VanEck®

H2 2023 SEMI-ANNUAL

Stewardship Report

Approach

We consider the responsibility that arises from managing and owning investment assets is part of our obligation to our investors.

Our approach to stewardship

VanEck is committed to using respectful engagement to influence companies, in order to maximise the long-term welfare of the investors for whom we are managing investment assets.
The long-term welfare of 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 issues.

We consider the responsibility that arises from managing and owning investment assets is part of our obligation to our investors.

Investment stewardship is an umbrella term encompassing the approach that we take as an involved owner of the portfolio companies. The key ways that we exercise our influence are through:

- voting
- engagement; and
- advocacy

Our priorities include:

- board quality;
- environmental, social and governance (ESG) issues;
- executive remuneration;
- capital management;
- corporate deals such as mergers & acquisitions
- dissipating shareholder rights; and
- auditor rotation

Voting

A right to vote is the most influential and impactful legal right that arises from owning shares.

Half-year in review

VanEck Investments Limited as part of its fiduciary duty, voted on 4,908 management proposals. We also increased our direct company engagements to 27 (+35%) during the second half of 2023, from 20 in the first half across various countries and sectors. Additionally, VanEck's Gold Team also conducted 16 ESG engagements with the gold miners held in VanEck Gold Miners ETF (GDX). This is well ahead of our target of ten company engagements semi-annually.

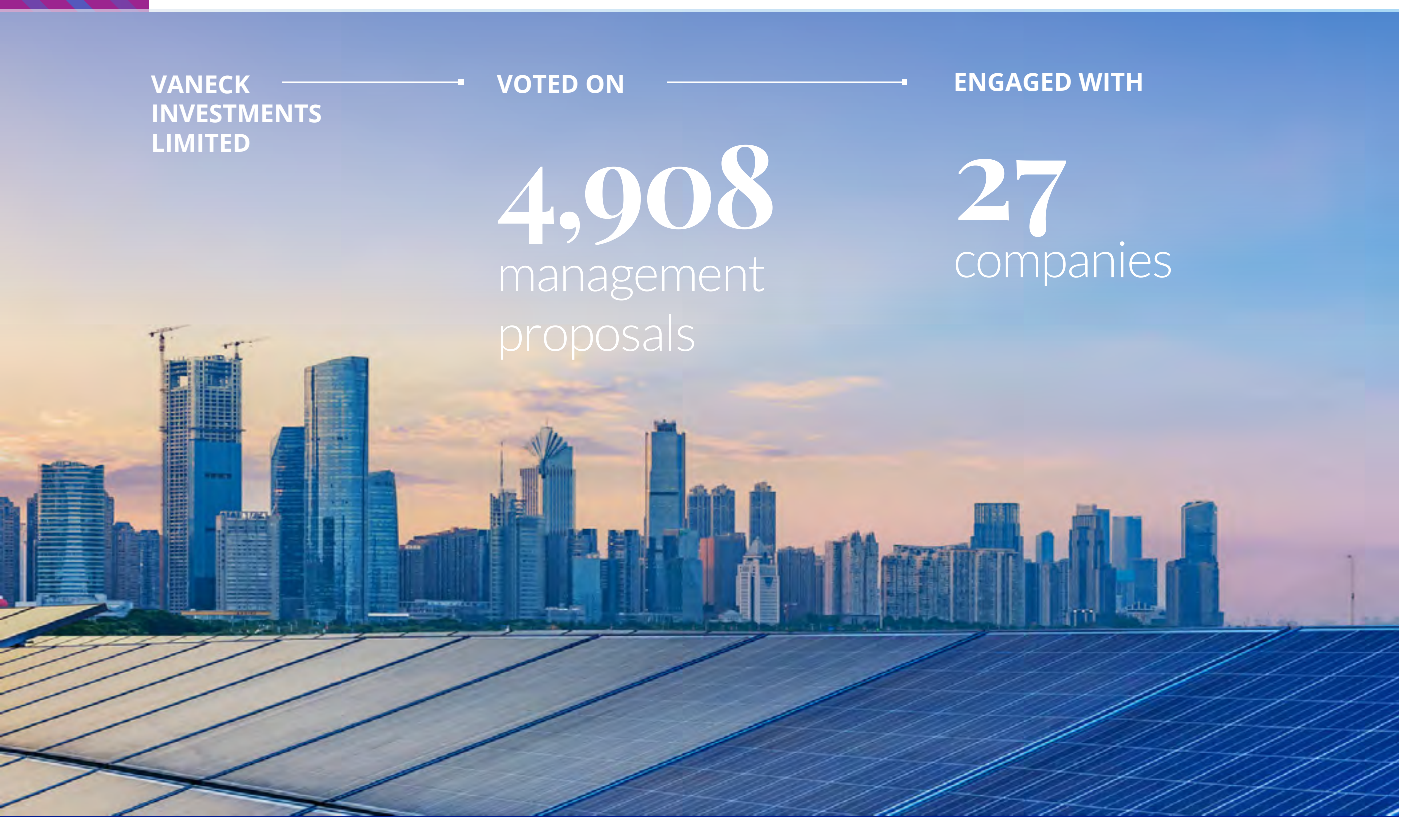
A copy of our latest stewardship policy is available here. In this report we provide the voting statistics and portfolio company engagements.

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. Voting decisions are made on a case-by-case basis in the context of our voting guidelines.

Guideline priorities relate to board quality, executive remuneration, capital management, mergers and acquisitions, auditor rotation, dissipating shareholders rights and addressing ESG issues.

We will vote against a company's proposals if we believe that the issue under consideration does not meet our voting guidelines.



Statistics

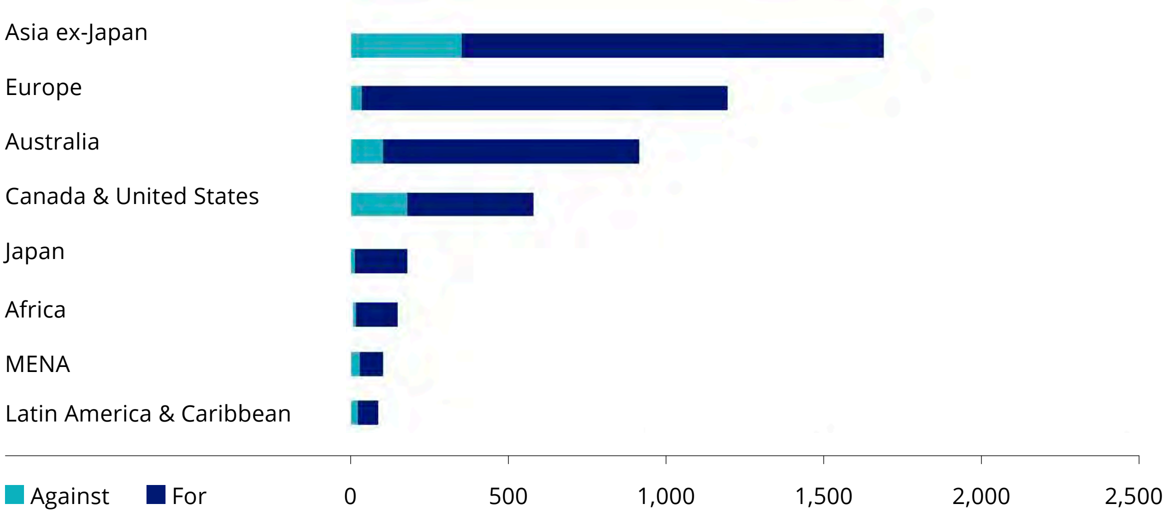
We will vote against a company's proposals if we believe that the issue under consideration does not meet our voting guidelines.

GLOBAL H2 2023

Votes by region

Region	% against management	Total votes
Africa	9%	154
Asia ex-Japan	18%	1,626
Australia	17%	901
Canada & United States	29%	600
Europe	6%	1,275
Japan	4%	178
Latin America & Caribbean	23%	84
MENA	20%	90
Total	**15%**	**4,908**

Source: Glass Lewis, VanEck.



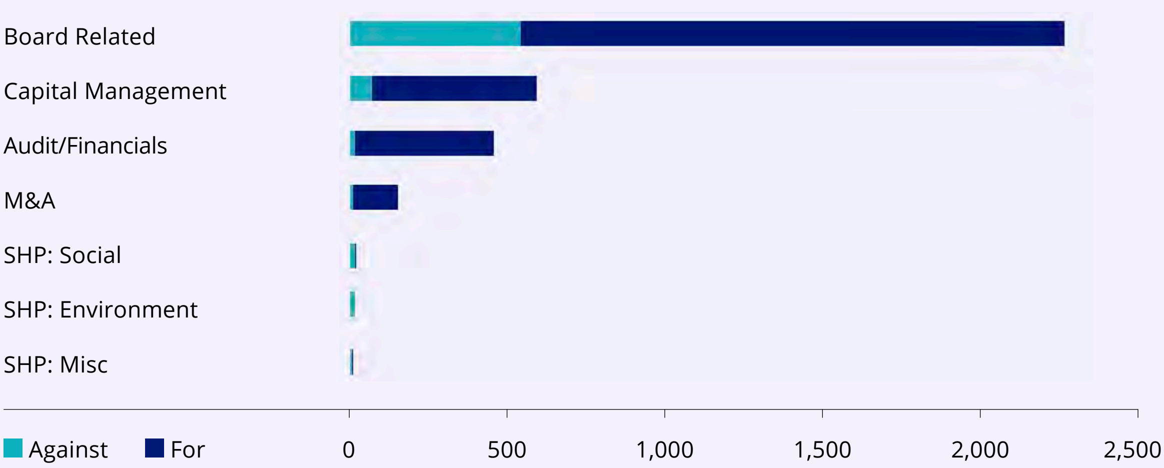
Source: Glass Lewis, VanEck.

GLOBAL H2 2023

Votes by proposal type

Proposal type	% against management	Total votes
Audit/Financials	8%	490
Board Related	20%	2,212
Capital Management	11%	533
Changes to Company Statutes	6%	499
Compensation	15%	789
M&A	2%	103
Meeting Administration	21%	100
Other	10%	146
SHP: Compensation	20%	5
SHP: Environment	100%	7
SHP: Governance	70%	10
SHP: Misc	67%	3
SHP: Social	73%	11
Total	**15%**	**4,908**

Source: Glass Lewis, VanEck. SHP: shareholder proposals



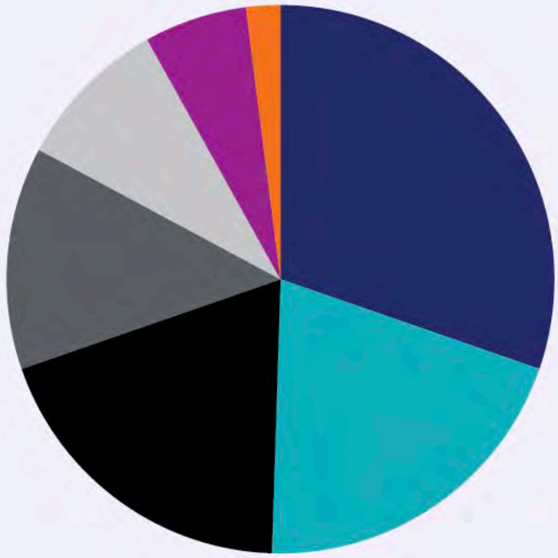
Source: Glass Lewis, VanEck. SHP: shareholder proposals

GLOBAL H2 2023

Votes against management reasons related to election of directors/committee members

Reasons	Total
Board is not sufficiently independent	133
Other	90
Insufficient information provided	85
Insufficient female representation	55
Overboarding	38
Insufficient oversight of E&S issues	28
Compensation Concerns	10
Less than 75% Attendance	4
Insufficient response to shareholder dissent	1
Related party transactions	1
Poor chair succession planning	1
Multi-class share structure with unequal voting rights	1
Total	**447**

Source: Glass Lewis, VanEck.



Board is not sufficiently independent	**30%**
Other	**20%**
Insufficient information provided	**19%**
Insufficient female representation	**13%**
Overboarding	**9%**
Insufficient oversight of E&S issues	**6%**
Compensation Concerns	**2%**

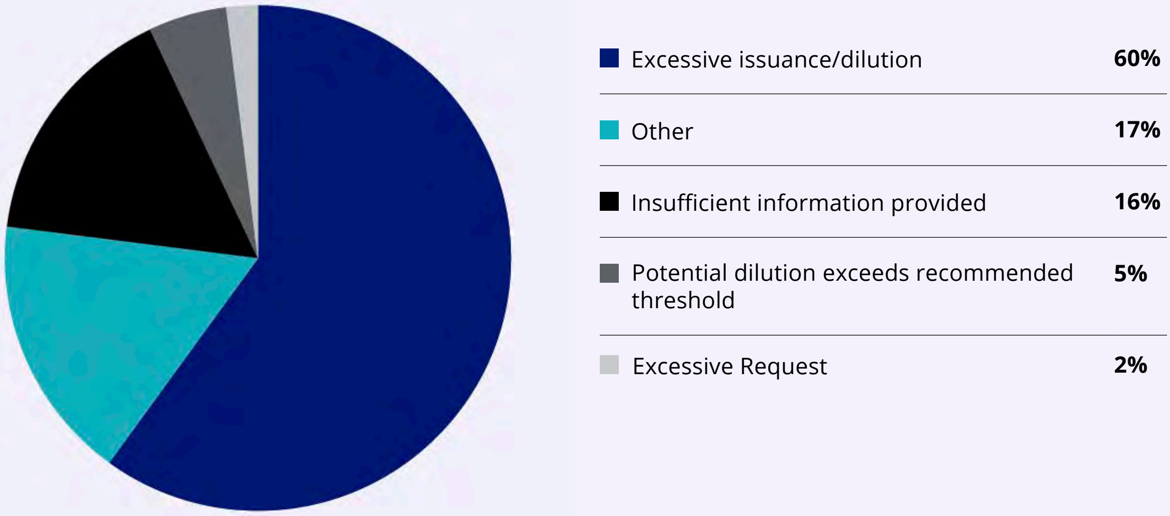
Source: Glass Lewis, VanEck.

GLOBAL H2 2023

Votes against management reasons related to capital management

Reasons	**Total**
Excessive issuance/dilution	34
Other	10
Insufficient information provided	9
Potential dilution exceeds recommended threshold	3
Excessive Request	1
Total	**57**

Source: Glass Lewis, VanEck.



Company Engagements

As we continue to grow as an asset manager, VanEck is committed to utilising the avenues open to us to engage with companies.

Company Engagements

We supplement our voting by engaging with select companies that we are a major shareholder of. Engagement can take many forms. For the second half of 2023 we have enhanced our stewardship efforts in engaging with companies directly. As we continue to grow as an asset manager, VanEck is committed to utilise avenues to engage with companies, either directly or through third parties, ultimately influencing portfolio companies to make well-informed and sustainable business decisions in the long-term.

We believe engagements are not just one-off conversations with companies, rather a continuous dialogue between two parties to achieve desirable financial and ESG outcomes. For the period we were pleased to have recurring engagements with Enlight Renewables with regards to the board member election, IDP Education on linking executive compensation and sustainability, and National Storage REIT on executive compensation and broader ESG disclosure requirement.

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 main triggers for us to engage include:

1. Level 1 meetings such as high-profile companies, as well as M&A, companies under significant controversy and contested meetings flagged by Glass Lewis;
2. ESG rating downgrade noted by MSCI; and/or
3. Direct engagement with the company prior to AGM.

The following table lists the companies we engaged with during the six months ended 29 December 2023:

Company	Engagement reason	Recurring engagement?	Board related	Business strategies	Capital management	ESG	Executive remuneration
Auckland International Airport	Pre-AGM meeting		✓			✓	
Australian Clinical Lab	Takeover offer			✓			
Bank of Queensland	Pre-AGM meeting + ESG Rating Downgrade		✓	✓	✓	✓	✓
Bendigo and Adelaide Bank	Pre-AGM meeting		✓			✓	
Canadian Apartment Properties REIT	ESG Rating Downgrade					✓	
Charter Hall Long WALE REIT	Post earnings results discussion			✓			
Cochlear	Pre-AGM meeting		✓				
Dexus	Post earnings results discussion			✓	✓		
Electronic Arts	Pre-AGM meeting		✓			✓	
Enlight Renewables	Pre-AGM meeting	Yes	✓				
Fortescue	Pre-AGM meeting		✓				✓
Genesis Minerals	Pre-AGM meeting						✓
IDP Education	Pre-AGM meeting	Yes	✓			✓	✓
JB Hi-Fi	Pre-AGM meeting		✓			✓	
Koninklijke Philips	ESG Rating Downgrade		✓			✓	
Lynas Rare Earths	ESG Target					✓	
Masco	ESG Rating Downgrade					✓	
Microchip Technology	Pre-AGM meeting		✓				✓

Company	Engagement reason	Recurring engagement?	Board related	Business strategies	Capital management	ESG	Executive remuneration
National Storage REIT	Pre-AGM meeting	Yes		✓	✓	✓	✓
Newmont	Takeover offer			✓			
NextDC	Pre-AGM meeting						✓
Origin Energy	Takeover offer			✓		✓	
Origin Energy	Pre-AGM meeting					✓	✓
Roper Technologies	ESG Rating Downgrade					✓	
Seven Group	ESG Rating Downgrade					✓	
Take Two	Pre-AGM meeting		✓				✓
Washington H Soul Pattinson	Pre-AGM meeting						✓

✓ primary topic of engagement

Independently VanEck's Gold Team also had the ESG engagements with the following 16 gold miners held in VanEck Gold Miners ETF (GDX) covering energy management, GHG Emissions, water management, waste management, health and safety, community rights and relations, labour and employment practices, ethics and compliance, and governance.

Companies in **Top 1** overall shareholder position	Companies in **Top 5** overall shareholder position
• Kinross	• Eldorado Gold
• West African Resources	• Royal Gold
• Gold Fields	• Northern Star
• Pan American Silver	• Newmont
• SSR	• Endeavour
• Equinox Gold	• AngloGold Ashanti
• Alamos Gold	• Barrick
	• Evolution Mining
	• Agnico Eagle

Auckland International Airport (Ticker: AIA) – Industrials, New Zealand

VanEck was top-30 shareholder in AIA which was held in our VanEck FTSE Global Infrastructure (Hedged) ETF (IFRA) at the time of the engagement. We discussed the company's board member election (re-elect Julia C. Hoare) in the upcoming AGM. While the company was not a UN Global Compact participant or signatory, Ms. Hoare had been at the forefront of driving a more progressive and active approach to sustainability at the airport. We noted that Auckland Airport has achieved a number of important sustainability outcomes including:

Selected to participate in the ESG indices

- FTSE4Good – every year since it started in 2008;
- Dow Jones – every year since it started in 2012; and
- Also voluntarily participate in GRESB.

Disclosures

- Three years of voluntary Climate Change disclosure aligned to TCFD;
- FY23 climate change disclosure meets the requirements of NZ External Reporting Standards (XRB) one year ahead of it being mandatory; and
- GHG Inventory independently assured by Deloitte.

Foundation members of

- NZ Climate Leaders Coalition; and
- Sustainable Aviation Aotearoa.

Carbon

- First Airport in world to have a verified science-based target relating to carbon reduction. This resulted in 40% reduction in carbon from 2012 to 2020;
- Set a Net zero (scope 1 and 2) by 2030 target which will see a 90% reduction in carbon emissions from 2019 levels; and
- Application underway for Airport Carbon International (ACI) Level 4 (highest level without offsetting) Airport Carbon Accreditation. Only 66 airports worldwide currently hold this accreditation.

Commercial

- Achieved a Greenstar rating for commercial property development; and
- Significant rooftop solar installations announced for the Transport Hub and Manawa Bay.

Australian Clinical Labs (Ticker: ACL) – Healthcare, Australia

VanEck held ACL in our VanEck Small Companies Masters ETF (MVS) and was a top-50 shareholder at the time of the engagement. We reached out regarding the takeover offer to acquire Healius (HLS).

The company advised that the proposed takeover would create value for shareholders and the $95 million of synergies anticipated to flow from the deal.

We noted that ACL would need to triple its issued share capital in connection with its intended offer for HLS. In addition, there had been substantial opposition from the target enterprise and its major investors such as Perpetual and Tanarra Capital.

We were of the view that it was not clear that expenditure of additional assets (e.g. management and board time and financial resources necessary to support further solicitation, negotiation and regulatory engagement) was likely to yield an attractive outcome for ACL investors.

Australian Competition and Consumer Commission (ACCC) announced the rejection of the proposed acquisition in December 2023 on the basis of a substantial lessening of competition in Australian pathology services market. As a result, ACL withdrew its off market takeover offer for all of the fully paid ordinary shares on issue in HLS.

Bank of Queensland (Ticker: BOQ) – Financials, Australia

VanEck was a top-10 shareholder in Bank of Queensland which was held in a suite of our ETFs. We met with the Chair of the Board and the GM Investor Relations & ESG in person and discussed a range of topics including renumeration, board reshuffle, business strategies going forward and ESG related matters.

The company commented that several significant changes had been made in the last few years:

- Began executive refresh – ex CEO, CFO, Head of Internal Audit were let go. In the meantime, their respective unvested renumeration was cancelled.
- In FY23, two counts of court enforcement undertakings (CEUs) were completed. The bank's AML/CTF program was not compliant with AUSTRAC. Worked with AUSTRAC and the external auditor KPMG to come up with the remedial plan.
- During the second CEU with APRA, the root cause analysis was initiated by the Board. There have been 13 recommendations in total by the external auditor, each committed by a dedicated Manager.

With regards to FY23 renumeration that was recommended against, the Chair clarified that 50% was already removed for FY23, and 50% unvested shares was also cancelled. In addition, 100% was cancelled for the ex-COO and also let go. Overall, BOQ withheld everything they could. The Board also took a pay cut by 20%.

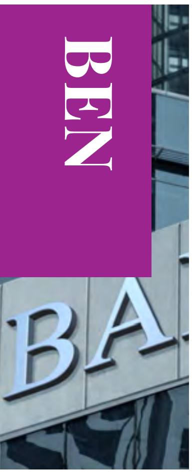
For the new appointment, Patrick Allaway commenced as CEO from the Chair of the Board. The renumeration was arranged such that shares and options were pro-rated. Mr. Allaway was in charge of hiring the ex-executives. While search had been proven difficult, he was willing to step up to take the CEO role.

As the only board member up to re-election this year, Mr. Bruce Carter will be set to stay for one year only for FY24 as his third term. Mr. Carter uncovered the failings of the bank's AML program and brought in an external auditor. His final tenure is for orderly transition as the Risk chair.

We also discussed the business strategies going forward in the high-interest environment. The bank's share price has had significant underperformance over the past five years. The company made the following comments:

- The first thing done is right sizing for the leadership team from 11 to 7;
- Digitising home loan business is a priority. Currently still manual in a lot of processes and would need to simplify and automate with a focus on lowering operational risk;
- With higher costs for deposits, home loan profit margin would be lower. The company will need to manage for that, e.g. provision for future loan losses. Loan growth is slowing, and the company is not expecting growth to improve in FY24. The bright side is that the loan book still remains resilient in regional areas.
- Deposits business is fine currently and don't foresee a material rundown of deposits to the extent of the likes of SVB.

  Tier-1 capital remained high, as required by the regulator.
- Lastly we raised MSCI's ESG rating downgrade triggered by high staff turnover. We were advised that the acquisition of MeBank in FY22 created one-off higher-than-usual turnover, such as Finance and HR.



Bendigo and Adelaide Bank (Ticker: BEN) – Financials, Australia

VanEck held approximately 3.6 million shares across several of our ETFs at the time of the engagement. We reached out to the company pre-AGM regarding the link between compensation and sustainability.

The company commented that there was a direct link between Executive performance and its sustainability goals in the short-term incentive plan. There was a 10% weighting on People and Planet which was implemented in the 2022 Remuneration framework. The Planet metric required the delivery of the Climate and Nature Action plan which was articulated in its latest Sustainability report. In particular the company's first plan started in 2020 and completed in 2023.

For the long-term incentives, the link with sustainability was in the REPTREK external metric. There was a component of ESG in this metric as well as the reputational piece that would be impacted if the Group wasn't achieving the Planet metric.

We were also assured that:

- the Board has full oversight of all ESG issues which are presented monthly to both the Board Audit Committee and full Board;
- the Board skills matrix support ESG knowledge and requirements to make informed decisions.

Canadian Apartment Properties REIT (Ticker: CAR-U) – Real Estate, Canada

VanEck held approximately A$1.2m in our VanEck FTSE International Property (Hedged) ETF (REIT). We discussed with the company concerning the MSCI ESG rating downgrade from A to BBB on the basis of lagging peers in talent management efforts. Specifically, CAPREIT appeared to lack practices such as internship programs and a robust talent development strategy that could help secure and retain a steady talent pipeline.

We raised that there had been higher staff turnover in the REITs industry post-pandemic, which relied on skilled personnel for portfolio management and may thus, face hiring and retention challenges.

The company advised that in 2022, the first Talent Development workshops for both managers and employees was held with over 75 attendees. Additionally, CAPREIT rolled out the Leadership Foundations program, designed to provide an understanding of the characteristics, expectations, and responsibilities of a leader at the organisation. To date, 85 employees have participated in the program.

More broadly, CAPREIT's overarching commitments included:

- ensuring that its buildings and services meet the highest standards and make a positive contribution to the community;
- fostering a culture where diversity, equity and inclusion is foundational and where extraordinary talent seeks to expand their skill sets and develop their careers;
- integrating ESG into all aspects of CAPREIT's business supported by strong governance and ESG/climate performance metrics and disclosures.

Charter Hall Long WALE REIT (Ticker: CLW) – Real Estate, Australia

VanEck was a top-10 shareholder in CLW at the time of the engagement, which was held in VanEck Australian Property ETF (MVA) and VanEck MSCI Australian Sustainable Equity ETF (GRNV).

We discussed with the fund manager the following topics:

- Share price drop in the latest reporting season in Aug-23 had been driven by negative sentiment. The market did not like the look-through gearing jump to 40.1%, +300bps vs. Jun-22 and +280bps vs. Dec-22, primarily driven by a 5% decline in asset values through FY23.
- The company may consider selling low-yielding assets to reducing gearing.
- Overall Charter Hall maintained good high-quality assets and had not seen distress. They believe it was unlikely that the covenants would be in breach with 51% CPI-linked leases, 52% triple net portfolio, high tenant quality, and long leases, while acknowledging this was a risk for the stock near term.
- The market appeared to be underpricing the rate the company hedged at with floating funding.
- Sector wise, the hospitality segment might be under pressure as it was leveraged to consumer discretionary spending.
- Cap rate increased due to the mark-to-market downward adjustment on the properties. However, the company did have funding available with RBA cash rate + 160 -170bps spread and was comfortable with this level. The caveat being further rate rises.

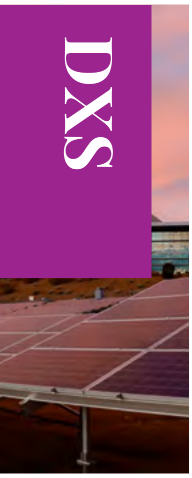
Cochlear (Ticker: COH) – Health Care, Australia

VanEck was a top-50 shareholder in COH at the time of the engagement, which was held in VanEck Australian Equal Weight ETF (MVW) and VanEck MSCI Australian Sustainable Equity ETF (GRNV). We reached out regarding two board members up for election in the upcoming AGM.

The company has improved on the ESG disclosure front over the last five years, with the Bloomberg environmental disclosure score advanced the most while social disclosure remained weak.

The company shared their own sustainability approach which was informed by its materiality assessment and business priorities as well as the Global Reporting Initiative (GRI) framework, the United Nations Sustainable Development Goals (SDGs) and the United Nations Global Compact (UNGC) Principles. Cochlear has been a signatory of the UNGC since 2022 and supports the Ten Principles in the areas of human rights, labour, environment and anti-corruption.

We voted against the two sustainability committee members if there is no SASB or CDP disclosure with our ESG overlay policy.



Dexus (Ticker: DXS) – Real Estate, Australia

VanEck was a top-10 shareholder in Dexus in a suite of our ETFs. Post earnings release, we engaged with the company CEO in several areas:

Share price performance

Share price discount to book value (~30%) was primarily driven by negative sentiment offshore (i.e. US Office REITs) having flow-on effects locally. In particular, Dexus had 50% of shareholders offshore.

Macroeconomic environment and implications for current portfolio positioning

- Recent building sales have been in line with June 2023 book valuations.
- Gearing percentage in line with peers.
- Toying with the idea of a spinoff – splitting Office REIT and funds management business, although deterred by Abacus experience.
- Successes in recent raisings for infrastructure spending.

Aug-23 earnings results

The company advised that NTA post Aug-23 earnings season is appropriate.

Fundamentals going forward

- Demand for office building is driven more by location, rather than quality of the assets.
- Normalisation of rates is positive for REITs.
- 85% interest rate hedging for FY24 and locked in 2% interest rates.
- Occupancy rates have increased to 95.9% with strong foot traffic in CBDs.

EA

Electronic Arts (Ticker: EA) – Communication Services, United States

VanEck was a top-100 shareholder in EA which was held in a suite of our ETFs at the time of engagement. We engaged with the company regarding the Company Chair up for election in the AGM.

Our concern was that EA was not a UNGC participant or signatory as a S&P 500 company and hence warrant a vote against. However, we did note that the company takes actions and initiatives to contribute to the United Nations Sustainable Development Goals (SDG), specifically in:

- Goal 4: Quality Education, through its internship program which in FY23 engaged 373 student interns and 240 new graduates. 36% of interns became full-time employees.
- Goal 5: Gender Equality, including 38% female representation on the Board of Directors.
- Goal 8: Decent Work and Economic Growth, including benefits and awards packages that support physical, mental and financial well-being.
- Goal 10: Reduced Inequalities, including achievement of base pay equity on the basis of gender globally and race/ ethnicity in the U.S. for three consecutive years.
- Goal 13: Climate Action, including EA's commitment to become carbon neutral by 2027 and a net zero enterprise in alignment with the Paris Agreement.

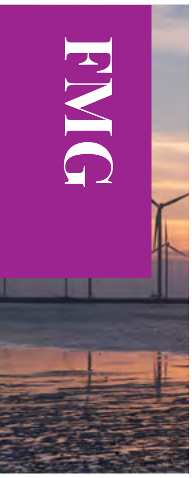
Enlight Renewables (Ticker: ENLT) – Utilities, Israel

We had a second annual engagement with Enlight Renewables which was held in VanEck Global Clean Energy ETF (CLNE). We discussed the two board members up for election in the upcoming AGM.

- For Nominee Gilad Yavets, Enlight advised that Mr. Yavets was one of Israel's leading experts in the renewable energy market. Removing Mr. Yavets from the board meant harming the vast level of knowledge he brings with him in the fields of energy and finance.

  We were concerned that the Nominee was not sufficiently independent, and voted against on the basis of affiliate/Insider on nominating/governance committee.

- For Nominee Alla Felder, while she was one of the most professional and well-known directors in the State of Israel and she had vast experience in finance and renewable energy, we voted against on the basis that nominee sits on more than five public company boards.



Fortescue (Ticker: FMG) – Materials, Australia

VanEck is a top-40 shareholder in FMG which was held in a number of our ETFs. We reached out to the company regarding the following agenda items in the AGM:

- Adoption of the Remuneration Report.

As noted in FMG's FY23 Annual Report, there had been significant changes within the senior executive team as Fortescue transitions from being an iron ore business into an integrated green technology, metals, and energy company. These included Elizabeth Gaines's change in role as well as the departure of long-serving CFO, Ian Wells. In recognition of the exceptional performance and contributions throughout their tenures, the Board approved special recognition payments of A $1,976,000 for Ms Gaines and A$1,000,000 for Mr Wells.

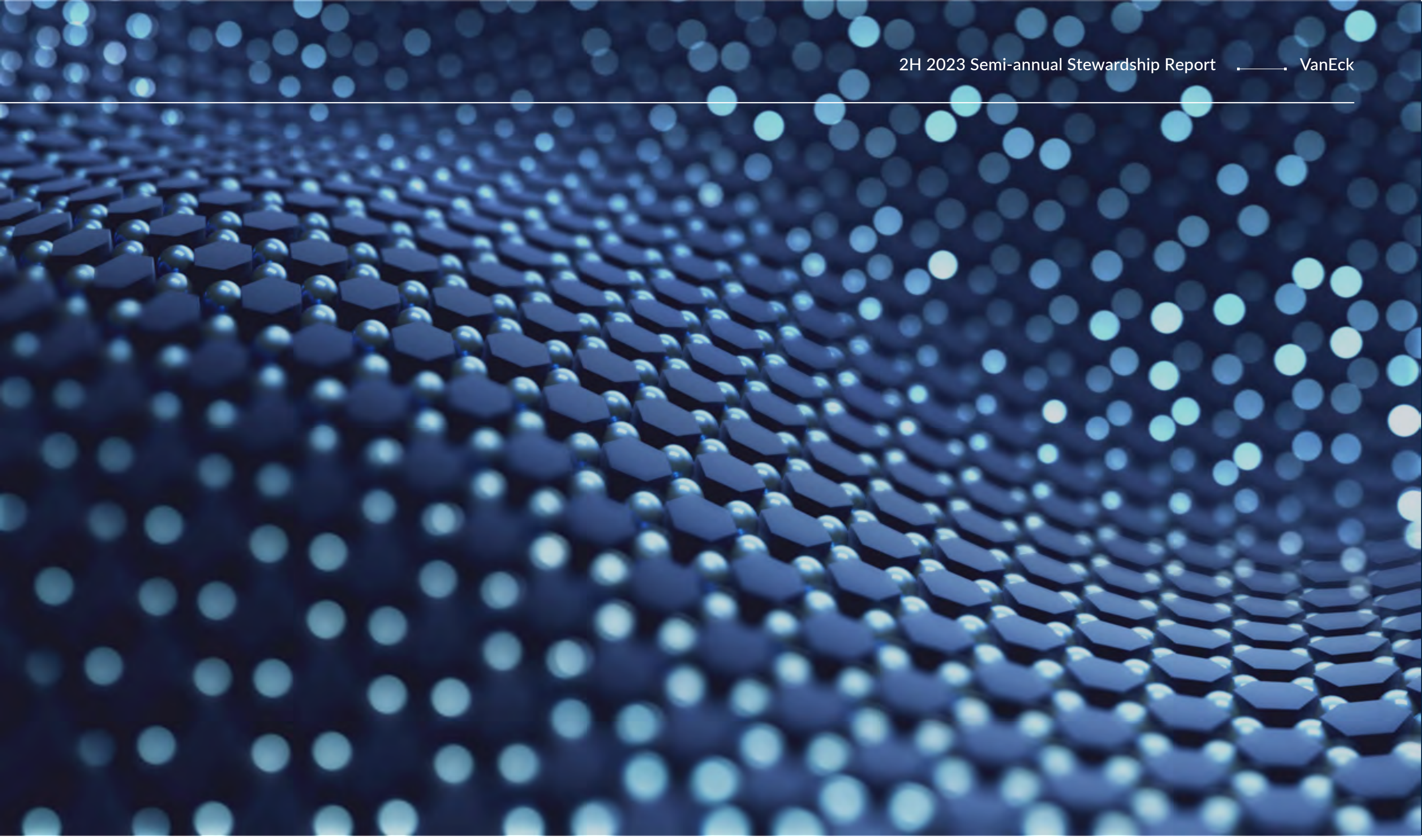
Under Ms Gaines' leadership, Fortescue generated record earnings and continued to drive improvements in safety, sustainability and operating performance, including during the Covid-19 pandemic. Fortescue is now one of the lowest-cost and most efficient iron ore companies in the world. During Ms Gaines tenure as CEO, Fortescue delivered exceptional shareholder returns totalling 499 per cent. The special payment was in recognition of Ms Gaines' unique capability and experience, and the Board's desire to retain her commitment to the Company after stepping down from the role of CEO.

Mr Wells joined Fortescue in 2010 and held senior executive finance roles, including CFO from 2018. Mr Wells played an important role in the development and execution of the Company's capital allocation framework, which contributed to Fortescue's strong balance sheet and leading shareholder returns. The special recognition payment was also to compensate Mr Wells for short and long term incentives forfeited. Further, it should be noted that Mr Wells' 6 month notice period was not paid out.

Mr Wells had not retained any ongoing eligibility to participate in unvested long-term incentives and would not receive any award under the FY23 short term incentive plan.

Ms Gaines would continue to participate in the FY21 and FY22 long term incentive plan on a pro-rata basis as previously approved by shareholders. Ms Gaines would not receive any award under the FY23 short term incentive plan.

We were of the view that the special recognition payments given to the Former MD/CEO and Former CFO is unusual for the Australian market, and they did not appear to be linked to any consideration of shareholder value or benefit. As such we cannot support the remuneration report when such discretionary payments are made.



- Re-election of Mr. Mark Barnaba.

There were concerns around Mr. Barnaba's independence on the Board with his tenure exceeding 12 years. In addition, the quantum of Mr. Barnaba's director fees appeared to be excessive compared to the ASX-listed peers, resulting in an against vote from VanEck's perspective.

Fortescue disagreed with the assessment of Mr. Barnaba's independence. Non-Executive Director (NED) independence was assessed by the Board annually against the key criteria outlined in Fortescue's 2023 Corporate Governance Statement. The criteria for independence at Fortescue were aligned with the ASX Corporate Governance Principles and market practice. However, the company did listen to its shareholders and understand that longevity can create a perception, which is why it was announced to the ASX on 27 August 2023 that Mr. Barnaba will relinquish his role as Lead Independent Director in 2024. This change was a key component of the Board's renewal strategy.

Given the significant and continuing change in the Company, the Board members needed to provide greater levels of oversight in their role with growing complexity and risk, meaning substantial time commitments and demands for our NEDs. As such, director fees were set to be competitive against the Company's ASX peers whilst reflecting the size, complexity and global nature of the business to ensure that the company attracts and retains the highest quality directors to the Board. Given Mr Barnaba's extensive role within the Company, Fortescue did not believe that it was appropriate to solely compare the Lead Independent Director/Deputy Chairman role against other peers' deputy chair roles and their fee-levels.

Genesis Minerals (Ticker: GMD) – Materials, Australia

VanEck was a top-5 shareholder in GMD across our Gold Miners ETF and Junior Gold Miners ETFs globally. We engaged with the company representative regarding approval of potential termination benefits in the 2023 AGM.

Our proxy recommendation noted that termination benefits should comprise base salary for the notice period (preferably no more than 12 months), performance-based incentives that have vested, but not been exercised, and unvested performance-based incentives that vest subject to pro-rata service and performance or otherwise remain "on foot" (i.e., remain subject to the original performance and vesting conditions) after the executive has left the company. However, the accelerated vesting of pro-rated unvested equity awards upon cessation of employment in case of a 'good leaver' status was raised as a concern.

The Board disagreed with the criticism of the accelerated pro-rated treatment of unvested awards for a Good Leaver, noting that the first “gate” was qualifying as a Good Leaver which was specifically defined in the Employee Incentive Plan (EIP). The above EIP terms indicated that unvested pro-rated awards could remain ‘on foot’. It did not specify the acceleration of vesting.

Genesis commented that they would continue to regularly engage with shareholders regarding the appropriateness of its remuneration practices, and ensure governance expectations are met.

IDP Education (Ticker: IEL) – Consumer Discretionary, Australia

VanEck held IDP in a suite of our ETFs and was a top-50 shareholder. We discussed the company's board election and the remuneration report in the upcoming AGM. We voted against the following resolutions:

- Re-elect Ariane M. Barker on the basis that the company's Human Rights Policy doesn't align with UNDHR, and the company is not a UNGC participant or signatory.

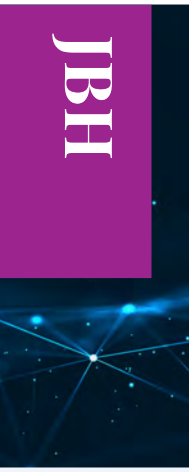
  The company advised that their Global Corporate Responsibility Management Committee considered and recommended that IDP to become a signatory. A paper was being prepared for the board with the necessary supporting documentation so, they would expect this to be actioned shortly, subject to Board approval.

  Whilst IDP has not yet been a signatory previously, they already support and have practices in place to manage their responsibilities on the Ten Principles set out in the UNGC. The company is therefore confident that this is just a case of disclosure and formalisation of the process.

- Renumeration report on the basis that there is no tie between compensation and sustainability.

  The company commented that they had made great progress in coordinating and disclosing their approach to sustainability from the latest Annual Report. The company's intention was to eventually link sustainability to remuneration KPI's but not yet at a level of maturity to meaningfully and quantifiably do this.

  The first logical connection between remuneration and sustainability relates to the environment and IDP's carbon footprint. The company measures its emissions across Scope 1, 2 and 3 and are in the process of determining a reduction pathway that aligns to Science Based Targets. This work is being done this financial year. The intention is that IDP takes these targets to the Board for approval before incorporating them into their rem structures.



JB Hi-Fi (Ticker: JBH) – Consumer Discretionary, Australia

VanEck is a top-20 shareholder in JBH which was held in a suite of our ETFs. We reached out to the company regarding a board member (Stephen T. Goddard) up for election in the AGM.

We voted **against** electing Mr. Goddard on the basis of voting against the Company Chair when the Company is not an UNGC participant or signatory.

The company advised that while they were not a signatory yet, their Ethical Sourcing Policy aligned to the UNDHR, as well as other international frameworks concerning rights at work. In FY23, the company committed and took actions in areas ranging from health & safety, diversity & inclusion, community investment and ethical sourcing, product & waste and recycling and climate action and is committed to continue the efforts in FY24.

Koninklijke Philips (Ticker: PHIA) – Health Care, Netherlands

VanEck was an institutional investor in PHIA across a several of our ETFs. We reached out to the company due to the MSCI ESG rating downgrade from BB to B due to the ongoing allegations of Philips' product quality issues weighing on its ESG assessment. As of June 2023, the FDA had received more than 105,000 medical device reports, with ~385 reports of deaths allegedly associated with the foam degradation of Philips' ventilators, which were first recalled in 2021. From January 2021 to August 2023, it was found at least 160 recalls (39 Class I). This suggests to us gaps in Philips' quality program implementation and oversight.

The company disagreed with the current assessment of the Respironics controversy which was the primary driver of the downgrade. In addition, the company informed us of some ESG areas in which they were a leader in:

- 100% of our operations powered by renewable electricity;
- 100% of our industrial sites sending zero waste to landfills;
- 100% of new product introductions will fulfil EcoDesign requirements by 2025;
- World's first health technology company to have its CO2 targets approved by the Science Based Targets initiative

Furthermore, MSCI's assessment indicates that Philips' corporate governance practices were only average relative to those of global peers. Notably 3 of 10 non-executive directors were over-boarded - external commitments may negatively impact their effectiveness on Philips' board. The company advised that Royal Philips had a two-tier board structure consisting of a Board of Management and a Supervisory Board, each of which was accountable to the General Meeting of Shareholders for the fulfillment of its respective duties.

While the company were proud of how far they had come, they acknowledged there was much more to be done.

Lynas Rare Earths (Ticker: LYC) – Materials, Australia

VanEck held LYC in a suite of our ETFs and was a top-10 shareholder at the time of the engagement. We reached out to the company regarding re-electing Mr. Humphrey in the upcoming AGM. Our ESG voting policy requires the Board Chair to effect a net zero target. Our analysis showed that the company did not disclose one. Specifically, the latest ESG Report by the company had an implicit pledge through the Minerals Council of Australia (MCA) membership which supports the Paris Agreement and its goal of net zero emissions by 2050.

The company confirmed its commitment of net zero emissions by 2050. As part of this commitment, Lynas is taking direct action to reduce emissions throughout the business operations. Lynas is in the process of updating their Greenhouse Gas Policy to address the explicit declaration as none of the ESG data providers has captured net zero emission target information.

Masco (Ticker: MAS) – Industrials, United States

As a top-10 shareholder of MAS, VanEck reached out regarding the MSCI ESG rating downgrade from A to BBB, triggered by the risk of reformulation costs in case of use of harmful chemicals with no evidence of chemical safety initiatives such as phase-out plans for chemicals of concern. Moreover, manufacturing of such products increases exposure to risks tied to toxic releases.

In terms of managing chemical responsibility, the company advised that there are various environmental, health and safety (EHS) tools in place to analyse the hazards of chemicals and ensure their proper handling, labelling, use and waste treatment. Masco strives to keep our employees and customers safe from potentially harmful chemicals.

Masco's program to mitigate risks to the employees as well as customers starts when a chemical is first considered for use in their products or processes. Each new chemical must be reviewed and approved, including meeting REACH regulations in Europe, where applicable, before it may be brought on site and used in their products or processes.

More broadly, the Board has the oversight of the ESG strategy and ESG-related risks, focusing on environmental, health and safety matters; climate change risk; product safety and compliance; cybersecurity; ethics and compliance program; human capital management and DE&I; political contributions; ESG data controls and verification; and the corporate governance practices. Additionally, Masco's Board and its Committees receive regular updates on the ESG initiatives, focus areas and activities throughout the year.

Microchip Technology (Ticker: MCHP) – Information Technology, United States

VanEck was top-30 shareholder in MCHP which was held in a suite of our ETFs at the time of engagement. We reached out to the company's Assistant General Counsel, and member of the ESG Steering Committee regarding the following agenda items in the AGM:

- We voted against electing Wade F. Meyercord on the basis that there is less than 30% female representation on the board of directors.

  The company acknowledged the lack of board gender diversity currently. They had been actively refreshing the Board during the previous 3-year period, and diversity is an important criterion in this process. The Rooney Rule was in place to ensure that diverse candidates were part of their board candidate pool. The percentage had been reduced also due to the fact that Ms. Johnson chose to retire as of the August 2023 annual meeting.

- We voted against electing Steve Sanghi on the basis of voting against the Company Chair when the Company is not a UN Global Compact participant or signatory.

  Microchip advised that while they were not currently a signatory to the UN Global Compact, they were full members of the Responsible Business Alliance and had adopted its Code of Conduct for their suppliers. Further, their Human Rights Policy also followed the RBA Code of Conduct which is based on the standards of the UN Global Compact among other standards, and thus their policies were derivative of the standards in the UN Global Compact.

- We voted against amendment to the 2001 Employee Stock Purchase Plan on the basis that the plan has an evergreen provision, which effectively reduces, if not eliminates, the need for management to come back to shareholders for additional authorised shares.

  Microchip responded that the amount of the evergreen in the plan was very small, only up to ½ of one percent, and the evergreen element had been in place since 2005. They did not overuse this evergreen feature and only added shares to satisfy employee's interest in the programs based on the company's S-8 filings.

- We voted against amendment to the 1994 International Employee Stock Purchase Plan with the same reasoning above.

National Storage REIT (Ticker: NSR) – Real Estate, Australia

VanEck held NSR in a suite of our ETFs and was a top-20 shareholder at the time of engagement. We reached out with regards to the board member election and the renumeration in the upcoming AGM.

- We voted against remuneration report on the basis that there is no tie between compensation and sustainability.

  The company clarified that compensation was linked to sustainability through the strategic and individual KPIs elements for each Executive Management Team member invited to participate in the Equity Plan. For example, the company's Managing Director's FY23 STI was assessed on the 'strategic' and 'individual' elements, both of which were weighted 15% each. The strategic element measured risk management of which sustainability features, whereas the individual KPI measured maintenance of best practice health, safety environmental practices which also feed into sustainability.

- We voted against re-electing Howard E. Brenchley on the basis that the nominee sits on the sustainability committee but there is no SASB or CFP disclosure. In addition, the company is not an UNGC participant or signatory/the Human Rights Policy does not align with UNDHR.

  The company advised that their ESG Committee was formed during FY23 and is a sub-committee of our Audit and Risk Committee, of which Howard is the Chair. Based on the company's response, NSR's sustainability performance was reported against the GRI Universal Standards 2021 and TCFD Recommendations, rather than SASB or CDP. In addition, the UN SDGs were incorporated into their sustainability strategy but currently not an UNGC participant or signatory. NSR had also opted to implement individual policies and procedures that deal with human rights matters rather than having one singular Human Rights policy. These individual internal policies and procedures include but are not limited to their: Workplace Conduct Policy; Discrimination, Harassment, Bullying and Victimisation Procedure; and Sexual Harassment Prevention Policy and Procedure.

Newmont (Ticker: NEM) – Materials, United States

VanEck is a major shareholder in Newmont across our portfolios based in Australia, US and Europe. We engaged with the Head of Investor Relations at Newmont Australia post the merger with Newcrest.

The company indicated that the merger was a combination of two high quality portfolios, creating a global leader in the gold sector with significant and growing exposure to copper, and an attractive jurisdictional risk profile.

Post merger, the ASX-listed Newmont CDI would be trading with reasonable liquidity. In addition, employee changeover and layoffs from Newcrest would need to be managed.

The merged group would have meaningful overlap in key gold and copper mining jurisdictions in Australia and Canada, with the ability to unlock significant strategic and operational synergies. By estimates within the first 24 months the annual pre-tax synergies is approximately $500 million across G&A, Supply Chain and Full Potential Improvements.

NextDC (Ticker: NXT) – Information Technology, Australia

At the time of engagement, VanEck was a top-20 shareholder in NXT across a suite of our ETFs. We discussed the following resolutions to be voted for in the AGM:

- Adoption of the Approval to Adopt the Remuneration Report for FY23.
- Approval of the Grant of 173,640 performance and restricted rights to the Company's MD/CEO.

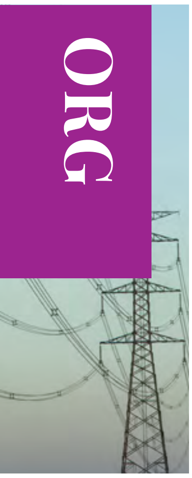
NXT explained the rationale for introducing a restricted rights component in the FY24 LTI award for senior executives.

Over the past three years, NXT has delivered a compound annual growth of 21.8% in total revenue and 22.8% in underlying EBITDA. FY23 also saw the Company achieve a record increase in the level of contracted utilisation (up 47% from FY22), with record sales in key partner, network and enterprise segments, led by Mr. Scroggie and his senior executive team.

Unfortunately, due to external market conditions caused by the COVID-19 pandemic, NXT's strong financial performance had not been reflected in our relative TSR performance over the period, with no awards vesting under Mr. Scroggie's FY21 LTI grant which was subject to relative TSR performance measures against the S&P/ASX 300 Accumulation Index. Over the testing period of the FY21 LTI grant, NXT's share price still generated a positive compound annual return of 3.6%, demonstrating that value was still created for shareholders during that period.

NXT acknowledged the talent market for the IT industry in Australia currently had a limited and highly competitive pool of experienced, highly sought-after individuals. This was observed not just locally, but critically in international markets where their executive leadership team were subject to continued interest from competitors and the company was exposed to considerable retention concerns. Remuneration structures in the industry varied considerably across international markets, and the Board had considered several key factors to strike a balance between local market expectations, fundamental structural elements that could enhance how the framework operates in attracting, motivating and retaining key talent, and alignment with long-term shareholder value creation.

We were of view that while the executive retention remained a risk, this transition from performance rights with challenging vesting schedules to restricted rights with less demanding performance gateways, was not accompanied by an appropriate reduction in the quantum of the awards, in line with the proxy agent's recommendation.



Origin Energy (Ticker: ORG) – Utilities, Australia

VanEck was top-10 shareholder in ORG at the time of engagement.

VanEck advocated through media with regards to the takeover deal by Brookfield and EIG throughout the 2H23:

- AFR: VanEck backs in-doubt Origin takeover ahead of crucial vote;
- Reuters: Origin Energy shareholder shows hand and backs $10.5 bln Brookfield bid
- Sky News: Origin Energy share price ‘likely to fall heavily’
- Bloomberg: Origin Rejects Brookfield’s Plan B as Takeover Bid Teeters

We directly engaged with Origin’s management team regarding the deal.

Firstly, we discussed the increased offer. The board was still on-board with the offer as there was an obligation that once they accepted the offer that they would continue to recommend it. In their view, the higher offer price was more beneficial for shareholders.

We questioned whether Origin has formal communications with Australian Super who was the major opponent of this takeover on pricing. The company confirmed that they facilitated the meetings between AusSuper and Brookfield. Origin believed that AusSuper had a purely value opinion on why the deal was not favorable.

Should the deal not go ahead, Origin in its current state would be set to continue to grow. The business was planning to build another 4GW electricity via battery, gas etc. On it own, Origin would still be able to manage the energy transition. However, Brookfield & EIG’s economy of scale would be significantly beneficial as the consortium was planning to build 14GW electricity, higher than Origin’s plan.

The 27.5% gas stake was also discussed and the gas supply being spun off from Brookfield.

Orora (Ticker: ORA) – Materials, Australia

ORA was held in our VanEck S&P/ASX MidCap ETF (MVE) at the time of engagement and VanEck was a top-50 shareholder. In the AGM we voted against the remuneration report on the basis of failing to incentivise mitigation of material risks, in particular the remuneration was not linked to environmental issues.

The company clarified that their rem was determined using individual strategic measures which varied for each role and supported Orora's strategy of expanding and optimising Group outcomes, while delivering their sustainability goals focusing on circular economy, climate change and community.

ROP

Roper Technologies (Ticker: ROP) – Information Technology, United States

VanEck was top-60 shareholder in ROP at the time of engagement. VanEck reached out to Roper regarding the MSCI ESG rating downgrade from AAA to AA with the following reasoning:

- Roper Technologies caters to diverse end markets such as healthcare and is thus exposed to data privacy-related risks. However, it trails peers in adopting strong data security practices.

  The company advised that they continued to prioritise the security of data systems and the ethical handling of data. Privacy related polies were reviewed annually and updated accordingly. In addition, they maintained a global Cybersecurity Program – first formalised at the enterprise level in 2017 – based on the NIST (National Institute of Standards and Technology) and CIS (Critical Security Controls) frameworks.

- As a provider of software and technology-enabled solutions, Roper Technologies relies on dedicated R&D personnel (10% of FY 2022 revenue allotted to R&D) and may thus face retention challenges. While it offers benefits such as stock ownership plans and conducts engagement survey to gauge staff satisfaction, its talent development initiatives to support internal growth appear limited.

  Roper pointed out that their corporate engagement improved from the 57th percentile in 2021 to the 71st percentile in 2022 and further improved to the 78th percentile in 2023.

  Every Roper operating business was encouraged and coached to mature their talent optimisation efforts. In 2022, Roper updated their Talent Maturity Model to incorporate additional elements of Diversity, Equity & Inclusion, and encouraged a higher degree of excellence in talent processes and outcomes.

- While the company offers whistleblower protection, we found no evidence of staff compliance training.

  Roper confirmed that the company conducts annual ethics training for all of its employees, recently updated its Code of Conduct, and launched its 2023 Training.

Seven Group (Ticker: SVW) – Industrials, Australia

VanEck held SVW in a suite of our ETFs and was a top-20 shareholder at the time of engagement. We reached out concerning the MSCI ESG rating downgrade from AAA to AA with the reasoning below:

"As of 2023, we assess trading companies and distributors on the Labour Management Key Issue to account for risks such as labour unrest. Seven Group's corporate governance practices are average relative to those of global peers."

The company advised that they were committed to investing in specialist training to improved the technical and leadership capability of staff. The company worked with both WesTrac and Coates who were Registered Training Organisations to ensure skilled labour was secured to serve customers. Looking forward to FY24, Seven's Technology team would continue to build training capability through the Caterpillar MineStar Qualified Trainer program and ingrate the Virtual Reality simulator into the Command for Hauling training and relevant technology curriculum.

Take Two (Ticker: TTWO) – Communication Services, United States

VanEck was top-70 shareholder in TTWO at the time of engagement. We reached out to Take Two regarding two resolutions for voting in the upcoming AGM:

- Advisory Vote on Executive Compensation. We voted against on the basis that the compensation levels of Mr. Zelnick in FY2023 would be over twice the median of the Company's post-transaction peers, while revenues fell under the median of that peer group. Additionally, there is no linkage between compensation and sustainability. We also note the low for votes in the prior year at just 41.9%.

  Take Two's management advised that they had conducted extensive stockholder engagement following last year's low vote on say-on-pay. Following that, they had incorporated shareholder friendly elements into the new agreement with Zelnick Media Capital, including significantly increasing the at-risk nature of their opportunity. Specifically:
  - The proportion of performance-based compensation increased from 71% to 77%
  - The proportion of performance-based shares increased from 55% to 67%
  - The measurement period for the performance-based equity has been increased to 3 years for both relative TSR performance and recurrent consumer spending (RCS)
  - Relative TSR performance threshold continues to require at least 40th percentile performance achievement to commence vesting, exceeding most of the minimum thresholds of our compensation peers

  The Compensation Committee decided to continue to use objective performance-based financial metrics for the updated plan.

- Elect Susan M. Tolson. We voted against the Chair on the basis that the company is not a UNGC participant or signatory.

  Take Two acknowledged that while they were not yet a signatory to the UNGC, their Impact Report specifically cited many of the UNGC principles and how their values aligned with those principles.

SOL

Washington H Soul Pattinson (Ticker: SOL) – Financials, Australia

VanEck held WHS Pattinson across a suite of our ETFs. Prior to the AGM, we reached out concerning the renumeration report. We were of the view that there was excessive increases in executive renumeration and the substantial retention grant for the MD/CEO and voted against.

The company commented that the increases followed benchmarking, which revealed that total remuneration for the CEO and CFO was in the bottom quartile of industry peers. The Board approved increases to bring the CEO and CFO's total remuneration package to the median range of those peers in FY22.

The benchmarking was FY21 CEO and CFO remuneration for 12 ASX listed companies with similar operations and market capitalisation. It reviewed fixed remuneration and target % long term and short term incentive (LTI and STI) components and the ratio of fixed and at-risk remuneration. The Board was satisfied that the quantum of current packages is now aligned with peer industry practice and that at risk remuneration is directly aligned with Company performance.

FOR MORE INFORMATION

Contact us

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