

Principal Adverse Impact Statement – VanEck Europe

Consideration of adverse impacts on sustainability factors

Investment decisions can impact the world and the other way around. By investing in companies, governments and real estate, positive impacts on the environment or society can be realized. However, investing can also have negative impacts on sustainability factors.

European legislation requires financial market participants such as VanEck to disclose whether they take into account principal adverse impacts as defined in European legislation of investment decisions on sustainability factors. Sustainability factors are defined in the legislation as environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. The adverse impacts of investment decisions on sustainability factors are considered by VanEck Asset Management B.V. and its European affiliates (VanEck). In the information below the approach of VanEck towards the adverse impacts on sustainability factors is described.

Our approach

VanEck is the management company of various investment funds. The way in which adverse impacts are considered differs between the different types of funds and investment approaches. The majority of VanEck investment funds have a passive investment strategy whereby an index is followed. For certain indices that VanEck funds follow, certain principal adverse impacts on sustainability factors are considered in the construction of the index. Additionally, for the active investment funds certain adverse impacts are considered as part of investment process and can be addressed by means of engagement.

Description of principal adverse sustainability impacts

VanEck views adverse sustainability impacts on sustainability factors as principal based on the severity and likelihood that the adverse impact will materialize. The principal adverse sustainability impacts addressed by VanEck can be regarded as the most controversial subjects which from an environmental, social and governance perspective are relevant for investing in companies. One of the main sustainability factors is compliance with labour, human rights and corruption norms as laid down in various international standards such as UN Global Compact. Other principal adverse impacts concern the involvement of companies in controversial sectors such as cluster munition activities, fossil fuel sector, tobacco industry, adult entertainment or gambling industry.

Description of policies to identify and prioritize principal adverse sustainability impacts

Adverse impacts are identified by means of varying active investment strategies and the specific index construction rules for passive funds. Adverse impacts of companies relating to activities controversial sectors or by violation with international standards on human and labour rights are identified by means of controversy or sector screenings. For certain companies a general screening on overall ESG performance is conducted whereby the most important ESG risks or overall ESG performance of a company are identified.

For the active strategies various sources of information on ESG performance of companies is utilized to determine which adverse impacts are relevant for a specific company. For certain active investment

strategies an exclusion list applies whereby companies with activities in controversial sectors are identified.

Actions in relation to adverse impacts

VanEck utilizes different instruments to address adverse sustainability impacts. For the passive funds the most important actions undertaken in relation to adverse impacts is the exclusion of companies from the index. Funds will not invest in companies or countries for which by means of the above-described measures certain adverse impacts have been identified. An exclusion list is also applied for a few active funds and a company's performance with regards to sustainability factors is part of the bottom-up investment analysis. For most of the equities portfolios a voting policy applies whereby the main sustainability factor is governance.

Engagement policy

For the active strategies the investment teams seek to meet, when possible, with company management, and representatives of debt issuers, prior to investing. Once it invests in a company, VanEck seeks to continue to have regular dialogue with company management and may, where relevant, raise ESG issues pertinent to that company and industry. It may, for example, discuss a board's focus on ESG or, more specifically, a company's environmental record, safety record, community engagement, energy and resource efficiency or labor relations. When VanEck raises ESG-related issues during these meetings it does so, among others reasons, in order not only have a better understanding of goals and risks, but also to understand better, and advocate adherence to, best practices.

Reference to international standards

VanEck is a signatory of the United Nations Principles for Responsible Investment since 2017.