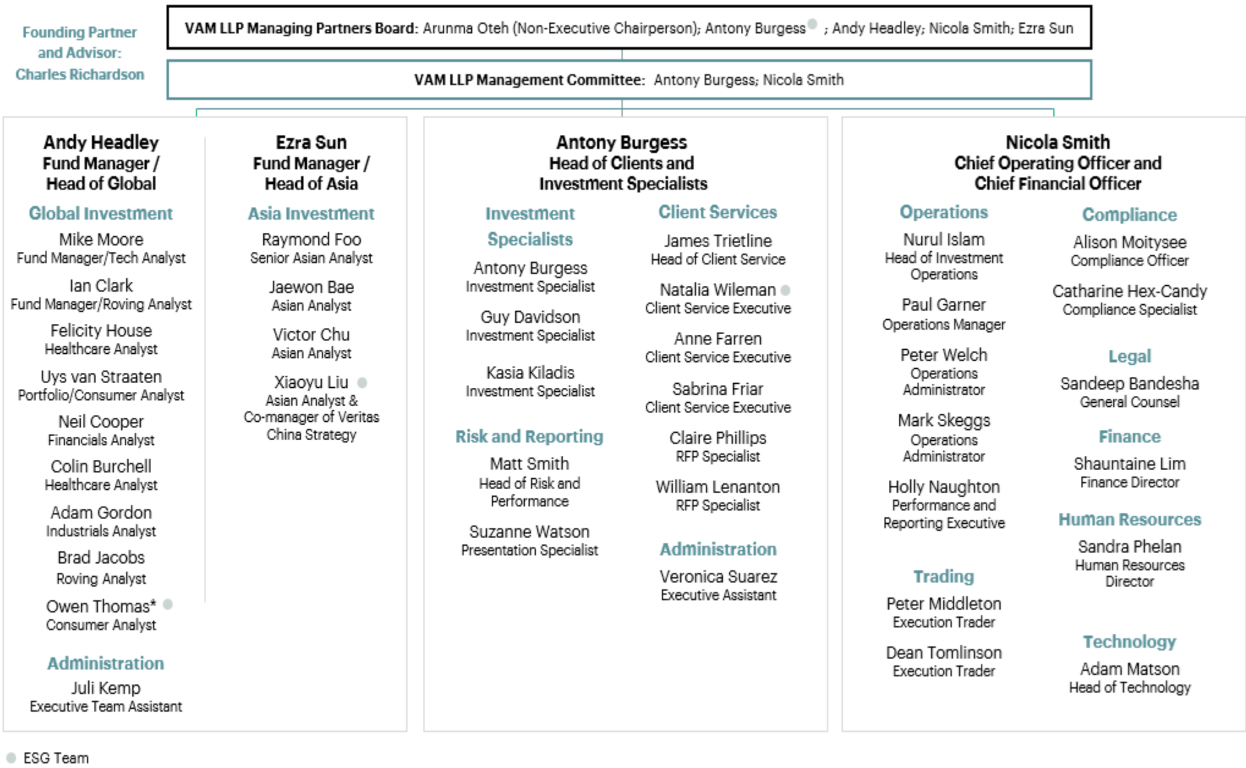
- Working with a designated charity Sponsors for Educational Opportunity ("SEO") which aims to deliver superior educational, training, and mentoring support to young people from underrepresented and underserved backgrounds. The program runs over rolling 7-year periods taking cohorts of forty students from A Level through University and into careers. One of the aims is to increase the pool of diversified talent in the financial industry. Over 2022, we have conducted a number of mentoring sessions with the students, including a 'Commercial Awareness Challenge'. This involved hosting a teach in session on how Veritas analyses businesses and seeks sustainable investments, after which each group of students wrote an investment thesis on a stock, they believed would make a good sustainable investment. The standard was incredibly high. Many of the students have expressed an interest in careers within investment management.

- Veritas is committed to Net Zero as an organisation. We are signatories of both the Net Zero Asset Managers Initiative ("NZAM") and the Science Based Target initiative ("SBTi"). The firm appointed a third party to independently verify carbon emissions. During early 2022, these were netted off (based on 2019 levels) by helping fund a small hydro power project in India and a biomass cookstoves project in Malawi.

- During 2022, we introduced a questionnaire that was sent to third party providers on their own CSR efforts. This was as a consequence of obtaining feedback from our clients and concluding that we needed a more robust way of assessing modern slavery amongst third party providers.

We have room for improvement in areas such as gender diversity at Board level and within the investment team but have implemented a governance structure that ensures opportunity. In 2022, progress was made as we welcomed Arunma Oteh, a new Non-Executive Chairperson to the Board. Arunma offers Veritas an impression pedigree. Her roles have included Treasurer for the World Bank, Director General at the SEC in Nigeria, and Group Treasurer at the African Development Bank. Arunma is a strong believer in sustainable investment, and, amongst other posts, she is a member of the UK Green Finance Stakeholder Group.

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. At the end of the reporting period, we decided to close an Emerging Market product that was set up in 2019 and incubated with Partner's capital. Before a product is marketed to clients, it is first managed for 3 years to ascertain whether it provides a suitable vehicle for clients. The decision was taken to focus on the Asian and China equity funds.



Looking ahead

We continually assess how we can improve. This is done in several ways. One, we are completing an increasing number of ESG related questionnaires. During 2022, the number was 118. On reviewing the questionnaires, we noted an increased interest in several areas. For example, in 2022, it was evident we were receiving more specific questionnaires on climate and modern slavery (approx. 20% increase). We speak frequently to our clients. During 2022, there were over thirty specific meetings related to discussing how we could work with our clients/ consultants on ESG related issues. In some cases, clients have adopted our initiatives. Lastly, we assess the growing tide of regulation and where there may be potential gaps.

Later in the report we touch on the UN Global Norms policy that was introduced in 2022 and our SBTI approved Net Zero targets that were submitted in line with our commitment to NZAM. We are now in a position to submit a TCFD report by the end of June 2023.

Reinforcement of cultural traits is important, this is reinforced with an e-Magazine, called Truth, published quarterly, with a regular column focussing on culture but also topics such as diversity and Modern Slavery. As at the end of 2022, the magazine is now published on an internal intranet site which centralises internal resources, communications, and information in a central location.

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 five Managing Partners: 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 which affect the business. All members of the MPB are senior employees at Veritas, holding a range of financial related qualifications and an average of over 25yrs. of industry experience.

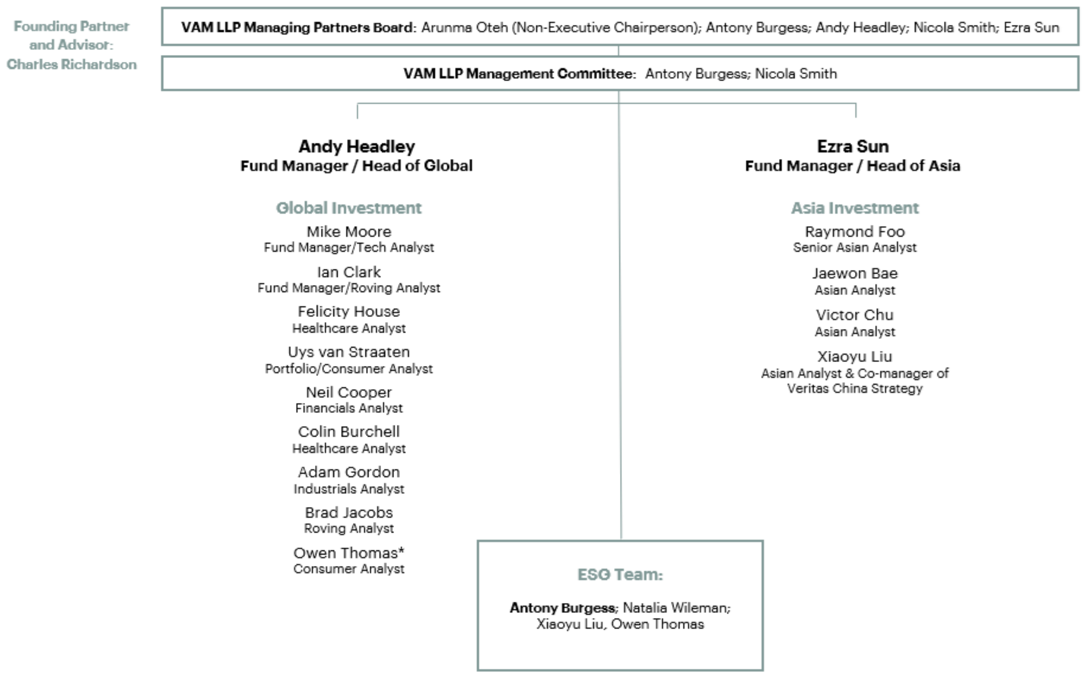
Responsibility for investment and the integration of ESG rests with the investment teams and the Portfolio Managers, with oversight by the Managing Partners Board ("MPB"). This approach has been consistent since the inception of the firm.

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)

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 both 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. At the end of 2022, we assessed how to enhance the team further. It was decided to broaden the investment professionals to cover both the Global and Asian equity teams and thus membership increased from 3 to 4 members. Given the Firm's policy to be consistent with objectives, policies, and categorisation of funds covering all clients where possible, it made sense to have investment professionals from both teams. Both Owen and Xiaoyu are strong advocates for sustainability. Owen, for example, previously ran the Tesco pension Scheme and introduced a number of initiatives, some of which may enhance our own policies given feedback from clients. One area we are assessing over 2023, is whether to enhance our own rating of management to specifically cover E and S factors more directly. This is in relation to the shortcomings of third-party ratings. Some clients wish to see some form of ESG assessment in the form of an overall score. We do not believe in blindly outsourcing this to a third-party provider due to the well-known concerns regarding inconsistent methodology etc.



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 scores but prefer to conduct our own analysis utilizing some of the data from third party providers. We source ESG data from several third-party providers, listed below. We also use data to help generate specific reports for clients. Every two years, the ESG Team formerly reviews third-party providers' data offerings. Last year, it was decided to replace Sustainalytics with MSCI, as the latter could help with an alert system we wished to implement as part of our UN Global Norms policy, and they offered broader climate related data. Additionally, the majority of clients (over 90%) use MSCI as a benchmark and request some data/ reports be reported against the MSCI benchmark data to enable a comparison of Managers in a consistent manner. During 2022, we also appointed the Carbon Trust.

Data provider	Description
MSCI ESG Research LLC	MSCI ESG data is used to supplement ESG activity in several ways: - Provide a bespoke alerts for breaches of global norms frameworks - Provide screening for controversial weapons. - Provide data that will enhance our climate transition work - Provide data to aid thematic engagement initiatives
Carbon Trust	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.
Institutional Shareholder Services ("ISS")	Voting policy application and execution. We have produced a custom ESG Red Line Voting policy that ISS applied to all company meetings.
Carbon Disclosure Project ("CDP")	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.

Remuneration

Each investment analyst is rewarded based on the stock ideas and the impact they have had on the fund and within the team. There are both quantitative measures (performance both 1 year and 3-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. During 2022, we sold out of a position in Baxter International on ESG grounds, specifically in relation to Governance. The company primarily focuses on products to treat kidney diseases, and other chronic and acute medical conditions. The company has performed well over the years given the number of cases of Type 2 diabetes is rising globally and with it, end stage renal disease. The company has understandably looked to diversify its business within critical care. The shares were sold as future visibility is impaired by an ill-timed acquisition of Hillrom, which increases debt and compounds supply chain issues. One of these has been the difficulty of receiving enough electrical components for its kidney dialysis machines. This has been compounded by buying Hillrom which manufacturers smart beds (vital statistics can be transmitted from the bed to doctors remotely). They may have to sell some key assets in renal care to pay down debt. The analyst will be assessed on how the stock has performed over the time held and the overall analysis/ interaction involved. Clearly this may be implied if the post analysis indicates a risk the analyst should have been more cognizant. There is an element of ESG integrated into the compensation structure for members of the ESG Team.

Another important aspect of the approach to investing at Veritas is the concentrated nature of building portfolios and the iterative approach within the investment team. We only look to invest in the most sustainable cash generating businesses and few qualify to be added to the Universe List (currently approx. 250 in the case of Global Equities and 65 for Asian Equities). An idea is deliberated thoroughly throughout the process before it is added to the Universe List and as a result, there is peer oversight on risk factors before a company is approved as sufficient quality to be added to the Universe List. A key reason that we keep investment teams small is accountability and impact.

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, 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 Committee. The Conflicts of Interest Policy, procedures, and the conflicts register is updated and approved annually by the Compliance Committee. The only conflict of interest identified in 2022 was the result of onboarding a new pension fund client, the shares of the parent company of which are held within the Global Focus Fund. The above procedure will be 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 proceedings 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 clients all benefit and there is less chance of conflicts of interest. When we have introduced an initiative, like carbon analysis reporting, we will formally assess whether it can and should be introduced across all funds and for all clients. An example of this is the alignment to Article 8 of SFDR across all funds within the firm and in 2022, the implementation of TCFD monitoring of the Asian funds, in line with Global equity funds.

Training

Each year, all staff undergo training which is assessed, including topics on personal trading/ insider dealing and anti-money laundering and how these relate to the best interests for clients. Furthermore, in 2022 we added specific training for employees in the commercial team on ESG regulation and client reporting to ensure a greater depth of understanding and consistent execution. Unlike other forms of reporting, ESG is progressing in real-time.

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.

There are three main considerations when assessing systematic risk. The first is identifying the risk, next is the 'so what'. Does it lead to an action in the form of a policy or framework for identifying potential investment ideas, avoiding investments, or challenging management. Lastly, how is it measured and what does success/failure look like and does it benefit other market actors. During the reporting period, the focus has been on climate transition.

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. Some US companies hide behind the delay in clear SEC guidance on compulsory emissions disclosure that is already evident in other geographies. More countries are passing legislation on Net Zero targets. 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. 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 Non-Governmental Organisations ("NGOs").

ESG Organisations	Year Joined
UN Principles for Responsible Investment (UNPRI)	2017
Financial Reporting Council's (FRC) UK Stewardship Code	2014
Task Force on Climate-related Financial Disclosures (TCFD)	2019
Transition Pathway Initiative (TPI)	2020
Net Zero Asset Managers Initiative (NZAM)	2021
Science Based Targets Initiative (SBTi)	2021

Initiatives

Actions taken to address Climate risk.

(1) Climate reporting in line with TCFD guidelines.

In 2021, Veritas introduced a TCFD engagement policy. All investee companies are assessed on where they are in their transition to a low-carbon economy. We use data from The Carbon Disclosure Project ("CDP") reports, (as of 2022) raw data from MSCI and data obtained directly from the company. Our assessment is aligned with the Taskforce on Climate-Related Financial Disclosures ("TCFD") framework, including Governance, Strategy, Risks, Metrics & Targets. The grid below gives a high-level summary of some of the criteria assessed for the Top 10 holdings within the Global Focus Fund as of 31 Dec 2022. Essentially, where there is a shortfall, we will engage with management. For example, if they do not complete the CDP questionnaire, or if their targets are not science based, we want to understand why and will use voting and engagement as tools to ensure the company acts.

Net Zero & Carbon Management Oversight

Veritas Global Focus Fund (Top 10)

				TCFD Framework[1]								
				Governance		Strategy	Risk		Metrics and Targets			
Top 10	Security name	Portfolio weighting %	CDP Score 2022	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	Alphabet Inc.	5.7	A	✓	✓	×	✓	×	✓	△	×	1.5°C aligned
2	Canadian Pacific Railway	5.7	A	✓	✓	✓	×	×	×	✓	×	Not available
3	Microsoft	5.5	A	✓	✓	×	✓	×	✓	✓	△	1.5°C aligned
4	Mastercard	5.4	A-	✓	✓	×	×	×	✓	✓	×	1.5°C aligned
5	Safran	5.4	A-	✓	✓	✓	✓	×	✓	✓	×	1.5°C aligned
6	Vinci	5.0	A	✓	✓	×	✓	×	✓	✓	×	Well-below 2°C aligned
7	Charter Communications	4.8	F	×	×	×	×	×	×	×	×	Not available
8	Unilever PLC	4.3	A	✓	✓	×	✓	×	✓	✓	△	1.5°C aligned
9	Fiserv	4.0	C	✓	✓	×	×	×	×	×	×	Not available
10	Amazon.com	3.6	-	✓	×	×	×	×	✓	△	×	1.5°C aligned

[1] Task Force on Climate Related Financial Disclosures (TCFD), the company has formally committed to the TCFD reporting framework. 2 Carbon Disclosure Project (CDP), the company has submitted responses to the CDP for the 2022 reporting cycle. 3 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 unfeasible for society to abate in 1.5°C scenarios) by permanently removing an equivalent amount of CO2 from the atmosphere. 4 Science Based Targets Initiative (SBTi), targets 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.

Climate Engagement Examples: Reporting period updates

The table below provides examples of engagements with companies concerning climate objectives and the progress made over the reporting period.

Company	2021	2022	Current Status	
ThermoFisher SCIENTIFIC	Committed to Net Zero by 2050 but requires Science Based Targets.	Progress made on targets and assessing its Scope 3 carbon inventory. The company initially committed to calculating SBTs in 3-5 yrs. due to the volume of Scope 3 Emissions.	It has since committed to validating Near Term and Net Zero Targets approved by the SBTi. We expect targets to be verified within 24 months.	Monitor
SONIC HEALTHCARE	The company had not completed the Carbon Disclosure Project (CDP) report or determined Science Based Targets (SBTs). Overall, the company was lagging behind its peers.	Post engagement, 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.	The company later committed to Net Zero by 2050, aligned with a 1.5 °C pathway. It intends to reduce Scope 1+2 GHG emissions 43% by 2030. The business is assembling its Scope 3 carbon inventory; this should be complete by 30 June 2023.	Monitor
CooperCompanies	We had concerns about the company's climate strategy and voted against Chairman at the 2021 AGM.	We met with management to discuss progress against the objectives set.	The company completed its first CDP submission in 2022. No decarbonisation targets were reported. The company is in the process of calculating its Scope 3 carbon inventory, with the intention to announce its decarbonisation targets in May 2023.	Monitor
ice (Intercontinental Exchange)	Despite benefitting from climate regulation and conducting a materiality study, the business had disclosed few details on its transition plan.	The company completed TCFD and SASB reporting. Unfortunately, both lack sufficient detail. We met with management in 2022 to discuss the company's climate strategy and followed up in writing to encourage the business to complete the annual CDP report.	The company published its first CDP report in 2022. No targets were disclosed.	Ongoing

The above does not constitute a recommendation or endorsement to buy or sell any referenced security or other financial instrument.
Source: Veritas Asset Management LLP. For further information on sustainability related aspects please visit https://www.vamllp.com/sustainability/

Engagement Status Key
Monitor - Company has not confirmed plan of action to align business with engagement objective.
Ongoing - Company has formally identified next steps or execution of progress is evident.

(2) 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.

Environmental	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.

As an example, during the reporting period, UnitedHealth breached 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.

We voted against the election of the director John H. Noseworthy. After initially raising our concerns with the company prior to the AGM, management would not commit to developing science-based emissions targets in the next two years, even for scopes 1&2.

Since the 2022 AGM, the company has committed to having its near term decarbonization target validated by the Science Based Targets Initiatives ("SBTi") within the next 24 months. Furthermore, they have committed to Net Zero by 2035 across Scopes 1+2.

This provides an example of how Red Lines can be most effective. Some are arguably blunt, and they should not be applied blindly without detailed consideration. We certainly do not use them in that way. We believe working with management is a far more effect way of preserving relationships and instigating change. Indeed, any climate data needs context, and we believe clients should receive reporting that best reflects this approach.

It was decided during 2022, to introduce Red Line Voting to our Asian equity funds. This has the benefit of the above initiatives is to improve the level of company disclosure to the benefit of all market participants.

Climate Investment Opportunities

The investment analysts have been assessing companies that 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 in some cases are unlikely to be met without help. Who are the beneficiaries of this trend over the reporting period, and which companies are focusing on the future and changing business practice to address transition.

- **Cognizant**

  New position in the Global Equity Income Strategy.

  Cognizant helps businesses take the necessary steps using a comprehensive digital stack that includes machine-learning, data mining, digital twins, IoT and robotic automation to ensure environmental information is complete, accurate, verifiable, and actionable.

  Escalating and volatile energy and carbon market costs represent a material impact on bottom-line and top-line performance. Real-time, accurate carbon emissions data increasingly is being integrated into the procurement and investment decision-making process. Underpinning these commercial issues, the regulatory environment is maturing with demands for transparency in voluntary and compliance reporting toward hard net-zero targets. Efficiently and accurately reporting progress on sustainability goals and ESG KPIs requires an innovative approach to collecting data from multiple siloed systems across business units and multi-tiered supply chains. In many cases, no central repository of this data is available. Cognizant solutions launched a product with Microsoft (Cognizant Sustainability Accelerator). It's a new sustainability data and analytics solution aimed at enabling companies to track and take action on their sustainability goals. It's being showcased at the next Conference of Parties Summit ("COP").

- **Vinci SA**

  The position was held in Global Focus Strategy prior to reporting period, but added to as company increasingly embraces opportunity as a solution provider.

  Vinci operates airports, toll roads, and has a construction business which includes energy infrastructure. 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 in order 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 a number of 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's 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.

- **Reliance Industries**

  New position in the Asian Equity Strategy.

  A new position in the Asian fund over the reporting period is Reliance Industries. Reliance Industries is a firm that is an incumbent player in an industry which causes huge environmental damage (Oil, Gas and Hydrocarbons) yet is part of the long-term solution to some of the damage the industry causes, the reason being it is a company that is transitioning to become a global leader in New Energy, most notably Green Hydrogen.

  Over the last 6 decades RIL has built itself from a small yarn trading business into the most valuable private company in India with a market capitalisation of c.$200bn and operations spanning Oil & Gas, Telecoms, Retail, Petrochemicals, Textiles and more laterally New Energy. The leadership of RIL has consistently said that innovation is the key to growth and shown an ability to identify long term trends early on coupled with a preparedness to commit material capital expenditure to capture the opportunities it sees. Reliance Jio is a good example, launched in 2016 it now has a 53% market share of wireless broadband in India accounting for over 60% of the data traffic and this is set to grow further as it expands its 5G network across the country with the associated social and commerce benefits this brings to communities.

  Today RIL is transitioning from a traditional old energy company (FY17 100% of EBITDA came from energy) to a Retail (physical and e-commerce), Telecom and New Energy company. This requires massive capex, the source of which is revenues from the old energy business which is now on maintenance capex. RIL has chosen Jamnagar, the centre of its old energy business, as the location for its new 5000 acre green energy giga complex the construction of which is making significant progress according to comments accompanying the latest results. This puts RIL on track to achieving its own energy transition goal of becoming net zero by 2035. For context RIL has committed an initial US$10bn capex to its new energy ambitions with the option for this to rise significantly as it sees a multi-trillion USD opportunity globally for which it wants to compete to gain a market share. One such area is Green Hydrogen, hydrogen is the most abundant natural resource available and is produced through a number of processes including water electrolysis however, it is energy intensive, so the solution is to produce the energy needed from renewable sources such as solar i.e., use renewable energy to produce a high energy density carbon zero fuel.

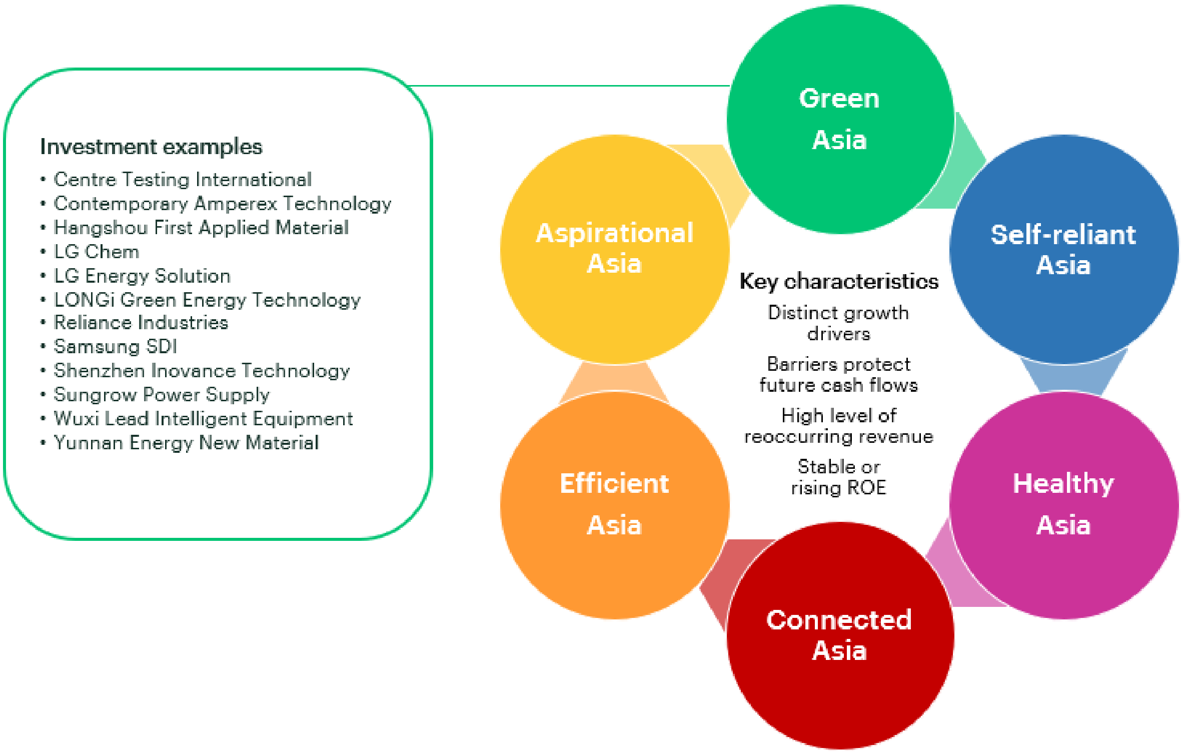
RIL's New Energy Strategy is based on 4 pillars:

- Backward Integration – manufacturing of integrated solar photovoltaic, energy storage systems and electrolyzer
- Utility Scale Solar Generation – lower the cost for renewable business
- Targeting External Markets – total addressable market for electrolyzers c.US$74bn
- Captive Setup – electrolyzer capacity for captive consumption

Asian Investment Themes

Green Asia is an enduring theme within the Asian equity analysis. As shown by the diagram below, it is one of 6 long standing themes that help drive investments. Over the reporting period, a number of the investments made within the Green Asian theme are highlighted.

Veritas Asian Strategy
High conviction investment themes



The positions above illustrate important subsector trends within the portfolio and does not include all securities held within the portfolio. In addition, we may not necessarily hold all the securities referred to above. The securities listed have been selected in an objective and non performance based way and serve as an example of investment style over an annual cycle. The above does not constitute a recommendation or endorsement to buy or sell any referenced security or other financial instrument. Source: Veritas Asset Management LLP

Measuring success

Ultimately, a manager that runs UCITS funds has Voting and Engagement as the main tools with which to challenge management. If change occurs this should be measurable. In 2022, we engaged the company Carbon Trust to assist with calculating the implied temperature rating 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.

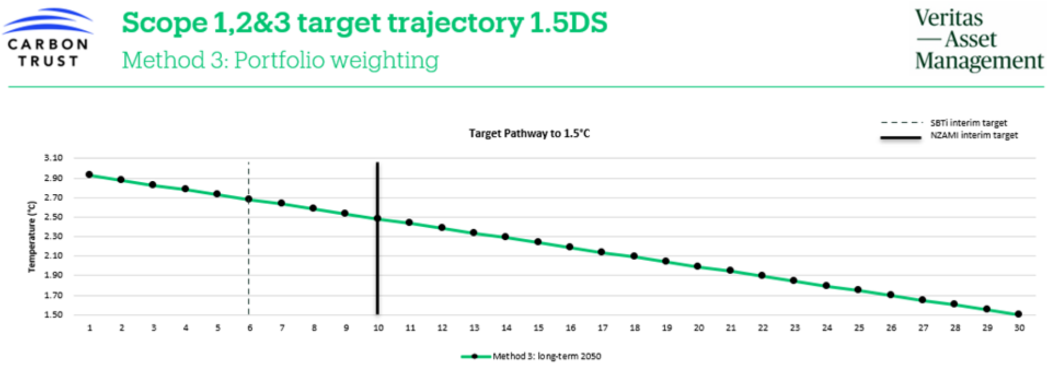
The implied temperature rise ("ITR") model (diagram below) assembled by Carbon Trust only incorporates companies with targets set that have been verified by SBTi. Companies that have committed to SBTi but are yet to have their targets approved or have no targets set, receive a default score of 3.2°C. For example, Catalent is "committed" to SBTi, but Carbon Trust still assigns the business 3.2°C. Canadian Pacific Railway has a "verified" near-term target of well below 2°C (meaning 1.75°C), which is considered in the Carbon Trust model, i.e., they score 1.75°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 key in prompting Veritas as a manager to force change. The ITR will reduce quickly by encouraging companies to commit to having their targets verified by SBTi, which aligns with both our TCFD engagement policy and Red Line Voting policy. Each year we will report on the progress made in the ITR.

Clearly, a company that moves in line benefits all market participates. As concentrated, long-term investors, we are well positioned to be heard by management.

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). Our interim targets for 2030 are 2.37°C (Scopes 1+2) and 2.48°C (Scopes 1+2+3). The main target set is to achieve 1.5°C by 2050 by aiming for an annual temperature reduction of 0.04°C (Scopes1+2) and 0.05°C (Scopes 1+2+3).



Target setting	Long-term target 2050
Baseline Year (t1)	2021
Longer-term target	**2050**
Interim Target (NZAMI)	**2030**
Interim Target (SBTi)	**2026**
Current Temp Scoring S1&2	2.93
Target Temp Scoring S1&2	**1.50**
Δ Temp reduction t1 + n	0.05

Interim Target	Year	Long-term target 2050
The Net Zero Asset Managers	2030	NZAMI interim target is 2030 so time frame is 9 years so [2.93°C - (9 x 0.05)] = **2.48°C temperature score by 2030**
Science-based target	2026	SBTi interim target is 2026 so time frame is 5 years so [2.93°C - (5 x 0.05)] = **2.68°C temperature score by 2026**

Binding Elements

In 2022, we implemented the second phase of the EU Sustainable Finance Disclosure Regulation ("SFDR"). All strategies at Veritas are categorised under Article 8 Funds, as per our commitment under the initial phase of the SFDR. This means that all Funds may be regarded as promoting, among other characteristics, environmental characteristics provided that the companies in which the investments are made follow good governance practices. 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. The targets will be reviewed annually. Two of the binding elements relate to climate and provide a further measure of outcome.

Regulation	EU Sustainable Finance Disclosure Regulation ("SFDR")
Proportion of investments	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.
Binding Elements[1]	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.
Blended Methodology	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.
Principle Adverse Impacts (PAIS)	VAM has not committed to evaluating the PAIs prior to investment. However, all Funds are deemed to have regard to six of the PAIs which are considered relevant to the Sub-Fund: 1. GHG emissions, 2. Carbon footprint, 3. GHG intensity of investee companies, 4. Exposure to companies active in the fossil fuel sector, 10. Violations of UN Global Compact principles 14. Exposure to controversial weapons (anti- personnel mines, cluster munitions, chemical weapons, and biological weapons).

[1] *The figures stated are in reference to the Veritas Global Focus Fund. Please refer to the Fund prospectus for further information on all investment vehicles managed under the Fund umbrellas Veritas Funds plc and Veritas Common Contractual Funds*

Principle 5

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

Policy Review

Veritas reviews its stewardship policies annually. During 2022, there have been enhancements made to the ESG, Voting and Engagement policies. The review process is coordinated by the ESG team, which includes investment personnel from both the Global and Asian equity teams. This is important as any proposed changes need to be actionable and receive buy-in from the investment teams in order to be effective.

Assessing Effectiveness

Veritas has been undertaking comparative analysis of our equity strategies primarily on climate data utilising Sustainalytics and reporting this information to clients since 2020. This has provided a check on the outcomes of our investment on climate related criteria. In addition, we have provided an ESG specific voting report to Global equity clients which explains any action taken if a Red Line is breached. For example, should the Chair of the Board be standing for re-election and the intention is to vote in favour, this may be overturned by a Red Line breach.

We assess the effectiveness of the reporting 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 2023.

Key outcomes over the reporting period

(i) Appointment of MSCI ESG Research LLC

Whilst clients responded favourably to the carbon analysis report, the benchmark data used by Sustainalytics is one created from all their subscribers' portfolios as opposed to MSCI index data. Given that the vast majority of our clients use MSCI benchmarks, they wished to receive reports that would be consistent across their Managers. Since there remains gaps in some data collected, each third-party provider uses a different methodology to fill those gaps, making comparisons more difficult. This added to the argument for the switch to MSCI, as at least there is consistency in the methodology, if Managers were all using MSCI.

(ii) Implementation of a fairer and more balanced outcome to climate activity

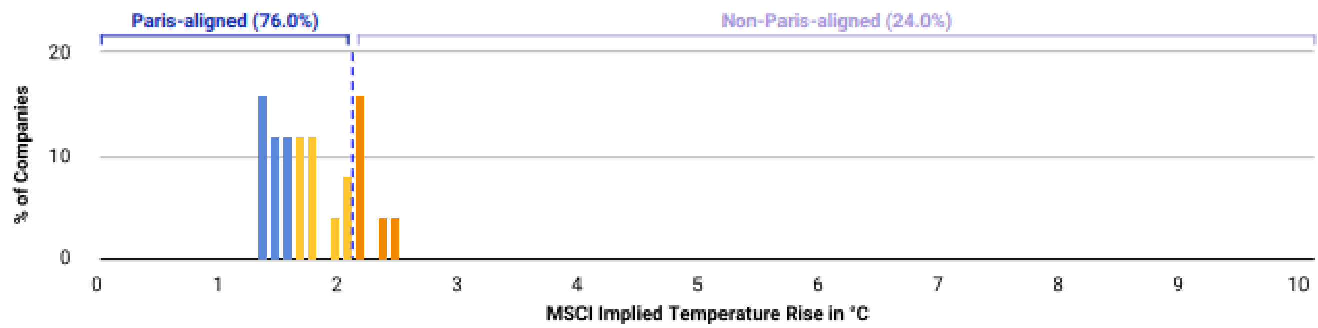
It is important to have a measurable outcome to the climate and voting activity on client portfolios. One of the most effective is to illustrate the implied temperature rise ("ITR") for a strategy. An ITR is not going to be 100% accurate due to inconsistent emissions disclosures and a material data lag, especially at a time when company management are being more proactive in submitting targets. Additionally, the quality of Scope 3 data and the ability to model future emissions is currently particularly challenging. Having appointed MSCI, we started to use a new tool to demonstrate the ITR for the Global Equity portfolio. The outcome as at end of Dec 2022 was an ITR of 1.8% for the Veritas Global Focus Fund.

Portfolio: Veritas Global Focus Fund
Benchmark: MSCI World

Implied Temperature Rise (ITR) provides a portfolio level number in degrees of Celsius demonstrating how aligned the companies in the portfolio are to global temperature goals.

Implied Temperature Rise Categories		% of companies in category
1.5˚C Aligned	<= 1.5˚C	40.0%
2˚C Aligned	> 1.5˚C - 2˚C	36.0%
Misaligned	>2.0 - 3.2˚C	24.0%
Strongly Misaligned	>3.2˚C	0.0%

The issuers in the portfolio are distributed according to their Implied Temperature Rise showing the number who are aligned with the Paris Agreement and the more ambitious 1.5°C temperature goal.



This issue with this analysis, having considered feedback from all the sources above, is twofold. Firstly, the methodology MSCI apply to calculate targets is not recognized by the SBTI. Considering that we have signed up to NZAM and the SBTI, and our policies are aimed at promoting science-based target setting, we felt this was not a fair indication of that activity.

The second issue was that the ITR at the fund level is somewhat misleading. The Global portfolio will have a lower ITR than the Asian equity portfolio. Asian companies are starting to respond to disclosure requests, but it is well recognized that some are slower to act. The outcome of this review is to apply an ITR measure that was a) approved by the SBTI and b) covered 100% of invested assets rather than separating out the strategies. As explained in principle 4, we appointed the Carbon Trust to independently produce a firm level ITR across 100% of assets and model a transition pathway that will provide clients with an easy to understand status report.

(iii) Red Line Voting (better cause and effect)

Having followed the AMNT's Red Line voting for several years, we annually assess their application. The rationale behind the Red Lines is to ensure that a trigger is effective in prompting an action. Client feedback may prompt the introduction of a Red Line that ties into a particular area of interest. During 2022, it was evident that gender diversity, specifically female representation on Boards, was a topic gaining momentum. At the end of the reporting period, we finalised the review of the ESG Red Line voting policy, which resulted in the following updates:

- **Environmental section** – The addition of a new Red Line; E2.) 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". Amendment of the following Red Line; E3.) If the company has failed to commit to introduce and disclose science-based emission reduction targets, a coherent strategy and an action plan in line with a well-below 2°C, vote against the chair of the board" - the target ambition has been increased to 1.5°C. Clearly, both of these Red Lines tie in with the TCFD engagement activity and provide another effective tool with which to influence management.

- **Social section** - Amendment of the following Red Line; S4 has been enhanced to cover the underrepresentation of women at the board level and within senior leadership positions, specifically in the roles of Chair, CEO and CFO.

- **Governance section** – The addition of a new Red Line; G9.) 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.

(iv) Asian Equity Adoption

Following the review on ITR and the introduction of Carbon Trust's report, it was evident that aspects of both the engagement and voting policies that had only applied to the Global portfolio, needed to be broadened out to include the Asian equity funds. Whilst the Asian and China fund follow the same principles on voting (vote all resolutions) and engagement (we engage where necessary and where proposed action could be detrimental to shareholder value), there has been no specific TCFD engagement reporting or Red Line Voting. There has been good reason for this. Disclosure in Asian markets, especially the emerging countries is not to the level of more developed markets (although notably more advanced in Australia than China). Additionally, initiatives such as the SBTI are not that well recognised. The Association of Member Nominated Trustees ("AMNT") developed them for UK equities only. We broadened and modified the guidance to apply to Global markets and assessed the impact over several years. Despite the shortcomings, it is again fairer on clients to show the status of Asian companies against TCFD guidelines and in the reporting period, introduced the TCFD modelling conducted on Global portfolios. The outcome, as at the end of 2022, is shown below. Clearly this highlights the continued effort needed to prompt change. In 2023, we will introduce a set of Red Lines appropriate to Asian to enhance stewardship efforts in line with Global portfolios.

Net Zero & Carbon Management Oversight

Veritas Asian Fund (Top 10)

				TCFD Framework[1]								
				Governance		*Strategy*	*Risk*		*Metrics and Targets*			
Top 10	Security name	Portfolio weighting %	CDP Score 2022	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	CSL Limited	8.6	-	✓	✓	×	✓	×	×	×	×	Not available
2	Kweichow Moutai	8.6	F	×	×	×	×	×	×	×	×	Not available
3	TSMC	4.5	A-	✓	✓	×	✓	×	×	×	×	Not available
4	HDFC Bank	4.5	C	✓	✓	×	✓	×	×	×	×	Not available
5	HKEx	4.4	C	✓	✓	×	✓	×	✓	×	×	Not available
6	Kotak Mahindra Bank	4.2	C	✓	×	×	✓	×	×	×	×	Not available
7	Tencent Holdings	4.1	C	✓	×	×	✓	×	×	△	△	1.5°C aligned
8	Alibaba Group	3.9	B	✓	×	×	✓	×	×	△	△	1.5°C aligned
9	JD.com	3.8	C	✓	×	×	✓	×	×	×	×	1.5°C aligned
10	Meituan	3.7	F	×	×	×	×	×	×	×	×	Not available

SBTi Target Verification Key	
✓	Targets Set
△	Committed
×	Not available

[1] *Task Force on Climate Related Financial Disclosures (TCFD), the company has formally committed to the TCFD reporting framework. 2 Carbon Disclosure Project (CDP), the company has submitted responses to the CDP for the 2022 reporting cycle. 3 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 unfeasible for society to abate in 1.5°C scenarios) by permanently removing an equivalent amount of CO2 from the atmosphere. 4 Science Based Targets Initiative (SBTi), targets 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.*

[1] *Task Force on Climate Related Financial Disclosures (TCFD), the company has formally committed to the TCFD reporting framework. 2 Carbon Disclosure Project (CDP), the company has submitted responses to the CDP for the 2022 reporting cycle. 3 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 unfeasible for society to abate in 1.5°C scenarios) by permanently removing an equivalent amount of CO2 from the atmosphere. 4 Science Based Targets Initiative (SBTi), targets 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.*

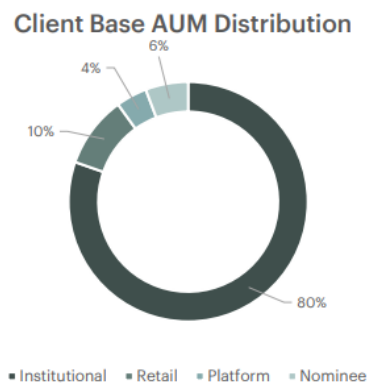
(v) Thematic Engagement

There was some misinterpretation of the two tiers of engagement. We described Tier One as an action that management proposed that could significantly impact shareholder value. Tier Two focused on promoting good business practices e.g., carbon disclosure, even amongst low carbon emitters. There was some confusion from clients over the two tiers and potential overlap e.g., if a company does not disclose, are they not at risk, given the growing importance of climate transition. We decided to be more prescriptive with the Tier two engagement and refer to it as Thematic Engagement i.e., there was a specific objective behind the engagement. During the reporting period, there were two initiatives introduced. One was an SBTI focused initiative. Those companies that have not signed up to the SBTI, we would initially write to management, and if the response was not sufficient, we would seek a formal meeting to discuss the matter further. The second, was an Asian Equity initiative, where we contacted all investee companies with less than 10% women on the Board and set an interim target of 20%.

Principle 6

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

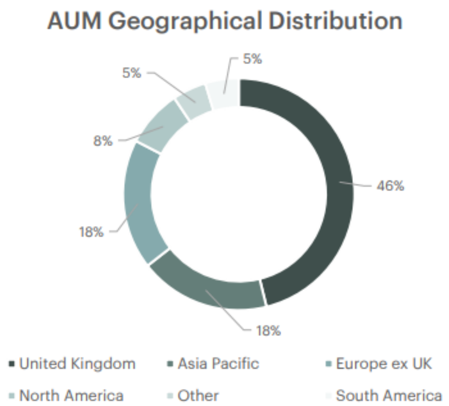
Veritas is run with a partnership culture and owners' interests are aligned with those of its clients. Veritas' partners and employees are invested alongside clients. Approximately 80% of clients are institutional. This number may be understated given the nature of nominee accounts where there is little 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 5 years. During the reporting period, it was decided to close a Global Emerging Markets Fund, which had no external client monies. 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.



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.

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

As described under Principle 5, there have been a number of changes to reporting that took place during the reporting period, in response to client feedback. This involved a change in third party provider, for reasons of depth of data and ability to accommodate an alert system for a Global Norms Policy. The climate analysis report has been enhanced, and there is now the inclusion of the ITR diagram which simply illustrates where Veritas is positioned on behalf of its clients in terms of transition as a whole. There has also been the introduction of a UN Global Norms report.

(i) **Portfolio Carbon Analytics Report.** It was evident from client feedback that the where certain climate metrics they require were not provided by the Sustainalytics report. The MSCI report provides a more in-depth review of the portfolio's position with regards to the transition towards a low carbon economy. It compares the portfolio vs the benchmark across areas that clients are particularly interested in including status of target setting and SBTI approvals versus the benchmark, Weighted Average Carbon Intensity, Carbon Risk, Exposure to fossil fuels and Exposure to Clean Technology Solutions.

Please see below a summary of the portfolio climate risk report for the Veritas Global Focus Fund. The actual report distributed to clients on a quarterly basis is far more detailed (approx. 10 pages).

Carbon Footprint

		Portfolio	Benchmark	Active
Allocation Base	Market Cap			
Carbon Emissions tons CO2e / $M invested Investor Allocation: Market Cap	Scope 1+2	11.1	77.1	-85.6%
	Scope 3 – upstream	87.1	135.0	-35.5%
	Scope 3 – downstream	37.5	342.9	-89.1%
Total Carbon Emissions tons CO2e Investor Allocation: Market Cap	Scope 1+2	28,150.3	3,845,303,800	-100.0%
	Scope 3 – upstream	221,508.8	6,738,518,379	-100.0%
	Scope 3 – downstream	95,368.7	17,109,712,38	-100.0%
Carbon Intensity tons CO2e / $M sales Investor Allocation: Market Cap	Scope 1+2	25.8	149.6	-82.8%
	Scope 3 – upstream	202.9	262.3	-22.6%
	Scope 3 – downstream	87.4	666.0	-86.9%
Weighted Average Carbon Intensity				
Corporate constituents tons CO2e / $M sales	Scope 1+2	46.3	140.8	-67.1%
	Scope 3 – upstream	199.4	249.3	-20.0%
	Scope 3 – downstream	78.1	507.8	-84.6%
Sovereign constituents tons CO2e / $M GDP nominal	GHG intensity	N/A	N/A	N/A

Fossil Fuel Exposure

	Portfolio	Benchmark	Active
Potential emissions from fossil fuel reserves (tCO2e/$m invested)	0	73,828,497.0	-100.0%
Fossil Fuel Based Revenue Exposure	0.0%	4.8%	-4.8%
Thermal coal exposure (Any tie)	0.0%	4.0%	-4.0%
Oil & Gas exposure (Any tie)	6.1%	13.2%	-7.1%
Exposure to Power Generation			
Thermal Coal (apportioned fuel mix, % of generation)	0.0%	21.5%	-21.5%
Green and Fossil Fuel Based Revenue Coverage	100.0%	99.9%	0.1%

MSCI Low Carbon Transition Risk Assessment

	Portfolio	Benchmark	Active
Exposure to companies classified as:			
Low Carbon Solutions	5.9%	7.6%	-1.7%
Low Carbon Transition Risk	6.1%	16.3%	-10.2%
Low Carbon Transition Risk Coverage	100.0%	98.9%	1.1%

Transition Opportunities

	Portfolio	Benchmark	Active
Green Revenue Exposure	2.5%	4.7%	-2.2%
Exposure to Power Generation			
Renewables (apportioned fuel mix, % of generation)	0.0%	12.0%	-12.0%

Companies' Transition Plans

	Portfolio	Benchmark	Active
Companies with GHG emission reduction targets	82.6%	86.3%	-3.7%
Companies with targets across all scopes	41.7%	43.4%	-1.6%
Companies with SBTi approved targets	35.5%	39.2%	-3.7%
Use of Cleaner Energy Sources	100.0%	95.7%	4.3%
Companies with top quartile carbon management score	79.5%	70.8%	8.7%

(ii) **A summary of our voting activity** 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 29 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. The feedback on this report has been extremely positive from clients and will be broadened in the coming year to the Asian strategies.

(iii) **Any engagement activity undertaken during the period.** This will include any outcome, both positive and negative. Engagement can be ongoing and updates on progress will be given. These examples have been well received.

(iv) **Global Norms Oversight**. This is a new report as investors wished to see further reporting related to non-climate issues and evidence of methodology behind monitoring any significant breaches in Global Conventions. As a consequence, a new Global Norms Policy was implemented, and a quarterly report produced on investee companies' adherence with the following Global Norms Conventions:

- **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.

On a monthly basis, utilising data sourced from MSCI ESG Research and an automated alert system, Veritas reviews all investee companies to determine if a company "Failed" any of the Global Norms principles. If there are notable changes during the month, our system will distribute an email alert to the Investment Team, Compliance Team, and ESG Team.

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.

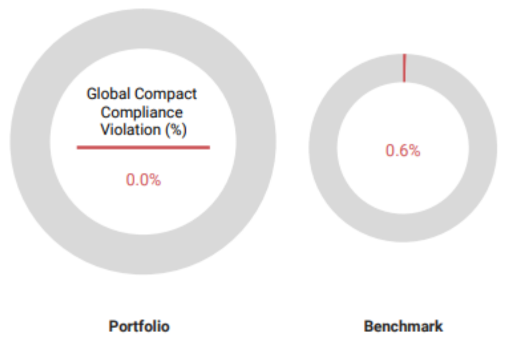
Watch List → The company is implicated in one or more controversy cases that are serious and warrant ongoing monitoring. However, based on information available to date, it does not constitute a significant breach of global norms according to the methodology.

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.

Veritas will identify which principle has been violated, assess the materiality of the violation, and engage with the business if required. The quarterly report provides an overview of companies listed on the "Watchlist" and those that have "Failed" the screen. To date, no companies held across the Global or Asian strategies have failed the screen but there a few on the watchlist which are being monitored.

Portfolio: Veritas Global Focus Fund
Benchmark: MSCI World

United Nations Global Compact Violations (%)



	Portfolio	Benchmark	Active
Global Compact Compliance Violation (%)	0.0%	0.6%	-0.6%
Global Compact Compliance Violation or Watch List (%)	17.6%	20.1%	-2.5%

As illustrated in the diagram to the left, 0% of companies held in the Fund "Failed" the UN Global Compact screen as of the 31 December 2022. Four companies in the Fund (17.6%) were listed on the Global Compact "Watchlist". For example, Unilever Plc has been added to the watchlist for a potential breach of **Principle 7: Businesses should support a precautionary approach to environmental challenges, specifically concerning plastic pollution.**

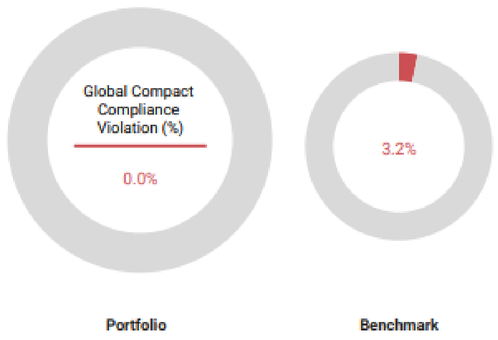
Additional Global Norms Framework Violations (%)[2]

	Portfolio	Benchmark	Active
Human Rights Norms Violation (%)	0.0%	0.6%	-0.6%
Human Rights Norms Violation or Watch List (%)	13.0%	18.3%	-5.3%
Labor Norms (%)	0.0%	0.1%	-0.1%
Labor Norms Violation or Watch List (%)	13.0%	14.5%	-1.5%

[2] *The table includes the United Nations Guiding Principles for Business and Human Rights ("UNGP") and the International Labour Organization's Fundamental Principles ("ILO") Data Source: MSCI ESG Research LLC*

Portfolio: Veritas Asian Fund
Benchmark: MSCI AC Asia Pacific Ex Japan

United Nations Global Compact Violations (%)



	Portfolio	Benchmark	Active
Global Compact Compliance Violation (%)	0.0%	3.2%	-3.2%
Global Compact Compliance Violation or Watch List (%)	7.5%	11.2%	-3.6%

As illustrated in the diagram to the left, 0% of companies held in the Fund "Failed" the UN Global Compact screen as of the 31 December 2022. Two companies in the Fund (7.5%) were listed on the Global Compact "Watchlist". For example, Tencent Holdings Limited has been added to the watchlist for a potential breach of **Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights, specifically concerning allegations of surveillance and access to social media records.** Veritas will continue to monitor the company's progress in this area.

Additional Global Norms Framework Violations (%) [3]

	Portfolio	Benchmark	Active
Human Rights Norms Violation (%)	0.0%	3.2%	-3.2%
Human Rights Norms Violation or Watch List (%)	9.3%	12.9%	-3.7%
Labor Norms (%)	0.0%	0.9%	-0.9%
Labor Norms Violation or Watch List (%)	1.7%	5.7%	-4.0%

(v) **Sustainability Case Study**

Here we cover companies that are aligned with the United Nations Sustainable Development Goals ("UN SDGs"), or an equivalent framework focused on economic and societal impact. For example, the case study will highlight which of the 17 UN SDGs is material for the company in question. In the case of the Asian Equity Strategy, two of the five investment themes relate to sustainable goals. For more than eight years we have applied the themes "Green Asia" and "Healthy Asia". The focus in these areas has increased and as regulation tightens and opportunities emerge, we have explained to clients how and why we hold the positions within these themes on their behalf.

In short, as long-term investors, we focus on long term reporting to clients. Any attribution will place the quarter into context and the same is true of other ESG related stewardship.

[3] *The table includes the United Nations Guiding Principles for Business and Human Rights ("UNGP") and the International Labour Organization's Fundamental Principles ("ILO") Data Source: MSCI ESG Research LLC*

Principle 7

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

Our investment process revolves around a holistic assessment of a company and the multi-faceted social and economic context in which it operates. We believe Environmental, Social and Governance ("ESG") factors offer the most valuable insight when the framework is fully integrated into fundamental analysis that allows it to be placed in context along with industry, business, company, and financial analysis.

Our investment philosophy of identifying good quality companies and investing at the right entry point, has sustainability at its core. We believe, 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 risk/opportunities that arise from a changing landscape and whether management is alert and focused to those changes, as well as being aligned with shareholders. Each company is considered on a case-by-case basis, but we do use themes/ long term trends to identify ideas, some of which may have links to the UN Sustainable Development Goals. For example, affordable healthcare (SDG 3), seeks to identify those companies helping to take cost out of the healthcare system providing a social benefit whilst increasing its own return on capital.

We believe the E and S factors are undoubtedly dependent on the management of a business, its governance structure ("the G"). Well governed businesses will address risks and opportunities that are not only relevant today but also in the future. Where relevant this will include environmental and social factors. The quality characteristics we seek 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 we introduce an initiative or commitment, we look to do so across all portfolios. For example, our commitment to Net Zero, is done so on 100% of AUM.

Our 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. In other words, our process is deliberately designed to keep the universe list highly selective and 'narrow' which allows us to have a deeper understanding of the companies we follow and invest in i.e., we positively screen rather than negatively screen out companies. We believe in acting as owners of businesses and will use both voting and engagement as the two key methods in which to influence management. Risk and Opportunities cannot be separated from sustainability.

We integrate traditional ESG factors into our analysis at all steps and along multiple dimensions. Examples have been provided to illustrate the point for the relevant section, the examples are in reference to companies held during the 2022 reporting period.

Sustainable demand and growth | Sustainability of the demand for a product of service is vital for a long-term investor. We do not like to invest in companies that may benefit from a short-term fad and instead look for a growing need and want for their products and services over 10+ years. This is a holistic analysis and considers whether the company's basic business proposition is likely to become more relevant over time in creating a sustainable growth tailwind. This is a forward-looking judgment and hence does not exclude sectors like defence for example. Traditional 'environmental' factors fall out of this approach if we consider for example commodity producers or utilities where the sustainability of demand (and/or regulatory backdrop) over 10+ years is often questionable. The main reason for the portfolio having a low carbon footprint (as measured by third-party independent vendors) relates to this. We are, however, not dogmatic, and will invest in companies that address the demand for renewable energies. Over the reporting period, the Global strategy increased its position in Vinci, which is increasingly shifting its energies business to one that will benefit from the demand for transition solutions. The Asian strategies held a position in Sungrow (solar technology) and Reliant Industries in India aims to be a world leader in hydrogen technology.

Sustainable business model | Having a sustainable growth backdrop for the product is necessary, but hardly sufficient, for a business to generate shareholder value. A strong business model that has demonstrable entry barriers and the ability to generate cash flows is essential for value creation. An example of this has been the success at Microsoft, a position that was added to over the reporting period. Microsoft has taken the enduring demand for its Office 365 and Cloud services and coupled this with a subscription-based model. Clients pay an annual subscription fee which can increase as Microsoft cross sells other products. The company has extremely high barriers to competition as its products are difficult to replicate and so well entrenched into the workflows of their customers around the world. The company has added services which further tie in its subscribers. Having added LinkedIn and Teams, the company is now embracing AI with its investment in ChatGPT, which will improve the functionality of its search engine, Bing. Microsoft technology is behind many of the initiatives related to measuring sustainability factors, including its work with Cognizant. Another example is a new position in the reporting period, Bio-Rad. Pharmaceutical companies face patent cliffs at time when the science has improved to allow research and development of new complex biologic drugs including oncology drugs and drugs for rare unmet medical conditions. Identifying the companies developing the drugs can be difficult but they all require certain scientific equipment like bio-processors, which is where Bio-Rad plays a role in supplying this equipment.

Sustainable earnings and cashflows | Businesses are ultimately only as valuable as the amount of distributable free cash flow they generate over the long term, so the last link is the sustainability of earnings, cash flows and the capital structure. Earnings sustainability is an important judgment. 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 that are charging unsustainably high prices for the products and services will be able to report higher margins (which are unsustainable). A good example of a company that demonstrates the traits we seek is United Health. United Health has been held for over 14 years, so whilst it does not solely reflect the reporting period, it illustrates that companies that get it right, have longevity as an investment. United Health has two segments: Optum health services and UnitedHealthcare insurance. United Health aims to provide care in the setting that makes most sense for the patient. The company announced plans during the reporting period to acquire in-home healthcare company LHC Group which will reinforce its plan to integrate more behavioural and home health services into its care delivery strategy as the company continues to expand its value-based care offerings. The company expects 4 million more people to participate in fully accountable, value-based care models provided by Optum Health in 2023, which is almost 1.8 million more than the previous year. For value-based patients, its in-home services have reduced hospital visits by 15% versus fee-for-service.

Sustainable capital structure | We are also mindful of being equity holders and are cognizant of being subordinated to debt, off-balance sheet obligations, pensions and other hidden 'liabilities' that need to be serviced before common shareholders can access cash flows (for say, dividends or future growth). Some businesses are inherently more stable and can support higher leverage to the benefit of equity holders whilst 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 and very important topic; we often find that ultimately all ESG is about 'G'. Governance is multi-faceted, and we consider it from a variety of standpoints in each case, these include the following areas:

i. **Board of directors |** At root, good and sustainable governance structures require the 'principal/agent' problem to be addressed at companies – a well-functioning Board provides oversight and challenge to operating management ("agent") and represents risk capital of minority shareholders ("principal" or "owners"). The key judgment we are trying to form is whether the principal-agent relationship is adequately represented. We are wary of the use of 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). We view the composition of the Board in terms of experience and quality as it relates to the lifecycle of the firm and the corporate strategy it is pursuing (as well as appropriateness of functional aggregation of key roles like Chairman/CEO). We expect companies to have a robust policy towards diversity but don't believe in Board diversity just for its own sake and instead look for whether the Board is competent and able to represent shareholder risk capital and provide oversight of operating management.

ii. **Executive remuneration and shareholder alignment |** A key element of governance as incentives drive behaviours at all levels. We tend to prefer management teams with 'skin in the game' who are aligned with shareholders and are likely to think as well as act like we would in assessing all relevant variables (and risks) that affect the long-term value of the business (ESG or otherwise). We also look for appropriateness and disclosure of KPIs that form part of incentive compensation and remuneration structures and convexity/symmetry of payoffs that does not encourage excessive short-term risk taking to the detriment of long-term value creation. A good example is the founder of the Intercontinental Exchange ("ICE"), Jeff Sprecher, who remains a significant shareholder in the business with KPI's which are aligned with all shareholders interests.

iii. **Capital allocation |** is central to value creation and encompasses all aspects of the business including environmental and social forces. 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. We try and judge the appropriateness of capital allocation policies relative to the firm's position in the industry and in its own lifecycle. We also 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). During the reporting period, we had cause to engage with the senior management of Unilever, and ultimately the Chair. The company proposed a £50bn acquisition which would have significantly added to debt and made no strategic sense. The deal was ultimately pulled and the CEO will leave the company at the end of 2023.

iv. **Engagement with management |** We think of ourselves as 'engaged owners' of the businesses we invest in (not just shareholders who buy and sell 'tickers' every day). We are hence willing and able to engage with companies to influence governance. We engage actively and regularly with the companies and maintain a constant dialogue on all key issues. A number of examples of companies we engaged with are given under Principle 9.

v. **Disclosure and Accounting |** We are looking for quality (and conservatism) of financial accounting policies especially when there is significant management discretion involved in preparing accounts. We pay attention to off-balance sheet liabilities and risks that are opaque and the quality and transparency of disclosure of key performance indicators for outside investors to judge performance. We had engaged with the management and Board at Fiserv, to give better transparency in one of their underlying businesses, Clover (point of sale device and payment system). During the reporting period, greater disclosure has taken place and the shares have been positively re-rated as more effective valuation could be applied.

Sustainability Examples

Affordable and accountable health is an enduring trend, and one that will accelerate as a consequence of need but also advancement in science.

Ilumina is an applied genomics technology company that was founded in 1998 with the mission statement: 'To improve human health by unlocking the power of the genome'. Over the past two decades, Illumina has developed high quality, cutting-edge, innovative technologies that are used in disease research, drug development, and for the development of molecular tests. Illumina acquired a non-invasive early detection liquid biopsy test provider GRAIL. GRAIL has produced a ground-breaking multi-cancer early detection blood test called Galleri which is rapidly gaining traction. Galleri has been prescribed by more than 2,400 prescribing physicians and GRAIL has entered into over 30 partnerships with health systems, employers and insurers who are investing in multi- cancer early detection to improve outcomes. This includes GRAIL's recent partnership with Point32Health, the first collaboration with a commercial health plan in the US. They also announced a multiyear partnership with Munich Re Life US to provide Galleri as part of Munich Re's commitment to advancing cancer early detection and treatment. Munich Re and GRAIL will collaborate to enable carriers and distributors to offer Galleri to existing policyholders who are at high risk of cancer such as those aged 50 and older. The UK NHS Galleri trial continues to progress, with more than 100,000 of the planned 140,000 participants enrolled.

In addition to screening, is the application of genetic sequencing to managing disease. In the US, critically ill infants are now eligible for Whole Genome Sequencing (WGS) in California, Oregon, and Maryland through Medicaid. There was also an agreement with Germany's Hannover Medical School to implement the use of WGS for critically ill children suspected of having a genetic or rare disease. In reproductive health, both Spain and Italy have expanded coverage for non-invasive prenatal testing (NIPT). The World Health Organization announced a 10-year strategy to use the power of genomics for global pan pathogen surveillance, demonstrating the growing trend for broader pathogen monitoring. FIND, a Geneva-based Global Alliance for Diagnostics, established Seq&Treat, a global initiative using sequencing for drug-resistant tuberculosis which affects nearly 0.5 million people globally each year. Another fast developing area is the integration of genomic data into drug development and clinical trials. Drug development R&D spend is more than $123 billion annually, yet more than 90% of drugs that enter Phase I clinical trials fail to reach clinical approval, with fewer than 70 entering the market each year. A main contributor to this high failure rate is target selection, where genomic-based methods can more than double success rates and dramatically improve cost and speed to market. Today, of the top 10 causes of death for mankind, genomics helps address cancer, only one of those top 10. Over the next decade it could be all 10. The cost to map the human genome using one of Illumina's sequencing machines has fallen to approx. $200 with the release of a new platform Chemistry X. As the price continues to fall, the number of applications continues to grow.

Another enduring trend is the growth in travel. With the rise in emerging wealth, more people have a desire to travel, and post COVID, the importance of experience over product on mental health has accelerated the trend, despite a cost of living crisis.

Aena is well positioned to benefit from identifiable trends within the aerospace industry. First, is exposure to tourism. One consequence of the pandemic is a potential structural change to long haul travel. Much has been made of the impacts that the pandemic has had on the way we work and communicate. Several studies point to varying levels of structural declines in business traffic as a result of the rapid shift towards virtual communication. A 2022 Bloomberg survey of large US corporations found 84% expect to spend less on travel compared to pre-pandemic and a Morgan Stanley study argues that corporates expect video conferencing to take 19% in 2023. As a result, short-haul, leisure exposed airports should be better positioned, and especially European airports with large Intra Europe exposure. We are witnessing a strong rebound in traffic as travellers look to take a holiday, elect for experiences or travel to spend time with family. Aena is the largest airport operator in the world with regards to the number of airports managed and passenger volume. The company currently manages 46 airports and two heliports in Spain and has direct interests in 23 international airports, including London Luton and six airports in north-eastern Brazil.

Second, is a shift in airline logistics. Airlines are increasingly shifting their fleets towards smaller, more fuel-efficient and more flexible aircraft for long-haul operations. One of the implications of this shift for airports is that more planes need to land and take-off to cater to the same number of passengers as they did in 2019. This is posing a potential problem for airports that suffer from runway capacity constraints and have benefitted from the scale of larger planes like the A380 as a result.

Another, longer term consequence is the shift that is slowly occurring in airline route planning. With early signs of a transition in the global aviation structure from the hub-and-spoke model favoured by most long-haul airlines today to an increasingly point-to-point model. In the hub-and-spoke model, airlines serve passengers by filtering them to 'hub' airports and then connecting passengers on to their final destination via large aircraft to create economies of scale. Whilst under the point-to-point model the airline instead creates more direct routes serviced by smaller planes to take the passenger direct from point-A to point-B. The implications of this are that airports which previously served as these 'hubs' face the risk of large structural declines in this portion of traffic that previously transited through their airport. These passengers are referred to as 'transfer' passengers; meaning that the airport is not their city of departure nor final destination but rather where they connect on to an onward flight at the airport. As a result of these risks, airports with more limited exposure to transfer passengers are at an advantage. Aena's airports are the initial departure point or final destination for over 90% of their passengers. Third, is real estate assets. One area of the Aena airport portfolio, which is relatively small, that performed well during the pandemic has been the real estate owned around the airports. These assets have provided a steady stream of income with little-to-no correlation to the suppressed passenger traffic, with many airports benefitting from the increased demand for cargo/industrial from e-commerce tenants in response to the boom in online shopping as a result of the pandemic. Airport operators are developing this surplus land into substantial property portfolios, which typically incorporate a mix of commercial, industrial, hotel and retail tenants. Aena is to invest 4.3bn Euros in the construction of two real estate complexes, one next to Barajas airport in Madrid and the other near El Prat Airport in Barcelona. Both include e-commerce warehousing and logistics parks. Fouth, less decarbonisation risk. A risk of the decarbonisation process for airports is the push towards high-speed rail as a lower carbon footprint transport alternative to air travel. Governments are introducing measures to encourage high-speed rail via cost incentives and increased investment to reduce travel times on key routes. Any journeys which can be completed via rail in six hours or less could be at risk of disruption from these measures. The majority of the Aena portfolio serve populations that have limited or no high-speed rail alternatives.

The aviation sector's contribution to GHG emissions in Europe amounts to 4%. If we look at only the transportation sector, these constitute approximately 14.6% compared to other modes of transportation (European Environmental Agency). On the other hand, 95% of these emissions are generated by aircraft, while the rest can be attributed to the airports themselves. This entails the activities carried out at these facilities, where numerous actors are involved in the supply chain. Aena is taking the step of committing to achieving carbon neutrality by 2026. Meeting these objectives will allow Aena to strike a balance between its activity and preserving the environment. Aena will act as a force in the aviation sector, promoting emission reductions associated with airlines and handling agents. Both fronts are addressed through the projects included in their strategic programmes for Sustainable Aviation (e.g., sustainable aviation fuel, flight efficiency, vehicle electrification) and Sustainable Community (e.g., promoting sustainable mobility to and from the airport). Additionally, starting in 2022, quantified sustainability requirements have been set forth and implemented for 100% of contracts with providers. Aena is one of the companies with SBTI validated climate targets and the highest CDP rating. Its intentions are to bring forward its 2050 Net Zero target, to 2040, when it's feasible. It has responded positively to pressure to run its airports on renewable energy that it generates.

Principle 8

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

Veritas currently works with two main service providers in relation to ESG, Institutional Shareholder Services ("ISS") and MSCI ESG Research LLC. As explained in Principle 5, after a review in 2022, we replaced Sustainalytics with MSCI. We appointed ISS in 2017 to execute votes on behalf of investors, as directed by Veritas. We also mandated ISS to construct a custom voting policy for the ESG Red Lines which incorporated the Association of the Member Nominated Trustees ("AMNT") Red Lines but applied on a Global basis. We review the Red Lines annually. The Red Line Voting Policy contains 29 guidelines covering topics associated with ESG. Should any of the 29 red lines be breached, the instruction is to either vote against management or explain why not. The investment analysts will consider the vote recommendations and any research when making their decision. In the case where a vote goes against a Red Line an explanation will be provided in the report.

During the reporting period, we held meetings with ISS to review both the Red Lines themselves and the execution of instructions by ISS. Additionally, we flagged the desire to apply a set of Red Lines to the Asian strategies. Given it is important for us to apply the Red Lines globally (and they were originally designed as a UK only policy), it is likely there will be a continuing need for adjustments to take into consideration different jurisdictions and emerging regulations.

We appointed MSCI ESG Research as a third-party provider to assist with investor reporting and to enhance ESG monitoring processes for investee companies. We assessed 6 providers in light of tightening regulations and the requirement for more data to assist with our stewardship activities and client/ regulatory reporting.

Since appointing MSCI we have formalized our process of monitoring investee companies' compliance with Global Norms Frameworks including the Unites Nations Global Compact ("UNGC") and the United Nations Business and Human Rights Principles ("UNGP").

All service providers are monitored using Key Performance Indicators ("KPIs"), alongside review meetings. These are monitored on a quarterly and an annual basis. If at any point the service provider does not meet the criteria governed in the legally binding Service Level Agreement, a full review is carried out to ascertain why standards have not been met.

Specific activities of note in 2022 include:

- Thorough analysis of 6 potential providers to provide data where there were gaps to help fulfil client requests. This involved detailed questionnaires with follow up interviews (MSCI appointed)
- Assessment of a fair ITR measure that would both reflect VAM's status along the transition pathway and reflect 100% of invested assets (Carbon Trust appointed).
- Refined some of the Red Lines to include TCFD and SBTI requirements (meeting with ISS)
- Red Lines to be introduced for Asian portfolios in 2023 (ongoing discussion with ISS on how the implement)
- UN Global Norms report introduced (with appointment of MSCI)
- Investment review of research providers including expert networks. The majority of research is conducted in house, but periodically there is a review (one in 2022) of any brokers used and effectiveness of expert networks.

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, and any environmental/ social factors relevant to their business that may pose a risk or reward.
- Whether management incentives are aligned with shareholders and Key Performance Indicators (“KPIs”) are reasonable and not too short term. These factors will impact the rating given to management. Each Veritas attendee attending a company meeting will independently rate management before they are given an overall rating. 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. This means seeking a higher internal rate of return (IRR”) from the investment.

Two Tiers

Tier one engagement is where we deem there to be financially material sustainability issues. Material issues differ from company to company. We focus on material issues relevant to a particular company. We will have an assessment from the

original research as to what is material for a specific business, and 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 its operation's sustainability or demonstrates a lack of vision to adapt, we will have cause to engage.

Tier two focuses on Thematic engagement, which is classified as interactions with a company to promote good business practices. For example, companies should have their transition plans independently verified by an organisation like the Science Based Targets Initiative (“SBTi”), irrespective of whether the company is a high carbon emitter. Whilst our 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. We introduced specific TCFD engagement, whereby all investee companies are mapped against TCFD framework and engagement will result in those companies where there is a shortfall.

We will also engage on social areas such as gender diversity. Each year we choose a topic of focus and assess all investee companies to identify those not compliant with our expectations. We seek to align our engagement objective with industry best practices or a higher standard. As long-term global investors seeking to work with businesses, we consider best practices on a case-by-case basis from a regional and industry perspective to ensure our expectations are practical. We are patient and understand that 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).
- Breach of the ESG Red Line Voting Policy. One of 29 Red Lines related 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”)
- Task Force on Climate-related Financial Disclosures (“TCFD”) shortfalls. Specific to climate transition and reducing the overall temperature on the portfolio.
- Deterioration in the rating of management

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 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 Team may have already spoken to third party professionals through an expert network.
4. Post meeting with management, where relevant, the 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 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 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

We believe in treating management with respect and conducting our engagement activity away from the press/media. We may choose to work 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 we do not deem it to be an imminent and material risk to the investment thesis, we may inform management that we will not vote against them but suggest a cause of action, to prevent a vote against in the future.

We apply the principles behind engagement across the funds within the firm. Given the long-term nature of our approach, we generally have good access to management. Access may be limited in the case of very large companies, where VAM represents a small percentage of the market capitalisation. In these cases, we may look to 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. Two further examples that focus on Social concerns are provided below:

Strategy: Global Focus Strategy
Company: Charter Communications
Sector: Communication Services
Country: United States
ESG Category: Social
Topic: Diversity
Communication Type: Virtual Meeting

Company Overview: Charter is a US communications company providing customers with TV, broadband, voice telephony and mobile telephony services. While originally built on "video" subscriptions where Charter would purchase programming from cable and broadcast networks and bundle these networks to subscribers, more recently the provision of fast broadband services has become the main driver of growth and profits. While somewhat serendipitous, the co-axial cable and associated plant that the cable companies laid during their build out phase in the 1970's - 1990's to deliver video has turned out to be good at transmitting data and upgradeable at relatively low cost. This has meant that much of the significant capital cost required to deliver fast, reliable broadband and in particular the last mile of infrastructure to connect to individual houses is largely a sunk and fully depreciated cost for these companies. Furthermore, with clever use of technology through both fibre optic cable in the backbone of the network and technology (DOCSIS) the cable companies have been able to upgrade speeds on their networks to be comparable with fibre-to-the-home (FTTH) but at a fraction of the cost that would be required to construct a FTTH network. This represents a substantial competitive advantage.

Engagement Objective: Discuss reporting of gender and ethnic diversity, board diversity and targets.

Rationale for the engagement: Veritas had identified the following concerns: poor quality of reporting on gender and ethnic diversity; lack of numerical targets; poor diversity on the board; and no reference to diversity targets linked to financial incentives.

What we have done: Engagement was conducted via a virtual call. At this juncture, the company has no plans to identify quantitative diversity targets. Although diversity across the entire business is strong; 49% ethnic and 33% female - our concerns relate to senior management level and above, there is a poor level of disclosure in this area, meaning it is difficult to determine how the company is positioned. Regarding the board, only 1 out of 13 directors is female. The company has confirmed that they do not have the final say on five board members, which lowers its ability to influence diversity. The company was not particularly forthcoming during the meeting about how D&I is incorporated into Thomas Rutledge's compensation structure, which was disappointing. They confirmed that the metrics were both qualitative and quantitative but would not disclose details.

Outcomes and next steps: The company does not have the final say on the appointment of all directors. Therefore, executives cannot be held responsible for the gender split of the Board in its entirety. The business will have a new director appointed to the board in the next 12 months. As gender diversity on the board is currently poor, this will be a consideration during the recruitment process. Once published, we will review the 2023 sustainability report to determine if any of our concerns have been addressed. If progress is not evident in the coming year, this issue will be raised again with management. The next step in our engagement escalation process will be to vote against management at the next AGM if they are still unable to provide a satisfactory response.

Strategy: Asian Strategy
Company: Max Healthcare
Sector: Healthcare
Country: India
ESG Category: Social
Topic: Diversity
Communication Type: Letter and in-person meeting

Company Overview: Max Healthcare offers 17 private hospitals operating across India including Deli, Mumbai, Bathinda, and Dehradun. The company is the fastest growing private hospital chain in India, which provides the business with unique opportunity to increase prices. The company is set to benefit from multiple growth opportunities; normal organic growth from existing facilities (double digits); additional beds from brown field and green field contribution (2800 bed planned for the next 5 yrs. on top of the existing 3400 beds); M&A opportunities.

Engagement Objective: Encourage gender diversity on the board.

Rationale for the engagement: For our Asian strategy, we have conducted a two-stage engagement process, and several discussions with company management are still ongoing. The first stage included determining each company's approach to managing gender diversity, as it is often challenging to build a clear picture using information from the company's reports. After receiving responses to our initial communication, where a company fell short of our expectations, we outlined our approach and expectations in this area to the business, which includes a minimum of 20% of female representation on the board, annual public disclosure on diversity, and lastly our intention to vote against management if progress is not evident. When determining our engagement objectives, we consider regional differences, including that our expectations for companies based in the US and Europe may not be reasonable for those based in some Asian countries. Over time, we expect to increase the original target of 20% to a globally accepted standard.

What we have done: We sent a letter to company management regarding our concern that the company has only one female board member. Although a formal response to the letter was not received, the issue was subsequently discussed in person with the Chairman. In India, the regulatory requirement for board composition only stipulates one female, and the company is complying with this guidance. During the meeting, we communicated the benefit of having a more diverse board in the global context. Unfortunately, this is not a topic the Chairman has encountered frequently, and the result of the discussion was that we had raised his awareness and our comments were taken on board.

Outcomes and next steps: This is an example of engagement that may take multiple years to achieve the objective set. As long-term investors, we appreciate driving change, especially where the view regarding the level of importance on certain topics differs regionally, can be difficult and involve multiple interactions over an extended period of time. Part of the challenge with some companies is the requirement to educate management before they agree to take any action. The engagement with the company on this item is ongoing.

Principle 10

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

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.

During the reporting period, we were prepared to collaborate with other shareholders over Unilever's proposed bid for the GSK consumer health business. In 2022, Unilever Plc, an investment in the Global Strategy, proposed to acquire the consumer health assets of GSK. This transaction would not be in the shareholders' best interests. The company kept increasing its bid despite Veritas raising concerns over the bid. We wrote to the CEO and Chairman to raise our issues with regard to the proposed acquisition and management strategy more broadly. The company dropped the bid after which we had meetings with senior management with the conclusion that there should be a change in the CEO.

We voted against the re-election of several directors and the remuneration report at the 2022 AGM. Issues concerning performance and the failed bid for the GSK business did not merit the level of proposed compensation.

Veritas manage concentrated portfolios and the focus is on quality, sustainable characteristics. The number of times we have needed to collaborate with another investment manager is few. By way of illustration, we endorse the activities of the TPI on climate transition, but of 500 covered, there are only two companies held within portfolios. One of these is Unilever. Given both the concentration of the portfolio and duration of holdings, we often elicit a response from management by having dialogue privately with the indication that a more collaborative approach may result if no action is taken.

Collaboration with Financial Market Participants

We are a member of the UK Investment Association Suitability Committee. Over the reporting period, there was collaboration on the second phase of the Sustainable Finance Disclosure Regulation ("SFDR"), producing reporting aligned with the Task Force on Climate-related Financial Disclosures ("TCFD") framework, and concerns about lack of data required to conduct accurate analysis and reporting. It's important to engage with different market participants to understand the consensus across the industry when implementing new regulations and reporting against new frameworks. For example, in regard to the implementation of SFDR, the regulatory technical standard document provided a lack of clarity on several areas; definition of a sustainable investment; EU Tax methodology etc. By collaborating with other asset management firms, during the several months it took to prepare for the implementation of SFDR, a standard for each of these areas was created, meaning we were comfortable the approach taken to address the regulation would be comparable to other asset managers.

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 (e.g., a company buying an unsuitable business as in the case with Unilever over the reporting period), 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. During the reporting period, the average number of holdings in the global portfolio was 26 and for Asian 45, so 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. Depending on the materiality of the issue, an expected time for response will be highlighted. Occasionally we may vote with management on an issue but set a deadline for change to take place i.e., introduction of more Non-Executive Directors (NED's) or the introduction of fairer long-term incentive plans.

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.

(i) vote against the company if applicable and inform company management of our intentions.

(ii) continue to hold the investment and engage with the company but lower the intrinsic value.

(iii) sell the investment.

Escalation Example

UnitedHealth Group ("UNH") is a US-based diversified healthcare company which operates the UnitedHealthcare health insurance business and the Optum medical care services unit. It is the world's largest healthcare company by revenue, projected to surpass $350bn in 2023. UNH's medical insurance customer base is over 51 million customers, and the company benefits from an expansion of government-subsidized healthcare via Medicare Advantage, which insurers administer for seniors, as well as Medicaid, which insurers administer for state governments. The company looks to drive 13% to 16% p.a. earnings per share growth by aligning earnings growth with positive outcomes for patients.

Whilst UNH undoubtedly provides significant social benefits, we engaged with UNH over its climate policy. As part of our TCFD work, our belief is that emission reduction targets that are not Science-Based are inadequate. We encourage all companies in which we invest in behalf of clients, to adopt an effective Science-Based climate strategy that preferably incorporates a 1.5 degrees Celsius warming scenario encompassing the entire value chain, unless there is good reason not to do so. We expect Science-Based Targets to receive verification by an independent body such as the Science Based Target Initiative (SBTi). Whilst United Health reports on climate transition, the company has no formal commitment towards Science-Based targets. We informed the company we would vote against the re-election of relevant directors where Science-Based targets are not in place unless a commitment is made. At the 2022 AGM Red Line E4 of our voting policy was triggered – "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." We voted in line with our policy guidance and against management, as we have previously engaged with the company on this issue. We informed the company of our decision. Given the long-term nature of the holding, the company has been forthcoming in continuing the dialogue. We communicated that we would continue to vote against management unless actions are to address the issue are evident. We received such a commitment from the company at the end of 2022 confirming that over the next 24 months, they will be working with SBTi to validate near-term and long-term targets. In parallel, they intend to pursue near-term targets consistent with the reduction required to limit global warming to 1.5 degrees Celsius. They plan to focus on the direct mitigation of emissions with minimal reliance on carbon offsets. This is a positive step, and we will continue to monitor progress. Until UNH has its targets validated, it attracts a default temperature of 3.2 degrees for the purposes of calculating the transition pathway on all assets held by firm on behalf of clients. This ensures that constant pressure is applied to those companies not yet compliant.

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. To request a copy of our proxy voting policy, please contact esg@vamllp.com.

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, AMNT Red Lines, 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. We gave the example of Sonic Healthcare in Principle 11.

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==

During the period under review, Veritas has instructed 19,624 votes across all portfolios managed. Please see below a summary of our voting approach and the votes cast during the period for our largest UCITS vehicles.

Veritas Global Focus Fund

Our Voting Policy is made up 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 twenty-nine guidelines covering topics associated with ESG. For example, the five 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 twenty-nine red lines be breached, the instruction is to either vote against management or explain why not. This enables us to effectively communicate with clients. The same approach is applied to the following Funds: Veritas Global Equity Income Fund, Veritas Global Real Return Fund, and the Veritas Izoard Fund.

The first section of this report details the overall votes cast for the Veritas Global Focus Fund and the breakdown of these votes. In cases where we voted "AGAINST" management, rationale is provided.

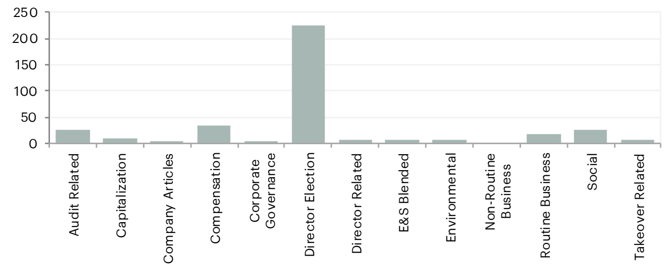
Votes “FOR” and “AGAINST” management

During the period there were twenty-five company meetings and 423 voteable resolutions. Votes cast by Veritas resulted in 375 votes “FOR” management and forty-eight votes “AGAINST”.

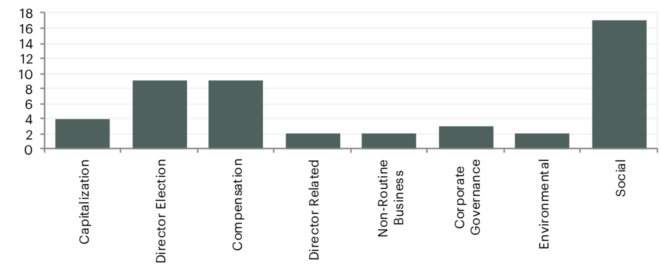
Vote categorisation [1]

Category	Votes "FOR" Management	Votes "AGAINST" Management	Total
Audit Related	26	–	26
Capitalization	9	4	13
Company Articles	4	–	4
Compensation	34	9	43
Corporate Governance	4	3	7
Director Election	226	9	235
Director Related	6	2	8
E&S Blended	7	–	7
Environmental	7	2	9
Non-Routine Business	–	2	2
Routine Business	17	–	17
Social	27	17	44
Takeover Related	8	–	8
Total	**375**	**48**	**423**

Votes "FOR" Management Categorisation



Votes "AGAINST" Management Categorisation



[1] Please refer to the glossary for descriptions of category classifications.

[2] SH is the abbreviation for sharehol

Source: Veritas Asset Management

VAM LLP Rationale – Votes “AGAINST” Management (“Mgmt”) Recommendation

Company	Sector	Proposal	Mgmt. Vote Rec	VAM LLP Vote	Rationale	Voting result
Alphabet Inc.	Communication Services	Commission Third Party Assessment of Company's Management of Misinformation and Disinformation Across Platforms	Against	For	A vote FOR this proposal was warranted because an independent human rights assessment would help shareholders better evaluate the company's management of risks related to the human rights impacts of disinformation and misinformation.	Fail
Unilever Plc	Consumer Staples	Re-elect Nils Andersen as Director	For	Against	Veritas voted AGAINST the re-election of Nils Andersen as we are unhappy with how the business was	Pass

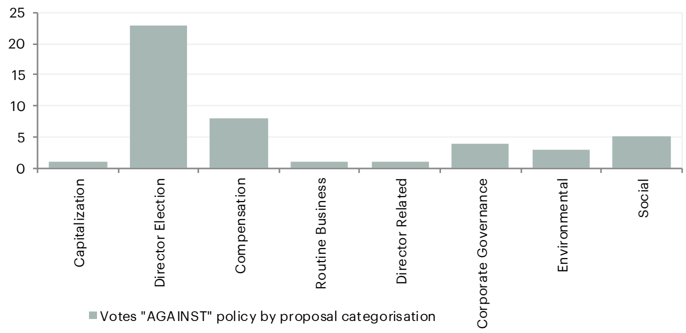
					performing and believe the executive management needs to be replaced.	
Charter Communications, Inc.	Communication Services	Report on Effectiveness of Diversity, Equity and Inclusion Efforts and Metrics	Against	For	A vote FOR this proposal was warranted, as reporting quantitative comparable diversity data would allow shareholders to better assess the effectiveness of Charter's D & I efforts, and management of related risks.	Fail

The second part of the voting report focuses on the custom Red Line element of our policy.

Red Line Voting

Votes "FOR" and "AGAINST" VAM LLP Policy

Votes	Red line¹	Total
Number of votes "FOR" Policy	14	377
Number of votes "AGAINST" Policy	23	46
Total	**37**	**423**



VAM LLP Rationale – Votes "Contrary to" VAM LLP Policy Recommendation

Company	Sector	Proposal	Red Line Vote Rec	VAM LLP Vote	Rationale	Voting result
Aena S.M.E. SA	Industrials	Re-elect Maurici Lucena Betriu as Director	Against	For	Veritas voted contrary to the guidance provided by the following Red Lines; Red Line S4 - The level of gender diversity on board is below 40% and has not improved compared to the previous year. Red Line G6 - At least one director will have served continuously as such for more than three years without having been re-elected at a general meeting. AENA is 51% owned by the Spanish government and as such the Chair / CEO is combined as one role (and is a political appointment). With regards to gender diversity, this is something that Veritas have raised with the company and they are working to chnage but there are two mitigating factors: i) turnover of independent directors is low and ii) 6 of the directors are directly appointed by the Government and consequently Aena has no say in gender	Pass

					of that person. Lastly, the Gov't appoints for 4-year terms so again, given the nature of the company there is little Veritas can do at this juncture.	
The Cooper Companies, Inc.	Health Care	Advisory Vote to Ratify Named Executive Officers' Compensation	Against	For	Veritas voted contrary to the guidance provided by Red Line G18; Performance-based awards account for less than 50% of the total LTI awards. Veritas voted with management recommendations which meant voting against the Red Line voting policy recommendation. Veritas are cognizant of a growing requirement of investors to see pre-defined performance conditions over at least 3 years. Veritas were confident that the current Board and management team were indeed making long-term investment decisions in deploying shareholders' funds as evidenced by the current strategy, past capital deployment, and long-tenure.	Pass
Catalent, Inc.	Health Care	Elect Director John Chiminski	Against	For	Veritas voted contrary to the guidance provided by Red Line E2 - The company has failed to disclose quantitative and qualitative environmental information through CDP's climate change, water and forests questionnaires; & 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. Veritas are comfortable that the company gives environmental stewardship appropriate concern. We have engaged with the company on this issue and checked for evidence that submissions to CDP on Climate and Water have been made in 2022: Veritas voted "AGAINST" the Red line E4 recommendation. On August 3rd, 2021, Catalent announced the company has signed a letter of commitment with the Science-Based Target initiative (SBTi), joining a growing list of companies setting actionable, science-based, greenhouse gas emission reduction targets to limit global warming. This commitment will include calculating and reducing direct and indirect emissions as the Company continues to evolve and grow. Our direct engagement with the company further revealed the following: Catalent's CEO signed an initial 10-year commitment and a 42% reduction in Scope 1 & 2 emissions, as of July 2021. Catalent have	Pass

					2-years to validate these targets in accordance with the timescales stipulated by SBTi. Catalent need to establish a target for Scope 3 emissions, hence the 2-year window. The company is listed on the SBTi website under Catalent Pharma Solutions.	

Veritas Asian Fund

Our third-party proxy advisor, ISS, provides us with company research and vote recommendations for each meeting resolution based on the ISS Benchmark Policy. The Asian investment team will use the research provided alongside their own analysis to determine their vote decision. It is not uncommon for the investment team to have a view which differs to management's vote recommendation. In this scenario we provide rationale to justify our voting decision. The same approach is applied to the Veritas China Fund.

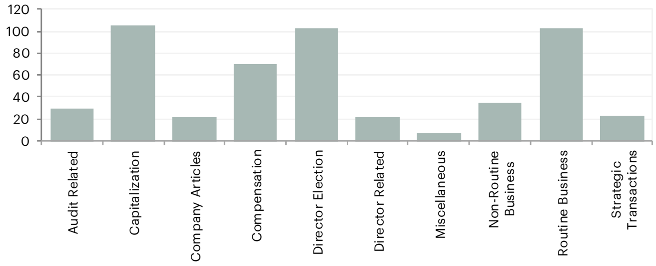
Votes "FOR" and "AGAINST" management

During the period there were eighty-four meetings and 598 voteable resolutions. Across the 598 resolutions, votes cast by Veritas resulted in 519 votes "FOR" management and seventy-nine votes "AGAINST".

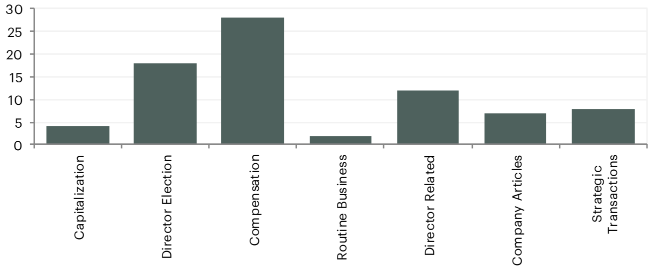
Vote categorisation [1]

Category	Votes "FOR" Management	Votes "AGAINST" Management	Total
Audit Related	30	–	30
Capitalization	105	4	109
Company Articles	21	7	28
Compensation	70	28	98
Director Election	103	18	121
Director Related	22	12	34
Miscellaneous	7	–	7
Non-Routine Business	35	–	35
Routine Business	103	2	105
Strategic Transactions	23	8	31
Total	**519**	**79**	**598**

Votes "FOR" Management Categorisation



Votes "AGAINST" Management Categorisation



[1] Please refer to the glossary for descriptions of category classifications.

[2] SH is the abbreviation for sharehol

Source: Veritas Asset Management

VAM LLP Rationale – Votes "AGAINST" Management ("Mgmt") Recommendation						
Company	**Sector**	**Proposal**	**Mgmt. Vote Rec**	**VAM LLP Vote**	**Rationale**	**Voting result**
Samsung Electronics Co., Ltd.	Information Technology	Elect Kim Han-jo as Outside Director	For	Against	A vote AGAINST the incumbent director Kim Han-jo Kim was warranted, as he's failed to remove convicted and indicted directors from the board. The inaction is indicative of a material failure of governance and oversight at the company.	Pass
Wuxi Lead Intelligent Equipment Co., Ltd.	Information Technology	Approve Draft and Summary of Performance Shares Incentive Plan	FOR	AGAINST	A vote AGAINST was warranted because the performance hurdles are proposed in the second half of the year which also take into consideration of that from the first half of year. Its fairness may be questionable. Furthermore, a director eligible to receive performance shares under the scheme is involved in the administration of the scheme.	Pass
Goodman Group	Real Estate	Advisory Vote to Ratify Named Executive Officers' Compensation	FOR	AGAINST	A vote AGAINST the remuneration report was warranted. The quantitative pay for performance model indicates a high level of concern with the CEO's total remuneration for FY22 being 4.5 times the median of similar sized companies and 7.8 times an industry peer group median. Corporate governance concerns are noted regarding the poor disclosure and valuation of the LTI grants. The largest component of CEO remuneration has been delivered in the form of LTI performance rights based on performance measures which may be concluded to be less than rigorous. When calculating the LTI grant at face value (i.e. using the actual share price), which is acknowledged as the market standard, rather than using a heavily discounted "fair value" of the share price (with discounting even higher, the longer the additional vesting after the performance period), the excessive nature of the LTI relative to local market peers is apparent. It is also noted that the STI award for other executives includes several non-financial performance measures with poor disclosure of targets and outcomes. The use of EPS growth targets in both the STI and LTI has the potential to duplicate bonuses for achieving the same underlying performance outcome.	Pass

Veritas
— Asset
Management

Real Return
Investing

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