VanEck

Stewardship Policy

APRIL 2024

Our approach to stewardship

Since 2013, VanEck Investments (VanEck) has managed investment assets for hundreds of thousands of Australian investors. In doing so, we operate as a fiduciary to make decisions which are in the best interests of our investors.

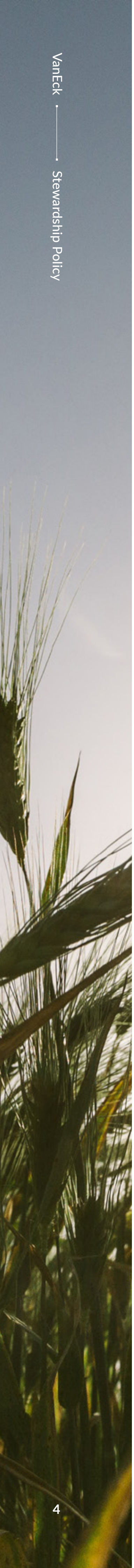
We believe maximising the long-term outcomes for investors includes both the long-term value of the investment assets and matters that impact them in broader ways such as environmental, social and governance (ESG) issues. In an increasingly interconnected world, investment stewardship can foster transparency, accountability and trust, contributing to more resilient and responsible financial markets.

We therefore believe, that over the long term, companies with sustainable business practices have a competitive advantage and tend to be more successful. VanEck is committed to respectful engagement to influence companies, to maximise the long-term outcomes of the investors for whom we are managing investment assets for.

We do this by actively exercising our stewardship responsibilities.

This Stewardship Policy outlines the processes and guidelines we follow when putting these responsibilities into practice, including our engagement, voting and advocacy approach.

This Stewardship Policy, as well as the Proxy Voting Policy, is reviewed annually, or more frequently if required. Policy updates reflect changes in processes or guidelines, which result from regular reviews of the effectiveness of our stewardship approach.



Scope

The stewardship policy applies to all investment funds managed by VanEck that have direct investments in companies in which we own shares. Our approach to Emerging Markets Bonds (EMB) is captured in our ESG and Stewardship policy for our EMB fund, found here.

Transparency and our influence

VanEck manages assets for a variety of clients with a variety of investment needs. In our activities we always strive to serve our clients' interests to the best of our capabilities.

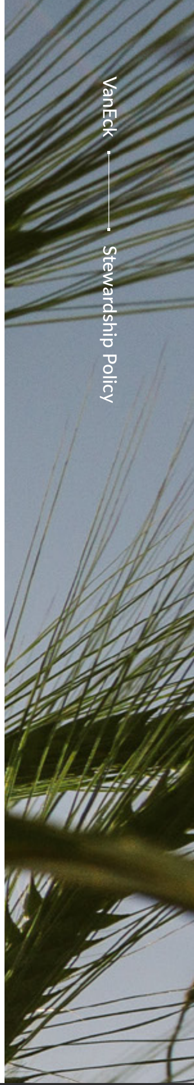
Even though clients use our funds to achieve different investment objectives, VanEck recognises that the companies need to identify gaps in achieving sustainability goals to drive further growth and value creation for their stakeholders.

We are therefore committed to adding our voice to increase the pressure on investee companies to do the right thing, mitigating potential risks of regulatory non-compliance, reputational damage or operational inefficiencies. While, as a passive manager, we do not control the indexes that our funds track, we nevertheless consider it a part of our fiduciary obligations as an asset manager to make the most of the influence that we do have.

We fulfill this fiduciary duty by actively carrying out stewardship responsibilities. Investment stewardship is an umbrella term encompassing the approach that we take as involved owners of the portfolio companies. The key ways that we exercise our influence are through:

- Voting;
- Engagement; and
- Advocacy

And, as a passive manager, we are committed to complete transparency regarding our voting and engagements.



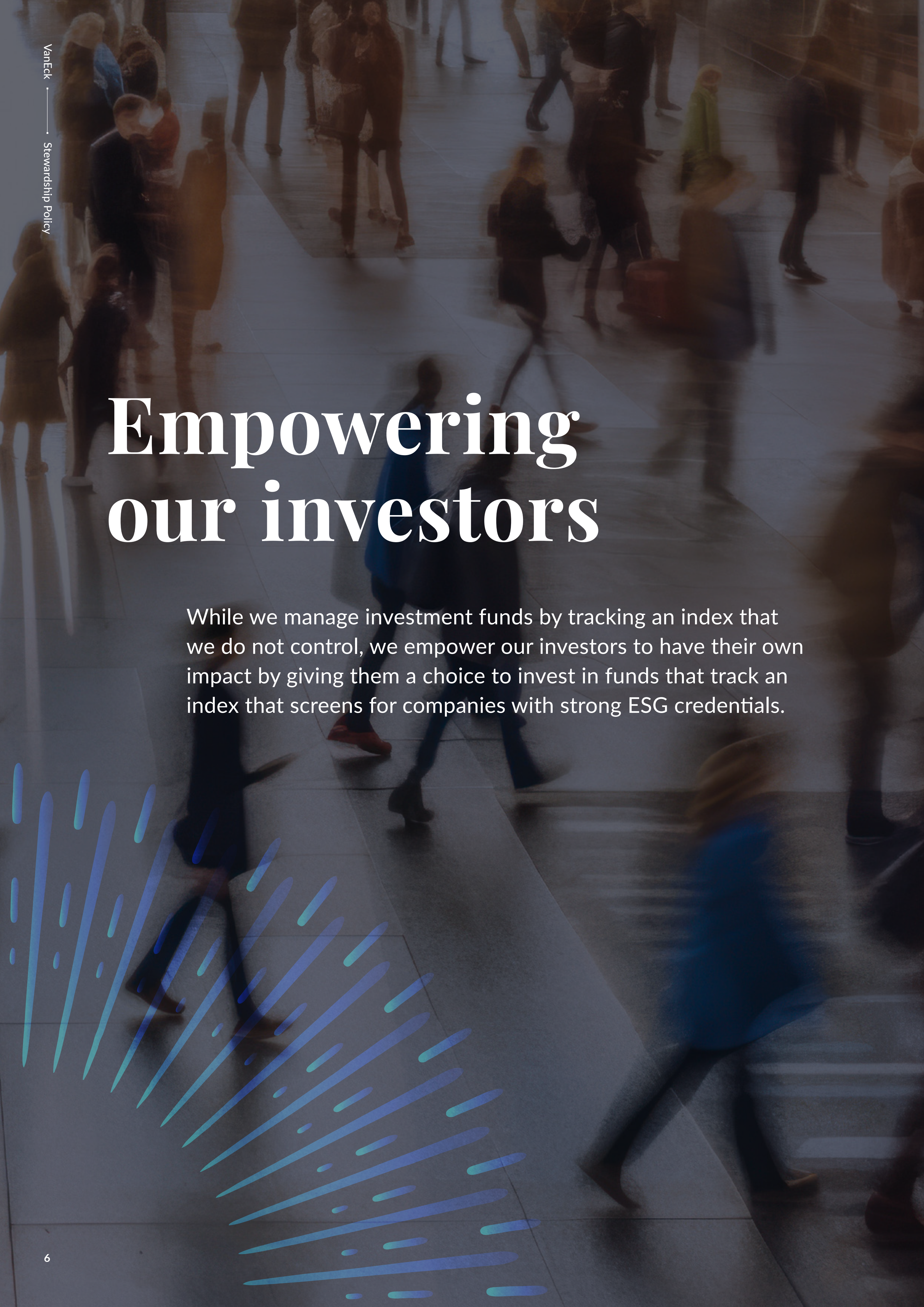
Disclosure

Both our engagement and voting activities are reported back to investors every six months and made publicly available here.

The investment team has in-depth knowledge of those investee companies we engage with, as well as their business environment. With this knowledge they can engage appropriately with companies and make proper judgments in fulfilling our stewardship activities.

Stewardship activities are executed by our investment team and their knowledge and expertise of ESG factors are used to determine what the most material issues are that should be addressed with companies in line with the priorities outlined in this document.

We believe the long-term outcomes of investors includes both the long-term value of the investment assets and matters that impact them in broader ways.



Empowering our investors

While we manage investment funds by tracking an index that we do not control, we empower our investors to have their own impact by giving them a choice to invest in funds that track an index that screens for companies with strong ESG credentials.

VanEck's ESG Opportunities

We manage two ESG funds that offer investors access to sustainable companies. Both funds utilise MSCI research, and applies an involvement screen for companies involved in the following business activities (which includes gross revenue thresholds):

- Adult entertainment
- Gambling
- Alcohol
- Genetically modified organisms (GMO)
- Animal Welfare
- Nuclear power
- Civilian firearms
- Nuclear weapons
- Conventional weapons
- Tobacco
- Controversial weapons
- Soft drinks
- Fossil fuels
- Nutrition and health

VanEck MSCI Australian Sustainable Equity ETF (ASX: GRNV)

GRNV tracks a state-of-the-art benchmark index, the MSCI Australia IMI Select SRI Screened Index (GRNV Index). The rules for inclusion in the GRNV Index encompass both negative and positive screens across the largest and most liquid stocks on ASX.

1. ESG controversies exclusion:

Only companies with ESG controversy scores of green or yellow are included (based on MSCI's scale of red, orange, yellow or green ESG controversy scores). Companies are required to have maintained the score for 4 quarterly rebalances before becoming eligible for inclusion.

2. ESG inclusion:

Research data from MSCI is used to target high ESG achievers. MSCI rates companies' ESG performance on a scale of 'AAA' to 'CCC'. Only companies rated 'A', 'AA' or 'AAA' are included in the GRNV Index. Companies are required to have maintained the rating for 6 quarterly rebalances before becoming eligible for inclusion.

3. Human rights controversies exclusion:

Companies flagged by MSCI as having human rights controversies with a score less than 5 are excluded from the GRNV Index.

VanEck MSCI International Sustainable Equity ETF (ASX: ESGI)

ESGI tracks a state-of-the-art benchmark index, the MSCI World ex Australia ex Fossil Fuel Select SRI and Low Carbon Capped Index (ESGI Index). The rules for inclusion in the ESGI Index encompass both negative and positive screens across the largest and most liquid international stocks.

1. International exposure:

ESGI gives investors the opportunity to access an international portfolio of truly sustainable corporate leaders, which is broadly diversified across countries and sectors.

2. Human rights controversies exclusion:

Companies flagged by MSCI as having human rights controversies with a score less than 5 are excluded from the ESGI Index.

3. ESG inclusion:

Research data from MSCI is used to target high ESG achievers in the top 15% of each Global Industry Classification Standard (GICS®) sector are included.

4. Carbon leaders' emission:

The remaining companies are ranked by carbon emission intensity and the top 25% by number are excluded. The cumulative weight of securities excluded from any GICS® sector is capped at 30% of the weight of the sectors from step 1.

Detailed business involvement screening criteria (which includes gross revenue thresholds) for each of the business activities identified above for GRNV and ESGI can be found in the respective index methodology on our website. For more details on MSCI ESG ratings, please refer to msci.com/esg-ratings.

Voting

A right to vote is the most influential and impactful legal right that arises from owning shares. The main avenue we have to influence the companies we are invested in is the way we vote in the company's formal proceedings.

The way we maximise our influence via voting is by appointing a specialist adviser – Glass Lewis & Co., LLC (Glass Lewis). Our Proxy Voting Policy, including Glass Lewis' Guidelines, can be found here. While Glass Lewis provides recommendations for each vote that arises, we retain the oversight and power to vote contrary to their recommendation at all times.

Further, we authorise Glass Lewis to exercise our votes on our behalf, taking further advantage of their scale to ensure that all our votes are properly recorded. We have also chosen to use a specific set of ESG voting overlay principles applicable to all of our portfolio companies. The general voting guidelines and ESG-specific policies are reviewed and updated annually as practices evolve and mature.

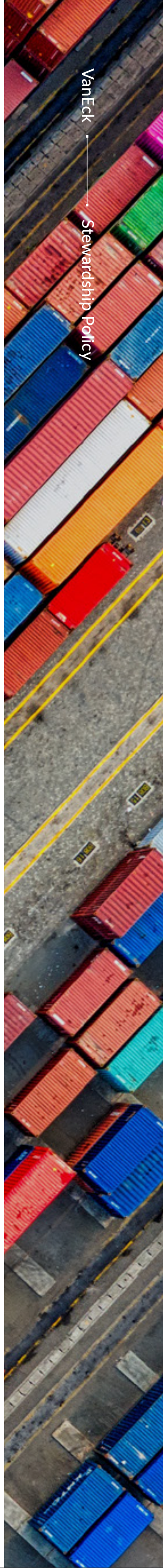
Advocacy

While we may advocate a point of view through direct engagement with a company that we have invested in, advocacy can also be directed at other parties.

We may advocate a point of view to a government in order to improve the regulatory environment in which the companies we invest in operate.

We may advocate a point of view publicly, most likely through the media, in order to generate broader support for that point of view.

Given our size, a lot of our advocacy will be a collaborative effort through the Financial Services Council, which is a leading industry organisation in Australia.



Engagement

Engagement can take many forms. Engagement may involve the advocacy of a particular point of view that we hold but often it involves notifying the company that we consider a particular issue to be serious enough that the company should pay significant attention to it.

The power of our engagement is when it adds weight to points of view that the is hearing from many investors. When the opportunities arise, we will engage in collaboration with other investors.

We aim to engage with 25 companies per year with a minimum of 5 per quarter. The engagement process includes sourcing publicly available information, communicating expectations with the company, discussing performance, risk management, ESG rating changes and advocating best practices, as well as reviewing whether a desired ESG outcome is achieved subsequently.

The main triggers for us to conduct engagement are:

1 → When we are notified of a Level 1 meeting (such as high-profile companies, as well as M&A, companies under significant controversy and contested meetings) by Glass Lewis;

2 → When there is an ESG rating downgrade noted by MSCI; and/or

1 → When the company reaches out to us directly or through a third party.

We publish the engagement discussions in our semi-annual stewardship report.

The limitation of the power of voting to influence a company is that it can only be exercised on matters that come up for a vote. While some matters are legislated as requiring a vote, it is largely the company that controls what matters we get to vote on. So, voting on its own is not enough.

We supplement our voting by directly engaging with a select number of companies of which we are a major shareholder. To ensure the success of our engagements, we have a checklist of questions and where relevant, our concerns to go through with the companies. In addition, recurring engagements are arranged to follow up on progress or improvement of the portfolio company, with a specified target date if applicable. We would also make material concerns publicly known via media and propose shareholder resolutions if possible.

Signatory to the Principles of Responsible Investing

VanEck is a signatory to the UN PRI. Additionally, for our ESG funds, ESGI and GRNV, we adhere to the strict operational and disclosure practices required under the Responsible Investment Certification Program for the category of Product Provider.

These are available on the **UN PRI website**.

Our priorities

We are committed to supporting the best outcomes for the community and our investors.

Board Quality

Board quality includes board composition, effectiveness, diversity and accountability. Our primary focus is to ensure that the individuals who represent the interests of all shareholders are independent, committed, capable and appropriately experienced.

Boards working to protect and enhance the best interests of shareholders typically possess the following four characteristics:

- Independence;
- Breadth and depth of experience;
- Diversity; and
- A track record of performance.

The better the overall quality of a company's board, the more likely it is that the company will have good corporate governance and create value to shareholders.

ESG Issues

We understand the importance of ensuring the sustainability of companies' operations and believe that an inattention to material environmental and social issues can present direct, legal, financial, regulatory and reputational risks for companies that could serve to harm shareholder interests. Therefore, we believe that these issues should be carefully monitored and managed by companies and that companies should have an appropriate oversight structure in place to ensure that they are mitigating attendant risks and capitalising on related opportunities to the best extent possible.

Executive Remuneration

We believe that each company should design and apply specific, fit-for-purpose remuneration policies and practices that are appropriate to the circumstances of the company and, in particular, will attract and retain competent executives and other staff and motivate them to grow the company's long-term shareholder value.

Common issues that make remuneration inappropriate are:

- Excessive bonuses;
- Performance metrics not being fully disclosed; and
- Benefits vesting over short periods.

Capital Management

Returns to shareholders are dependent on sound capital management. Getting the balance right between equity and debt directly determines the earnings per share and the amount of risk taken while generating those earnings.

Particular attention is paid to:

- Excessive capital issuances diluting earnings;
- Reviews of debt issues; and
- Guarantees not exceeding net assets.

Mergers and Acquisitions

A merger or an acquisition can be one of the most impactful events on shareholder value.

The most important decision can be whether to accept or reject a takeover offer for a company that we have invested in.

Dissipating Shareholder Rights

We carefully examine any amendments to a company's constituent documents. There is a risk of the company dissipating the shareholders' current rights.

A particular example would be the insertion of anti-takeover provisions.

Auditor Rotation

It is a principle of good governance that auditors should be regularly replaced in order to ensure that the auditor is sufficiently independent. Becoming too close to the company can impact an auditor's independence and their judgement.

We review auditor appointments to ensure that their tenure is not too long.

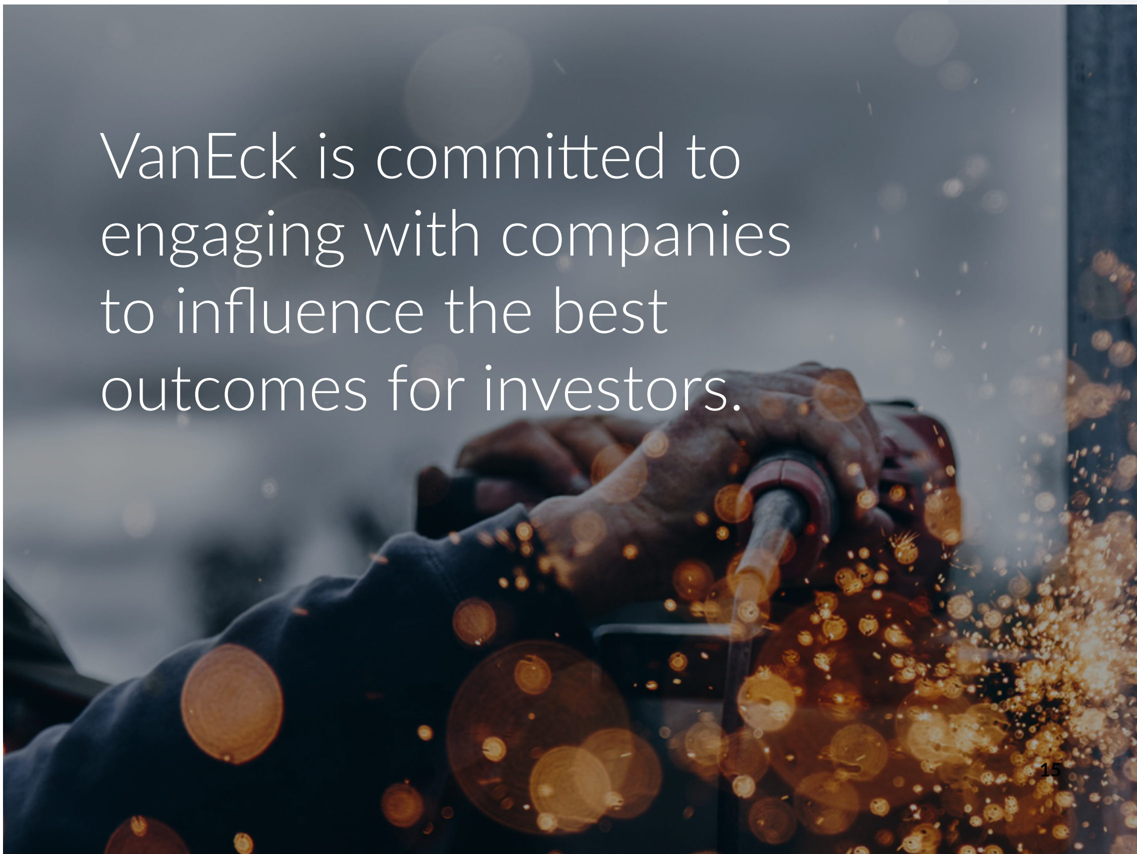
Conclusion

VanEck is committed to engaging with companies to influence the best outcomes for investors. We publish all votes that we make, through Glass Lewis, on our website each year. This can be found **here**.

We also publish the engagement discussions in our semi-annual stewardship report, which can be found **here**.

We engage the services of a proxy voting agent, Glass Lewis, to maximise the impact and efficiency of our voting rights. When we engage directly with companies ourselves, our priorities include:

1. Board quality
2. ESG issues
3. Executive remuneration
4. Capital management
5. Mergers and acquisitions
6. Dissipating shareholder rights
7. Auditor rotation



For more information

Contact us

If you would like more information on specific company engagement, please contact us via info@vaneck.com.au or +61 2 8038 3300.