



Stewardship and Responsible Investments Policy



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Our approach to stewardship

Since 2013, VanEck Investments Limited (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 could potentially be more successful. VanEck is committed to respectful engagement to influence companies, to maximise the long-term outcomes of the investors that we are managing investment assets for. We do this by actively exercising our stewardship responsibilities.

This Stewardship and Responsible Investments Policy (Policy) outlines the processes and guidelines we follow when carrying out our responsibilities, including our engagement, voting and advocacy approach.

This Policy is reviewed annually, or more frequently if required. Policy updates reflect changes in processes, guidelines or market practices and expectations, which result from regular reviews of the effectiveness of our stewardship approach.

There is no universal ESG criteria to assess companies around the world. There is the risk that an investor's views and opinions on stewardship, sustainability or ESG might differ to that of VanEck or the indices that our funds aim to track. It is important that an investor considers a fund's product disclosure statement, target market determination and supporting disclosures to determine if a fund aligns with their values and is right for them.

We believe, that over the long term, companies with sustainable business practices have a competitive advantage and could potentially be successful.

Our approach to responsible investments

We define responsible investment as investment decisions/strategies that seek to consider both financial return and environmental, ethical or social good to bring about a measured change.

We understand the importance of ensuring the sustainability of companies' operations and believe that a lack of attention to material environmental, ethical and social issues can present direct legal, financial, regulatory and reputational risks for companies that could ultimately result in harm to shareholder interests. We believe that these issues should be carefully monitored and managed by companies. Our view is that companies should have an appropriate oversight structure in place to ensure that they are mitigating risks and capitalising on related opportunities to the best extent possible. If that is not the case, shareholders should have a voice in informing and advocating for better practices. We perform duties of responsible investments through the following:

ESG rating monitoring

VanEck primarily uses MSCI ESG Research, LLC (MSCI research) for identifying, analysing and flagging controversies and issues that are impacting a business now or in the future, both of which could also significantly influence its share price.

Being able to screen out companies that are flagged for operational or management issues, and controversies can help reduce exposure to investment risk. While we do not have influence on the constituents of the indexes that our funds aim to track, we consider it good governance to test the efficacy of the screening processes.

In addition, we supplement our ongoing monitoring of the constituents using other independent ESG scoring providers. This allows a more balanced view in our assessment.

Signatory to the Principles of Responsible Investing (UN PRI)

VanEck is a signatory to the UN PRI, a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. As a signatory we are committed to complying with the principles, including considering ESG issues in proxy voting and being champions in promoting acceptance and implementation of these ESG principles within the investment industry.

Member of Responsible Investment Association Australasia (RIAA)

VanEck is a member of the RIAA. RIAA's Responsible Investment Certification Program is the leading initiative for distinguishing quality, responsible, ethical and impact investment products and services in Australia and New Zealand. Our ESG focused funds – ESGI and GRNV – have been certified by RIAA.

Taking an active approach to proxy voting

Proxy votes are collective ballots cast on behalf of investors at company annual general meetings. Examples include proposed changes to share ownership, the structure of the board of directors, merger or acquisition approvals, and executive salary and benefits. At VanEck we have chosen to use proxy agent, Glass Lewis & Co., LLC (Glass Lewis), that votes on our behalf and who have developed a specific set of ESG proxy voting guidelines which closely align with our views and in our opinion satisfy the high standards expected of a fiduciary. The ESG overlay is applied across all the equity funds that we manage, not just on the ESG themed funds.

We also have the option to override the Glass Lewis recommendation should we deem their recommendation as not in the best interest of investors. Please find more details in the [Voting](#) section.

Scope

This Policy applies to all investment funds managed by VanEck that have direct equity investments in listed companies. The ESG approach for our two fixed income active strategies is detailed in the [Active Strategies](#) section.

Transparency and our influence

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

Even though our clients may 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 asset manager, we do not control the indexes that our funds track, we nevertheless consider it a part of our fiduciary obligations to make the most of the influence 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](#).

Stewardship activities are executed by our investment team who possess in-depth knowledge of the portfolio companies we engage, including industry landscape, business operations and emerging competition. The 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.

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

Empowering our investors

While we manage most of our investment funds by tracking an index that we do not control, we empower our investors to have their own impact by offering funds that track an index that screens for companies with better ESG credentials when compared to industry peers.

VanEck's ESG Opportunities

We define responsible investment as investment decisions/strategies that seek to consider both financial return and environmental, ethical or social good to bring about a measured change.

We were one of the first ETF issuers to offer sustainability focused ETFs on the ASX, and we continue to research how those strategies can add value to client portfolios. We manage two ESG funds that offer investors access to companies that have better ESG and sustainability metrics and credentials relative to their sector peers. Both funds utilise MSCI research and apply 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

Detailed business involvement screening criteria for each of the business activities can be found in the index methodology sections of the respective fund page on our website.

For more information about respective index methodologies, go to the PDS available [here](#) and VanEck's commitment to [ESG investing](#).

There is no universal ESG criteria to assess companies, ETFs or other funds around the world. This means the approach used to determine what is a 'good' or 'bad' ESG rating varies significantly across research bodies and investment managers, ranging from superficial applications of ESG metrics to more comprehensive approaches. There is the risk that an investor's views and opinions on sustainability or ESG might differ to that of the index methodology which the funds aim to track or that of VanEck. It is important that an investor considers the respective PDS, target market determination and supporting disclosures to determine if a fund aligns with their values and is right for them.



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 2 or above are eligible for inclusion (based on MSCI's scale of 0 to 10). 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:

Only companies with human controversy scores of 5 or above are eligible for inclusion (based on MSCI's scale of 0 to 10). Companies are required to have maintained the score for 4 quarterly rebalances before becoming eligible for inclusion.



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 — ESG controversies exclusion:

Only companies with ESG controversy scores of 2 or above are eligible for inclusion (based on MSCI's scale of 0 to 10). Companies are required to have maintained the score for 4 quarterly rebalances before becoming eligible for inclusion.

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 read further [here](#).

Active Strategies

The VanEck Emerging Income Opportunities Active ETF (Managed Fund) (ASX: EBND) and VanEck Bentham Global Capital Securities Active ETF (Managed Fund) (ASX: GCAP) are the two externally managed schemes that do not track an index.



The VanEck Emerging Income Opportunities Active ETF (Managed Fund) (ASX: EBND)

EBND is an actively managed portfolio of emerging market bonds and currencies. VanEck has appointed Van Eck Associates Corporation as the investment manager of the portfolio. The investment manager is also a signatory of the Principles for Responsible Investment and a promoter of responsible investment practices. Corporate and sovereign investing are subject to ESG screening, employing external provider scores and subjective analyses by the investment manager. For corporate bonds, some industries specifically considered for exclusion (subject to gross revenue thresholds) are alcohol, tobacco, gambling, adult entertainment, weapons, nuclear and thermal coal. More information is available in EBND's ESG and Stewardship Policy which can be found on the EBND fund page on our website.



VanEck Bentham Global Capital Securities Active ETF (Managed Fund) (ASX: GCAP)

GCAP is an actively managed high conviction portfolio of global capital securities selected based on a top-down and fundamental credit analysis by the investment manager. VanEck has appointed Bentham Asset Management, who have a long track record in managing this asset class, as the investment manager of the portfolio. The investment manager is also a signatory of the Principles for Responsible Investment and a promoter of responsible investment practices. As GCAP invests in many countries, each with their own standards, the standards applied are country and industry specific and every Issuer is compared to its particular operating environment. GCAP focuses on corporate securities only.

Each of the funds takes labour standards, environmental, social, ethical and governance considerations into account– see section 7.8 of the PDS for [EBND](#) and [GCAP](#) for further details.

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.

As a responsible entity, we have proxy voting authority on behalf of the funds we manage. VanEck owes investors a duty of care in performing the service on all their behalf. Legislation requires us to cast proxy votes in a manner that is consistent with the best interests of investors of our funds. VanEck intends to vote proxies in accordance with applicable rules and regulations and in the best interests of members without influence by any conflicts of interest.

Glass Lewis Proxy Guidelines

The way we maximise our influence via voting is by appointing a specialist adviser – Glass Lewis). Our Proxy Voting Policy, including Glass Lewis' Guidelines, can be found here. The services provided by Glass Lewis include:

- 1 — In-depth research;
- 2 — global issuer analysis;
- 3 — voting recommendations;
- 4 — vote execution;
- 5 — reporting;
- 6 — record keeping

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 to promote positive behaviour in environmental, social, governance matters.

VanEck reviews the following materials from Glass Lewis annually:

- 1 — Proxy Guidelines including:
 - a. Australia Guidelines;
 - b. United States Guidelines;
 - c. Continental Europe Guidelines; and
 - d. ESG Policy Guidelines;
- 2 — Sample issuer research reports; and
- 3 — Vote execution reports.

At least annually, we review Glass Lewis' capacity or competency. VanEck monitors any updates or revisions to the Guidelines and has periodic meetings to review operational matters.

We have determined that as at the date of this Policy the guidelines, processes, reporting and record keeping services provided by Glass Lewis are consistent with our proxy voting responsibilities and fiduciary duties. We believe the appointment of Glass Lewis as our proxy voting agent is reasonable and appropriate having regard to the best interests of our investors.

In order to monitor proxy voting the investment team receives weekly reports from Glass Lewis providing a summary of the upcoming 30 days proposals and the last 90 days of proxy voting activity. VanEck has a standing instruction in place which authorises Glass Lewis to execute votes in accordance with the Guidelines including the ESG Policy overlay. In any event, VanEck retains the right, on any specific proxy, to vote differently from the Guidelines, if VanEck believes it is in the best interests of members to do so. The Head of Investments is ultimately responsible for making proxy voting decisions. To the extent that they vote against Glass Lewis guidance, they will provide a reason for their vote and disclose any potential conflicts of interest to the Risk and Compliance Department.



Voting Foreign Proxies

VanEck may determine that, in the best interests of our investors, a particular proxy should not be voted. This may occur, for example, when the cost of voting a foreign proxy would exceed the benefit of voting the proxy or voting the foreign proxy may cause an unacceptable limitation on the sale of the portfolio security. At the date of this Policy, VanEck has determined that due to the nature and scale of its business and portfolio holdings the costs to the scheme and members of voting certain foreign proxies that require additional identification verification beyond a recognised shareholder register system outweigh the benefit to members and therefore VanEck will not vote such foreign proxies. These costs may include: professional costs of completing necessary documentation; legal costs including notary costs of verifying identification; costs of translation; and international courier charges, etc.

Potential Conflicts of Interest

When a potential conflict of interest exists, proxies will be voted in strict adherence to both VanEck's internal Conflicts of Interest policy/procedure and the Glass Lewis Guidelines.

Recordkeeping Requirements

VanEck will retain, or ensure that its agent retains, for 5 years from the issue date, the following documentation and information for each matter relating to a portfolio security with respect to which a scheme was entitled to vote:

- 1 — proxy statements received;
- 2 — identifier for the portfolio security;
- 3 — shareholder meeting date;
- 4 — brief identification of the matter voted on;
- 5 — whether the vote was cast on the matter;
- 6 — how the vote was cast (e.g., for or against proposal, or abstain; for or withhold regarding election of directors);
- 7 — records of member requests for information on how VanEck voted proxies on behalf of the scheme;
- 8 — a copy of written responses by VanEck to member requests for information on how VanEck voted proxies on behalf of the scheme; and
- 9 — any documents considered or prepared by VanEck that were material to the decision on how to vote.

We have also chosen to use a specific set of ESG voting overlay principles applicable to all of our portfolio companies to promote positive behaviour in environmental, social, governance matters.

Client Inquiries

All inquiries by investors as to how VanEck has voted proxies should be directed to the investment management team at: portfolioaustralia@vaneck.com

Disclosure to Clients

At a member's request, an electronic or hard copy of the proxy votes for the relevant fund will be mailed to the member. It is also publicly available on our website [here](#).

Securities Lending

We do not currently engage in securities lending and therefore, are not required to maintain a securities lending program. Proxy voting rights generally pass to the borrower when a security is on loan. If VanEck determines to engage in securities lending it will use its best efforts to recall a security on loan and vote such securities if the portfolio manager determines that the proxy involves a material event.

Compliance controls and monitoring

VanEck has controls and monitoring in place to ensure any risks associated with the proxy voting obligations are managed appropriately. These include:

- 1 — On an annual basis, the Head of Investments reports to Risk and Compliance in respect of whether, to the best of their knowledge, all proxy voting has been executed in accordance with this Policy and in the best interests of members;
- 2 — On a quarterly basis, Risk and Compliance review as to whether there have been any changes to Guidelines and if so provides a copy of the updated Guidelines including a summary of the material changes to the investments team; and
- 3 — On a monthly basis, the investment team confirm any proxy voted against the Glass Lewis Guidelines during the previous month and/or any material conflicts of interest arising in respect of proxy voting and the resultant votes were disclosed to Risk and Compliance.

Advocacy

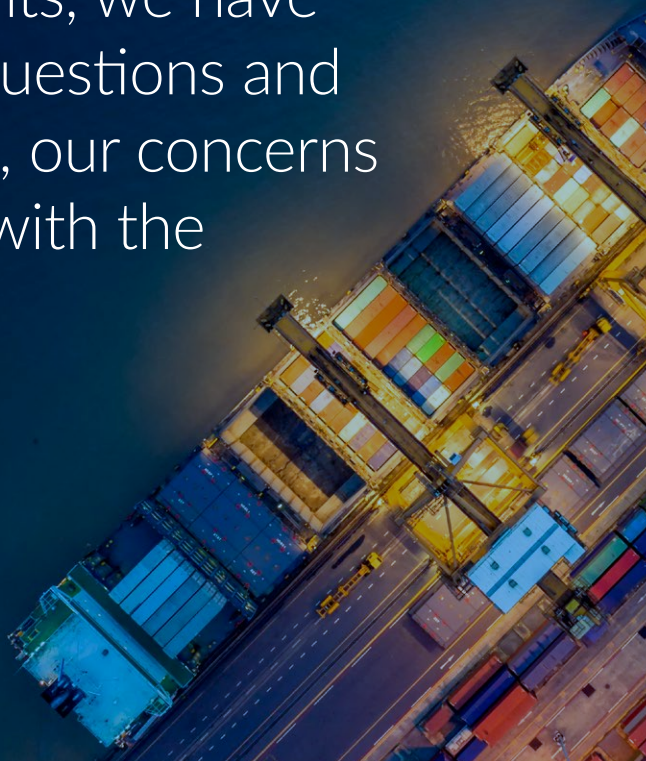
While we may advocate a point of view through direct engagement with a company that we have invested in, advocacy can also be directed at other parties.

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

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

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

To ensure the success of our engagements, we have a checklist of questions and where relevant, our concerns to go through with the companies.



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 company 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
- 3 — 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. Therefore, 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.

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.

Environmental and Social 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 — Environmental and social issues
- 3 — Executive remuneration
- 4 — Capital management
- 5 — Mergers and acquisitions
- 6 — Dissipating shareholder rights
- 7 — Auditor rotation



VanEck is committed to engaging with companies to influence the best outcomes for investors.

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.





VanEck Investments Limited (ACN 146 596 116 AFSL 416755) (VanEck) is the issuer and responsible entity of all VanEck exchange traded funds (Funds) trading on the ASX. This information is general in nature and not personal advice, it does not take into account any person's financial objectives, situation or needs. The product disclosure statement (PDS) and the target market determination (TMD) for all Funds are available at vaneck.com.au. You should consider whether or not an investment in any Fund is appropriate for you. Investments in a Fund involve risks associated with financial markets. These risks vary depending on a Fund's investment objective. Refer to the applicable PDS and TMD for more details on risks. Investment returns and capital are not guaranteed.