

VanEck Emerging Income Opportunities Active ETF (Managed Fund) (EBND)

ESG and Stewardship Policy

Introduction

This policy sets out how the Investments team of VanEck Emerging Income Opportunities Active ETF (Managed Fund) (EBND) uses its power 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 the investors include 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.

Exercising the power that arises from the ownership of the investment assets is part of our obligation and fiduciary responsibility to investors. We are required to act in investors' best interests.

ESG Philosophy and Stewardship

ESG is a core value of the Investment team. Portfolio Manager Eric Fine is the longest-serving board member (5 years) of the Emerging Markets Investors Alliance (EMIA), which has become the leading ESG NGO for the emerging markets. VanEck as a firm is also a member of the EMIA. The EMIA “enables institutional emerging market investors to support good governance, promote sustainable development, and improve investment performance in the governments and companies in which they invest” and is specifically and sometimes solely noted in UNPRI literature on ESG.

Members are required to engage with issuers, and Investment Team members are required to participate in EMIA events to stay extremely current on the latest and still-evolving ESG thinking.

ESG and Socially Responsible Investing (SRI) investing

Some industries specifically considered for exclusion by EBND are alcohol, tobacco, gambling, adult entertainment, weapons, nuclear and thermal coal.

Corporate and sovereign investing are subject to rigorous ESG screening, employing external provider scores and subjective analyses by the Investment team.

Engagement and Stewardship

The Investment team recognises the responsibilities of being an asset owner, including communicating long-term investment interests to the issuers and exercising ownership rights on behalf of investors in order to encourage corporate governance and business practices aligned with sustainable long-term financial performance. For corporates and sovereigns, the Investment team engages issuers to understand, analyse and advocate for best practices. Core tenets of good governance including board quality, ESG, executive remuneration and human capital management are desired qualities for debt investors' decision-making.

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
- A record of performance.

The better the quality of a company's board, the more likely it is that the company will act appropriately.

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:

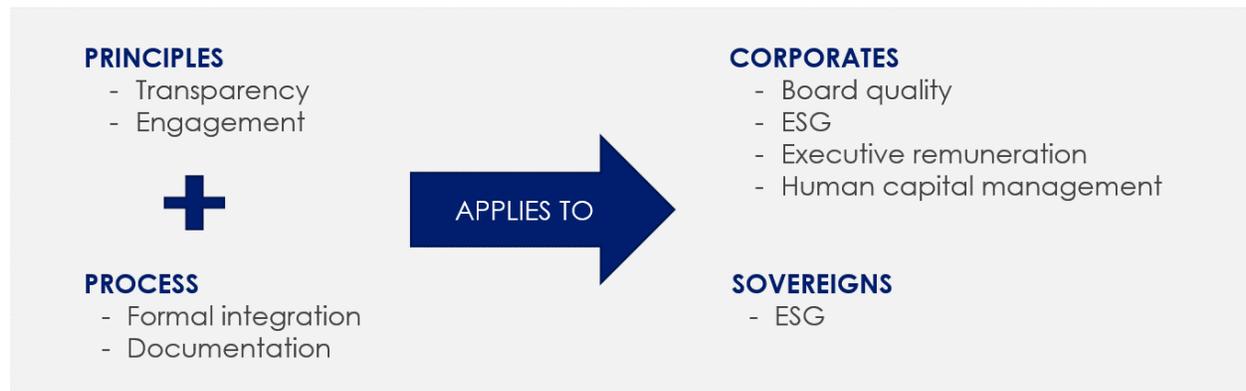
- excessive bonuses;
- performance metrics not being fully disclosed; and
- benefits vesting over short periods.

Human Capital Management (HCM)

We understand that approaches to HCM vary across sectors but we believe that it is a crucial factor in business continuity and success. In evaluating HCM, we are keen on understanding the effectiveness of an issuer's board and management in supporting the needs and meeting expectations of its workforce.

Key items we address in dialogues include:

- a diverse, equitable and inclusive workforce;
- enhancement of job quality and engagement;
- positive labour relations;
- safe working conditions;
- attractive wages; and
- prioritisation of human rights.



Sovereigns

Our stewardship priority for Sovereigns is ESG, and starts with our principles, which are derived from the UNPRI. We believe there are several opportunities to engage with sovereign issuers, including roadshows, investor country trips and annual conferences. When engaging directly with government institutions, the goal is to assess bond valuations and risks rather than lobbying or advocacy. Our approach is to be active in our engagement, encourage disclosure from issuers, promote best practices, coordinate within the financial industry, and document all of our ESG activities. These principles are integrated into our process via formal third-party evaluations and rankings, as well as by direct engagement with all stakeholders – bond issuer stakeholders, bond holder stakeholders, and non-issuer stakeholders – as specifically encouraged by the UNPRI. For example, all research trips involve direct interaction with non-issuer stakeholders, such as non-ruling parties and media, where possible. Investor collaboration – engaging investors on ESG issues – is another development strongly encouraged by the UNPRI, and is another important element of VanEck’s stewardship.

Reporting

Public reporting on the ESG and stewardship activities of the Fund provides transparency and confidence for investors in the actions undertaken on their behalf. The Fund reports on and discloses information about the ESG and stewardship outcomes on the website.