

## Sustainability Annex

**Sustainable investment**

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

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

**Product name:**  
Veritas Global Equity Income Fund

**Legal entity identifier:**  
549300KHMD3XWXCDQD06

### Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input type="radio"/> <b>Yes</b>	<input type="radio"/> <input checked="" type="radio"/> <b>No</b>
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ___% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ___%	<input type="checkbox"/> <b>It promotes Environmental/ Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>

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

The Sub-Fund may be regarded as "promoting, among other characteristics, environmental and social characteristics, provided that the companies in which the investments are made follow good governance practices" within the meaning of Article 8 of Regulation (EU) 2019/2088 ("SFDR").

The primary characteristic that the Sub-Fund promotes is a transition to a low carbon economy, which includes investment in businesses having a robust strategy in reducing greenhouse gas (GHG) emissions, a goal of achieving Net Zero, and science-based targets that illustrate how they intend to accomplish this goal.

Alignment is measured by identifying whether a company has either identified, or committed to identifying, a Science-Based Net Zero Target, or pledges to the Business Ambition for 1.5 °C campaign, each as categorised by the Science Based Targets



Initiative (the "SBTi"). The SBTi is a partnership between CDP (a global non-profit entity and climate research provider), the United Nations Global Compact (UNGC), World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) which provides a process which allows participants to propose and receive independent verification of a commitment to reduce emissions in line with the Paris Agreement goals. This approach supports the UN Sustainable Development Goal 13 (Climate Action). The emissions produced by the underlying investments held in the Sub-Fund are managed in line with the Investment Manager's commitment to achieving Net Zero by 2050 across the range of target companies in which it invests. While the Sub-Fund has regard to SBTi categorisations, it may as the market evolves, elect at a future stage to have regard to an equivalent categorisation or rating provided by other entities which are widely used and which provide an equivalent assessment mechanism. In such an event any references herein to the SBTi or its categorisations shall be updated accordingly.

The Sub-Fund seeks to promote investment in companies that have a strong corporate sustainability practice in the following areas: Human Rights, Labour, Environment and Anti-Corruption. Assessments are consistent with global norms frameworks including the United Nations Global Compact ("UNGC") and the United Nations Guiding Principles on Business and Human Rights ("UNGP").

The Sub-Fund also seeks to promote societal and environmental characteristics by preventing the flow of capital from the Sub-Fund to issuers which have a significant exposure to controversial weapons as outlined in further detail below.

The Sub-Fund does not have a designated ESG benchmark.

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

To measure the attainment of relevant environmental and social characteristics, the Investment Manager may consider:

- issuer commitments to Net Zero that are supported by Science Based Targets as verified by the SBTi.
- the application of carbon metrics such as carbon footprint (the total amount of greenhouse gases generated by the company normalised by market value) and the Weighted Average Carbon Intensity (a measure of carbon emissions normalized by revenues) which enable an assessment of emissions on an absolute and intensity basis. The Sub-Fund may invest in companies that may not be deemed to be aligned with a low carbon economy;
- monitoring of target investments based on non-alignment to the UNGC and the UNGP;
- the exclusion of issuers with significant exposure to controversial weapons (for example, anti- personnel mines, cluster munitions, chemical weapons, and biological weapons);and
- the results of the principal adverse impact ("PAI") analysis set out in further detail below.

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

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

Notwithstanding that the Sub-Fund has not committed to making sustainable investments (as set out above) or Taxonomy-aligned investments (as set out below), nor does the Sub-Fund purport to have any sustainable investments or Taxonomy-aligned investments within its portfolio, there is a requirement to include the following disclosure:

*Include statement for financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852*

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

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

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

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



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

**Yes,**

**No** The Investment Manager is not obliged to consider principal adverse impacts on sustainability factors ("PAIs") under SFDR as it is not subject to

the entity level reporting requirements under Article 4 of SFDR and the Sub-Fund does not commit to invest in companies classified as sustainable investments (which would require a full PAI review as part of the "do no significant harm" test).

However, the Investment Manager has determined to have regard to the relevant PAIs set out in Annex I of the regulatory technical standards ("RTS") published by the Commission in furtherance of SFDR (Commission Delegated Regulation (EU) 2022/1288) as a mechanism to allow it to consider any negative external effect of its investments on environmental and social characteristics, including the transition to a low carbon economy and achievement of Net Zero emissions.

In that context, six of the PAIs have been deemed relevant to the Sub-Fund, being: 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 and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and 14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons).

For the majority of PAIs, the data used to assess these items is reviewed annually for each business, except for PAI 10, where the global norms principles are monitored more frequently, and reporting is provided to the investment team should any issues arise.

In terms of climate related PAIs, an assessment of the target company's progress is made pre-investment, including an evaluation of the company's climate strategy. The assessment criteria incorporates the 4 pillars of the Taskforce on Climate Financial Disclosures framework (TCFD) being (i) governance, (ii) strategy, (iii) risk management, and (iv) metrics and targets.

Post-investment, the Investment Manager shall continue to monitor these areas. If any shortfalls are identified, the Investment Manager shall engage with management to verify whether any steps are being taken to improve PAIs. In instances where a systemic risk such as climate change is deemed a material risk to the investment thesis, the potential impacts may be factored into the financial model and valuation of the business with reference to sustainability aspects. If the risk is deemed material and it is not managed appropriately, or the relevant company has not responded appropriately to engagement and made verified steps to improve PAIs, the Investment Manager may disinvest from the business.

Reporting on PAIs is available annually under the sustainability section of the VAM LLP website: <https://www.vamllp.com/sustainability/>

### **What investment strategy does this financial product follow?**

The Sub-Fund is designed for long-term investors who wish to build capital over a number of years through investment in a focused portfolio of global companies. The

Sub-Fund is actively managed and the Sub-Fund is managed in reference to, but not constrained by, the MSCI World Index.

The Sub-Fund principally invests in equities, irrespective of specific geographical location listed or trade on Recognised Exchanges throughout the world. Investments may also be made in global securities (including, but not exclusively, sovereign and corporate index-linked bonds, sovereign, corporate and convertible bonds with equity linked notes which bonds shall be fixed and /or floating rate and shall generally be investment grade) which are listed or traded on a Recognised Exchange, subject to the Investment Restrictions listed in the Prospectus, although it is not the current intention that such investments will be made. The Sub-Fund will not invest in leveraged notes. The aim is for the Sub-Fund to have a prospective yield that is 10% greater than the prevailing MSCI World Index dividend over a rolling five year period.

Investments in the Sub-Fund may include financial derivative instruments. Such instruments may be used to obtain, increase, or reduce exposure to underlying assets and may create leverage; therefore, their use may result in greater fluctuations of the Net Asset Value of the Sub-Fund. The Investment Manager will ensure that the use of derivatives does not materially alter the risk profile of the Sub-Fund.

Research that is conducted prior to the investment, includes a comprehensive sustainability analysis centred around the governance of the target company, which covers the following areas: demand and growth, business model, capital structure, board, executive remuneration/ shareholder alignment, and capital allocation. These are issues that have the most potential to affect the company's ability to create value for shareholders. For example, it is important to ascertain if the target company engages in an activity that may adversely impact the sustainability of its operation or demonstrates a lack of vision to adapt.

The promotion of environmental and social characteristics is demonstrated throughout the investment process. Pre-investment, each company is evaluated for its management of systemic risks such as climate change and corporate sustainability matters that include human rights, labour, environment, and anti-corruption. The materiality of the related risks and opportunities will differ from company to company. The Investment Manager will complete in-depth research on any areas deemed material to the investment thesis, which will include assessing the impact over multiple time horizons and integrating traditional environmental, social or governance ("ESG") factors into the analysis at all steps of the process. Where it is deemed necessary, the potential impacts may be factored into the financial model and valuation of the business by the Investment Manager.

Post-investment, the Investment Manager will continue to monitor any changes impacting the abovementioned areas. Furthermore, all companies held are subject to the Investment Manager's ESG Voting Policy. If the Policy guidance is breached, the Investment Manager will engage and /or vote against management to the extent required. Investee companies are also subject to a Net Zero Alignment Policy, whereby the Investment Manager expects companies within the Sub-Fund's portfolio to have committed to a Net Zero goal that is, at a minimum, consistent with the pledges made by the country of domicile, preferably by 2050.

The investment strategy guides investment

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

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

The key component of security selection is fundamental analysis. The analysts will make recommendations for specific securities directly to the portfolio managers. To meet the environmental and social characteristics promoted, the Investment Manager combines an assessment of ESG risks and opportunities with an exclusion criterion to act as the binding elements considered part of the Sub-Fund's investment strategy.

1. The Sub-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 Sub-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.

The Investment Manager will revisit the percentages set out above, and where appropriate, increase the percentages as market conditions evolve and a higher proportion of issuers in target markets make their own binding commitments to Net Zero initiatives.

The binding elements listed, are measurable, ensuring the ability to produce annual reporting as required.

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The Sub-Fund does not apply a commitment minimum rate to reduce the scope of investments prior to the application of the strategy.

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

Governance is a fundamental factor in determining whether a company will be a quality investment, and due to the multi-faceted nature of governance, good practices in this area are considered from a variety of standpoints.


Some of these factors include: a well-functioning board of management that provides oversight and challenges to the operating management; the executive remuneration structure including consideration of key performance indicators and incentives that encourage long term growth to ensure an alignment with shareholder interests; the allocation of capital with consideration to innovation; fair stakeholder treatment and for future growth and opportunities to enable the drive for healthy cash flows; returns on capital and shareholder value; and the quality and conservatism of financial accounting practices and compliance with corporation tax practices.

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

Companies are subject to the Investment Manager's ESG Voting Policy which incorporates governance standards at the highest level. If the governance of a company deteriorates during the holding period, which challenges the investment thesis, the Investment Manager shall engage with management to verify whether any steps are being taken to improve governance practices. If the relevant company has not responded appropriately to engagement and made verified steps to improve its governance practices over a reasonable period of time or has fallen below the minimum good governance standards applied by the Investment Manager, the Sub-Fund may be compelled to disinvest.

All target companies are formally monitored pre and post investment for compliance with relevant international frameworks published by intergovernmental organisations, such as the United Nations, which set out expected behaviours in respect of business practices. The relevant frameworks include the UNGC and the UNGP. A third-party screen is run monthly on companies within the Sub-Fund's portfolio and target companies within the investment universe. The screen covers principles listed under the UNGC and the UNGP. The Investment Manager will identify any companies listed that are identified as having "Failed" the screen for non-compliance with the principles outlined under the global norms framework mentioned above. The Investment Manager will assess the materiality of the violation and engage with the relevant issuer if necessary.

#### ***What is the asset allocation planned for this financial product?***



**Asset allocation** describes the share of investments in specific assets.

The asset allocation is a by-product of stock selection with geographical and sector weight determined by the stocks bought. Given the valuation discipline of the approach, stocks are only purchased at the desired price, with cash levels rising and falling depending on availability of investment opportunities. A portion of the cash may be deployed into money market instruments.

**#1 Aligned with E/S characteristics:** The Investment Manager intends to invest a minimum of 60% of the Sub-Fund's assets in investments which attain the environmental or social characteristics promoted by the portfolio. The figure stated will be reviewed periodically with the intention to increase the allocation to issuers with environmental and social characteristics as underlying companies adopt policies and procedures that allows the Investment Manager to evidence that such underlying companies meet minimum criteria. The figure stated is deemed appropriate at the time of writing.

**#1A Sustainable:** The Investment Manager does not commit to invest a minimum percentage of the Sub-Fund's assets in sustainable investments. Accordingly, the Investment Manager does not make any further minimum commitment to allocate sustainable investments among the sub-categories of Taxonomy-aligned environmentally sustainable investments, other environmentally sustainable investments, or socially sustainable investments.

**#1B Other E/S characteristics:** This sub-category covers investments aligned with the environmental or social characteristics that do not qualify as

sustainable investments. Accordingly, the entire 60% of assets which attain the environmental or social characteristics in category #1 above shall be regarded as meeting other environmental or social characteristics but which do not meet the threshold requirements to be regarded as sustainable investments (for example, they have not been assessed against the 'do no significant harm' test necessary to qualify as a sustainable investment).

**#2 Other:** The remaining 40% of investments will be in investments which seek to achieve the broader objectives of the Sub-Fund, including those which may not match the Sub-Fund's ESG criteria in its entirety or which are used for efficient portfolio management, hedging or liquidity management purposes as described in further detail below.

The intended minimum alignment with environmental and social characteristics of 60% set out in this section has been calculated based on a blended calculation which applies equal weighting to each of the binding elements used to select investments with environmental or social characteristics (being (a) the commitment to Net Zero, which must be met by a minimum of 30% of the companies in which the Sub-Fund invests, (b) the application of the exclusion list, which means that 100% of the companies in the Sub-Fund will promote a social and/or environmental characteristic by not having any exposure to controversial weapons and (c) the management of the Sub-Fund to achieve an overall carbon footprint which is 50% lower than that of the MSCI World (Net Dividends Reinvested) Index and which the Investment Manager believes will require at least 50% of the Sub-Fund to promote environmental characteristics by having significantly lower carbon emissions, calculated by reference to market value, than the comparable median carbon emissions figure for issuers within the index).

The Investment Manager will revisit the percentages set out above, and where appropriate, increase the percentages as market conditions evolve and a higher proportion of issuers make their own binding commitments to one or more of the criteria assessed by the Sub-Fund.

Taxonomy-aligned activities are expressed as a share of: **turnover** reflecting the share of revenue from green activities of investee companies **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g.

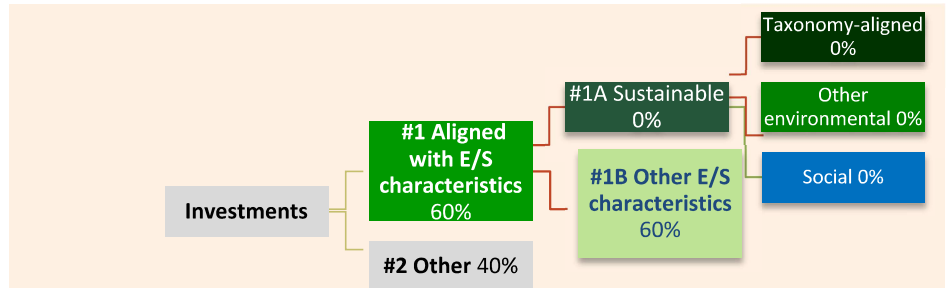
***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

In certain instances, it may be more appropriate operationally or more efficient to gain exposure to targeted investments synthetically rather than investing in such securities directly. In such instances, the Sub-Fund may employ FDI (specifically swaps, futures, or FX forwards), subject to the conditions and within the limits laid down by the Central Bank and in accordance with the Prospectus. The purpose of investing using such instruments is not directly related to attaining the environmental or social characteristics promoted by the financial product although, where the underlying company meets the relevant environmental characteristics, it will be subject to the binding elements of the investment strategy outlined earlier in this Annex and count towards the minimum percentage of investments aligned with E/S characteristics outlined above. The decision will be based on which instrument is deemed most suitable to access the underlying security.



for a transition to a green economy.

**operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments..



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

The Sub-Fund does not commit to sustainable investments with an environmental objective that will be aligned to any minimum extent with the EU Taxonomy. As such, for the purposes of the SFDR and the EU Taxonomy, the Sub-Fund has a 0% minimum alignment with the EU Taxonomy. The Investment Manager does not currently use the EU Taxonomy as a mandatory part of its investment process, and so wishes to retain the flexibility to invest in investments which promote environmental characteristics which are suitable for the Sub-Fund, without being tied to a minimum commitment to make Taxonomy-aligned investments. The Investment Manager considers that this approach is consistent with its duty to act in the best interests of shareholders in the Sub-Fund.

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

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

Yes:

In fossil gas     In nuclear energy

No

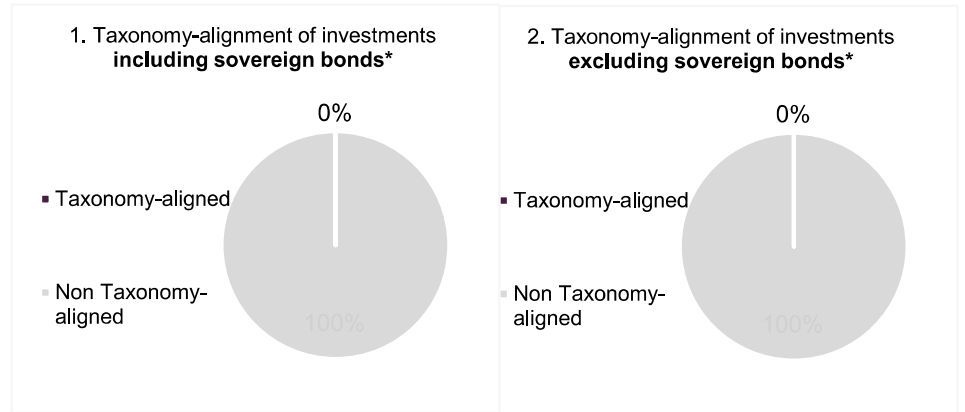
*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the*

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

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

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


first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



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

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

Not applicable, as the Sub-Fund does not commit to make investments that are aligned with the EU Taxonomy.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable as the Sub-Fund does not commit to investing in sustainable investments.



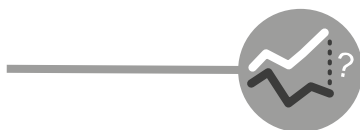
**What is the minimum share of socially sustainable investments?**

Not applicable as the Sub-Fund does not commit to investing in socially sustainable investments.



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

This category is intended to capture investments other than the listed equity or financial derivative instruments outlined above. In practice, this category will consist of (a) issuers that are not yet aligned with the binding elements applied by the Investment Manager in evaluating environmental or social characteristics; and (b) cash or money market instruments held by the Sub-Fund for efficient portfolio management, hedging or liquidity management, pending investment in accordance with the primary investment policy as set out in the Prospectus..



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



The Sub-Fund does not have a designated benchmark aligned to environmental or social characteristics.

***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable.

***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable.

***How does the designated index differ from a relevant broad market index?***

Not applicable.

***Where can the methodology used for the calculation of the designated index be found?***

Not applicable.

**Where can I find more product specific information online?**

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

Please refer to the following webpage for further information:  
<https://www.vamllp.com/sustainability>