H2 2024 SEMI-ANNUAL

# Stewardship Report

Our approach

## Our approach to stewardship

VanEck is committed to using its influence to maximise the long-term welfare of investors for whom we are managing investment assets. Factors we consider vital to this long-term welfare include both the financial value of investment assets and also broader matters such as environmental, social and governance (ESG) issues.

As a primarily index-tracking asset manager, we consider it as part of our fiduciary obligations to make the best use of this influence on behalf of our investors.

The approach that we take as an involved owner of the portfolio companies can best be described as 'investment stewardship'. This entails exercising our influence through:

- voting;
- engagement; and
- advocacy.

Our priorities include:

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

Note that there is no universally accepted 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 fund managers, ranging from superficial applications of ESG metrics to more comprehensive approaches.

## Half-year in review

VanEck Investments Limited, voted on 6379 management proposals. Additionally, we engaged 18 companies directly during the second half of 2024 across various countries and sectors. Further, VanEck's gold team conducted engagements with 17 gold mining companies held across the firm.

A copy of our latest stewardship policy is available here.

## Voting

A right to vote is the most influential and impactful legal right that arises from owning shares. Our main avenue for influencing companies we have invested in is voting in each company's formal proceedings. Voting decisions are made on a case-by-case basis within the framework of VanEck's voting guidelines.

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

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.

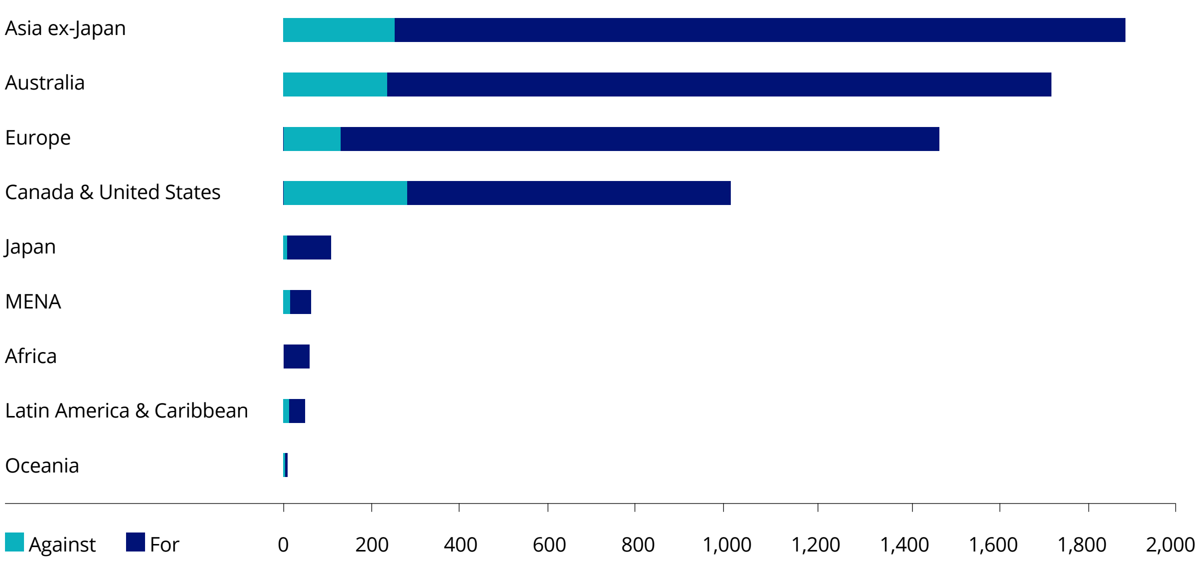
# Statistics

VanEck is committed to using its influence to maximise the long-term welfare of investors for whom we are managing investment assets.

## GLOBAL H2 2024
## Votes by region

| Region | % against management | Total votes |
|---|---|---|
| Africa | 2% | 57 |
| Asia ex-Japan | 13% | 1,892 |
| Australia | 14% | 1,725 |
| Canada & United States | 28% | 1,005 |
| Europe | 9% | 1,473 |
| Japan | 5% | 107 |
| Latin America & Caribbean | 27% | 48 |
| MENA | 26% | 62 |
| Oceania | 40% | 10 |
| **Total** | **15%** | **6,379** |

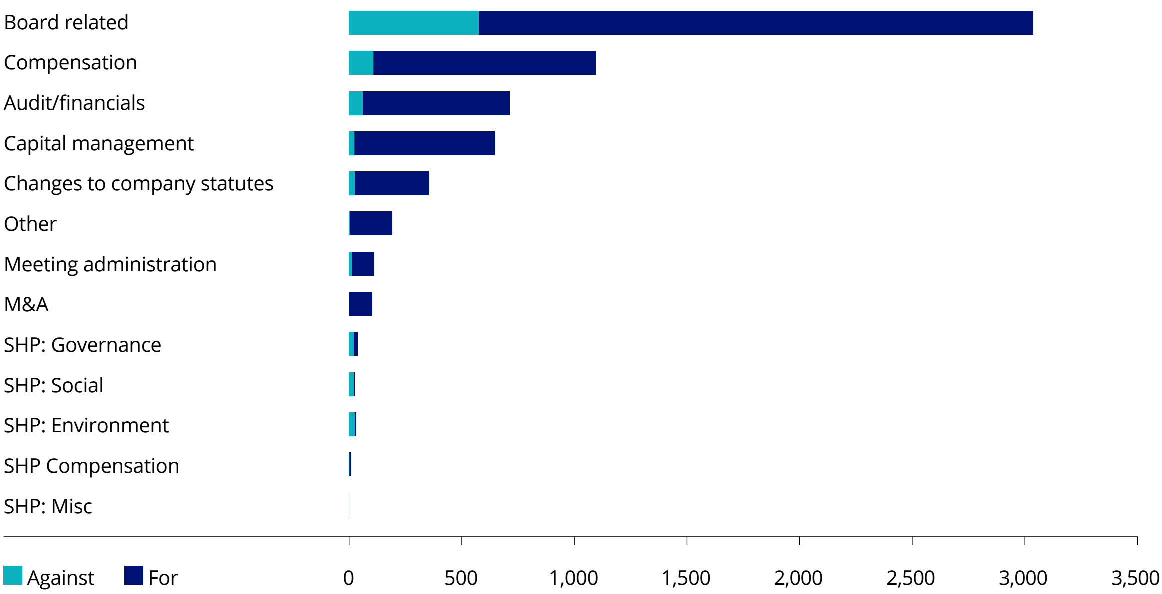
Source: Glass Lewis, VanEck.



## GLOBAL H2 2024
# Votes by proposal type

| Proposal type | % against management | Total votes |
|---|---|---|
| Audit/Financials | 9% | 711 |
| Board Related | 19% | 3,029 |
| Capital Management | 4% | 650 |
| Changes to Company Statutes | 8% | 359 |
| Compensation | 11% | 1,096 |
| M&A | 2% | 106 |
| Meeting Administration | 15% | 115 |
| Other | 2% | 195 |
| SHP: Compensation | 86% | 7 |
| SHP: Environment | 97% | 31 |
| SHP: Governance | 57% | 42 |
| SHP: Misc | 0% | 4 |
| SHP: Social | 79% | 34 |
| **Total** | **15%** | **6,379** |

Source: Glass Lewis, VanEck. SHP: shareholder proposals.

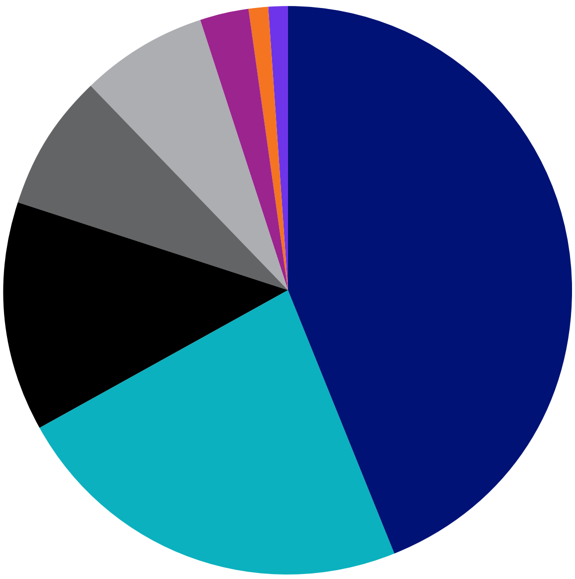


## GLOBAL H2 2024

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

| Reasons | Total |
|---|---|
| Vote against ESG committee of tier 3 company, if the company does not report to SASB | 255 |
| Board is not sufficiently independent | 134 |
| Other | 78 |
| Insufficient female representation | 47 |
| Overboarding | 44 |
| Insufficient information provided | 16 |
| Vote against the chair of the nomination or governance committee if the company does not disclose EEO1 reporting | 6 |
| Multi-class share structure with unequal voting rights | 4 |
| **Total** | **584** |

Source: Glass Lewis, VanEck.



| | |
|---|---|
| Vote against ESG committee of tier 3 company, if the company does not report to SASB | **44%** |
| Board is not sufficiently independent | **23%** |
| Other | **13%** |
| Insufficient female representation | **8%** |
| Overboarding | **7%** |
| Insufficient information provided | **3%** |
| Vote against the chair of the nomination or governance committee if the company does not disclose EE01 reporting | **1%** |
| Multi-class share structure with unequal voting rights | **1%** |

# Company Engagements

We supplement voting by engaging with the companies we invest in.

# Company Engagements

We supplement voting by engaging with the companies we invest in. Engagement can take many forms. For the second half of 2024, we had 18 direct company engagements. As we continue to grow as an asset manager, we are committed to growing our capacity to engage with companies, directly or through third parties, to influence well-informed and sustainable business decisions in the long-term.

We believe engaging with companies should not be limited to one-off conversations, but rather a continuous dialogue to achieve desirable financial and ESG outcomes.

Engagement may involve the advocacy of our particular point of view, but often, simply letting the company know that we've considered a particular issue.

The main triggers for us to engage include:

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

The following table lists the companies we engaged with during the six months ended 31 December 2024.

| Company | Country | Recurring engagement? | Board related | Business strategies | Capital management | E & S | Executive remuneration |
|---|---|---|---|---|---|---|---|
| Abacus | Australia | ✔ | | ✔ | ✔ | ✔ | ✔ |
| Bank of Queensland | Australia | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ |
| Beach Energy | Australia | | | | | | |
| Dominos Pizza | Australia | ✔ | ✔ | | | | |
| Equifax | USA | | ✔ | ✔ | | | |
| Goodman Group | Australia | ✔ | | | | | |
| GPT | Australia | | | ✔ | | | |
| IGO | Australia | | | ✔ | | ✔ | ✔ |
| Johns Lyng Group | Australia | | | ✔ | ✔ | | ✔ |
| Koninklijke Ahold Delhaize | Netherlands | | | ✔ | | | |
| Liontown Resources | Australia | | | | ✔ | | |
| Mirvac | Australia | ✔ | | | | ✔ | |
| Nintendo | Japan | | | | | ✔ | |
| Orica | Australia | | ✔ | | | ✔ | |
| Origin Energy | Australia | | | ✔ | ✔ | ✔ | |
| Soul Patts | Australia | | ✔ | ✔ | ✔ | ✔ | ✔ |
| Whitehaven Coal | Australia | ✔ | | ✔ | ✔ | ✔ | ✔ |
| Worley | Australia | | ✔ | | | ✔ | |

Idependently, VanEck's gold team also had engagements with the following 17 gold mining companies held in VanEck Gold Miners ETF (GDX). The topics of discussion were energy management, GHG emissions, water management, waste management, health and safety, community rights and relations, labour and employment practices, ethics and compliance, and governance. VanEck is a significant shareholder in the companies listed below:

## Company

- Calibre
- Galiano Gold
- Lundin Gold
- Agnico
- Eldorado Gold
- WestGold
- OceanaGold
- Kinross Gold
- Alamos Gold
- MAG Silver
- AngloGold
- Pan American Silver
- G Mining
- Northern Star Resources
- Bellevue
- Gold Fields
- Barrick.

ABG

# Abacus

**Ticker:** ABG | **Country:** Australia | **Sector:** Real Estate | **Shareholder position**: Top 50

VanEck has a recurring engagement with Abacus (ASX: ABG) since 2022. In the most recent engagement, discussions involved business operations post spinoff of Abacus Storage King (ASX: ASK) and ESG related matters.

We first discussed ABG's operations after the spin-off of Storage King. The company commented that they considered the spin-off successful overall. The share price maintained for ASK. They acknowledged the downward pressure of ABG during de-stapling with a lot of hedge fund selling activities until January 2024. Prior to the spin-off, the company had two thirds of the debt in storage and one third in commercials, but asset-wise it is a 50-50 split. Some investors believed that there was A$600m dilution, however the rights issue at the time ensured no dilution. There had also been a debate about free float vs diluted raising. For the first six months since the spin-off, ABG was satisfied with A$225m equity raised.

ABG's share price had stabilised and improved at the time of engagement in August 2024, with more retail shareholders in the register. The company expressed they were working proactively to get back into the S&P 200 AREIT index. We also indicated that higher free float ratio would also increase the chance of getting back into the broad AREIT index as well as the smart beta indices that VanEck uses.

We then discussed the interest rate outlook and how the company saw future growth. ABG advised that the share price jumped by more the 20% in August, post earnings. Given the REITs sector is a bond proxy, it would most likely be a tailwind if RBA decided to cut. Within the business, the company expected that office rent income would improve as income continued to go up with CPI. However, cap rate expansion could not be controlled.

Next, we raised the question about the rising cost of debt for both ABG and ASK. The company advised that they expected a flat 4.2% for this financial year, but FY26 and FY27 could see the level normalise. ABG also pointed out that they were able to hedge currencies to take advantage of the swap curve. From the latest earnings we observed the increasing expected gearing range up to 40% from the proforma 32.3%. ABG advised that with a falling office market, they already had sufficient gearing headroom. They were not looking at specific transactions but now it was the right time to match the gearing with the competitors. For both ABG and ASK the comfort level was approximately 30%.

When asked about ASK's client base, it was advised that the composition was 70% "mums and dads" and 30% business. The company commented that their older clients were less price sensitive. Pricing was done in store at the moment, and they were working on better understanding the client base so the pricing strategy would be more tailored. We then discussed the subsectors with more growth potential, including industrials, data centres led by Goodman and student accommodation. ABG indicated that they currently own a government office building which is renovated every 5 to 6 years and there had been proposals to convert it to student accommodation. In this instance ABG could either continue direct management or one of universities could purchase the asset.

We then sought further information regarding the 10% vote against the remuneration report in the most recent AGM. ABG advised that this was due to a proxy adviser not taking destapling into consideration, resulting in many institutional shareholders following the proxy adviser to leave their votes unchanged.

Lastly, we pointed out the MSCI ESG rating downgrade from A to BBB on 19 July 2024, driven by the higher than industry average employee turnover In FY 2023 (26% vs 14.1%). ABG advised the figure was 18% for FY24 and it was coming down. Although 10% of staff were made redundant from the spin-off.

With regards to Scope 3 emission reduction target, ABG noted that their approach was to do it practically and in a cost-effective way. Given that the company fell into the Group 3 category for the mandatory climate reporting, ABG would observe what competitors do and re-assess.

BOQ

# Bank of Queensland

**Ticker:** BOQ | **Country:** Australia | **Sector:** Financials | **Shareholder position:** Top 10

VanEck has a recurring engagement with Bank of Queensland (ASX: BOQ) board members. The most recent engagement reviewed the company's operations and strategy following a period of instability caused by leadership changes and external challenges. The focus of the discussion was on the strategic direction, digital transition, loan book exposure, and remuneration policies.

## Overview of recent performance

The Chairman started by reiterating significant challenges a year ago, including the exit of the CEO and the impact of two counts of court enforceable undertakings (CEU), which contributed to the underperformance of its share price. The company also faced protest votes during the AGM, which reflected shareholder dissatisfaction. As a consequence, the then-CEO received no bonus and the CFO’s vested stock options were revoked.

Despite the setbacks, BOQ reported strong earnings this year. However, VanEck noted BOQ still underperformed the peers. This underperformance signals that there may still be operational issues to address. BOQ emphasized that the increase in share price was driven by their transition from addressing issues to actively implementing strategic initiatives.

BOQ has made significant investments in strategic initiatives, including the transition of ME Bank from traditional mortgage services to a completely digital platform over the next 18 months. The new digital platform would allow better efficiency and was seen as an important step forward for BOQ's retail operations.

The company saw a 10%  in earnings this year, with more value shareholders entering the registry, signaling positive momentum and investor confidence. The business loans segment showed the strongest growth.

VanEck then asked about Return on Capital (ROC) target. The Chairman clarified that a 9.25% ROC target was set under the previous CEO; 8% had been set over the next one to two years. The high yield seen in the past year has resulted in lower profit and dividends, but the payout ratio remained steady within the expected range.

With regards to capital buffer, Tier 1 and Tier 2 capital remained in place by regulation. The Australian Prudential Regulation Authority (APRA) had also implemented a Small Bank buffer, which included a 50bps capital charge due to the CEU imposed on BOQ.

## View on competitors and industry trends

BOQ's current strategy is centered on closing the gap in digital capabilities for its retail segment, an area where larger competitors, such as Westpac, made advancements five years ago. From the company's perspective, the impact on earnings is more significant for BOQ compared to its larger-cap peers.

The company emphasised that it was not currently considering any acquisitions due to the focus on internal strategy execution.

Valuations have been a hot topic for Australian banks. The company noted that CBA had a 2x P/B ratio already, whereas BOQ was trading at 70% book value, reflecting the value opportunity.

## Remuneration

The company advised that they were aligning its remuneration practices with its new strategies following the challenges faced last year. In particular, remuneration will be based on target achievement. For the current year, earnings were down 23% compared to last year, but the company still beat expectations. As such, 80% of the 100% target was vested as part of the discretionary approach.

BOQ confirmed it had simplified its remuneration structure to align with its strategic goals and ensure better transparency for shareholders.

## Loan book exposure and sustainability

VanEck enquired about the loan book exposure to fossil fuels. BOQ advised that their exposure to fossil fuel-related loans was minimal, with the company’s portfolio focused on businesses within the A$100 million range. Sustainability was viewed as a lower risk for BOQ compared to larger banks.

## Strategic direction and outlook

Post-acquisition of ME Bank, BOQ had a more balanced mortgage book across Queensland, Victoria and New South Wales. As part of cost-efficiency measures, BOQ is planning to close regional branches, even though some branches might serve as “the last bank in town” in many rural areas. The technology investments and upgrades should allow customers to conduct more banking transactions digitally and reduce the need for branch visits. This is expected to improve customer experience, especially in growing Southeast Queensland, where mortgage demand remains strong due to population growth.

BPT

# Beach Energy

**Ticker:** BPT | **Country:** Australia | **Sector:** Energy | **Shareholder position:** Top 30

VanEck engaged with Beach Energy (ASX: BPT) as a top 30 shareholder of the company.

We discussed the firm's recent downgrade by rating agencies due to concerns about corporate governance. BPT emphasised their commitment to maintaining an effective governance structure and clear lines of accountability.

DMP

# Dominos Pizza

**Ticker:** DMP | **Country:** Australia | **Sector:** Consumer Discretionary | **Shareholder position:** top 50

VanEck engaged with Dominos Pizza (ASX: DMP) as a top 50 shareholder of the company.

We discussed the company's board structure, including level of board renewal and member re-election, as well as shareholder engagement, ahead of its upcoming Annual General Meeting.

## Board composition and renewal

The board is considering adding a new director at an appropriate time, with a preference for expanding the board rather than replacing current members to retain existing experience. The ideal candidate profile includes expertise in Asia and/or technology.

## Board involvement in business performance

The board is actively engaged with management across all regions, increasing meeting frequency to enhance oversight. Regional advisory boards have been established to focus on specific markets (e.g., ANZ, Japan, Germany, France, Benelux), enabling direct accountability and feedback between local management and board members. More than 30 meetings are held annually between the board and management to address performance and improvement initiatives.

## Shareholder engagement

The company communicated that it welcomes feedback from investors and addresses concerns about board effectiveness, renewal, and business performance through proactive communication.

EFX

# Equifax

**Ticker:** EFX | **Country:** USA | **Sector:** Industrials | **Shareholder position:** top 70

VanEck engaged with Equifax (NYSE: EFX) as a top 70 shareholder of the company. We discussed the company's board structure, including oversight of responsible business priorities, integration of non-financial metrics into executive compensation, and shareholder engagement.

## Inclusion of non-financial metrics in incentive plans

EFX has integrated non-financial metrics into its Annual Incentive Plan (AIP) to align executive remuneration with its strategic and responsible business priorities. These priorities include governance, environment, consumer impact, security, and workforce diversity. A notable element is the inclusion of a cybersecurity performance measure, which has been a part of the AIP since 2018. This measure supports the company's focus on data security and aligns with its broader security program goals. Under the 2023 AIP, these non-financial metrics, including a mandatory security-focused performance goal, account for up to 20% of the annual incentive opportunity. The company highlighted its ongoing efforts to evolve these goals to reflect enterprise-wide responsible business priorities, ensuring that remuneration plans reward both financial and non-financial achievements.

## Commitment to ESG and board oversight

EFX's Governance Committee oversees the company's responsible business priorities and ensures alignment with its long-term strategy. The Committee receives quarterly updates from management on progress related to governance, environmental, and social initiatives, as well as stakeholder priorities. The Audit Committee manages ESG-related risks through the Enterprise Risk Management (ERM) program, which includes annual reviews of risk policies and processes. Cybersecurity, as a key responsible business priority, is jointly overseen by the Audit and Technology Committees. From time to time, updates on these initiatives are shared directly with the Board, reflecting the company's integrated approach to ESG oversight and risk management.

## Engagement and feedback opportunities

EFX reaffirmed its commitment to transparency and shareholder engagement by extending an invitation for further discussions. The company emphasised its alignment of executive remuneration with both financial and non-financial performance metrics and its focus on incorporating shareholder feedback into its practices. Key discussion topics include board composition, responsible business priorities, and the alignment of remuneration structures with long-term sustainability goals. The company offered multiple meeting options to ensure open dialogue and collaborative engagement with stakeholders.

GMG

# Goodman Group

**Ticker:** GMG | **Country:** Australia | **Sector:** Real Estate | **Shareholder position:** Top 50

VanEck has a recurring engagement with Goodman Group (ASX: GMG). The most recent engagement reviewed the company's operations and strategy, particularly in a time of elevated market volatility and senior management change. The focus of the discussion was on the executive remuneration, and the company's overall alignment of long-term performance with shareholder returns.

## Executive remuneration

GMG outlined its remuneration framework, highlighting adjustments made in response to shareholder feedback. For FY24, long-term incentive (LTI) awards for key management personnel were reduced in face value to address concerns over quantum. Performance hurdles for LTIs were also revised, with operating EPS growth targets set between 6% and 11% CAGR over four years, significantly exceeding peer group estimates. These targets are designed to incentivise sustained performance, with maximum vesting requiring nearly 60% profit growth from an already high base. The group's remuneration structure aims to balance challenging performance goals with competitive market positioning, ensuring alignment with shareholder interests.

## Shareholder engagement

GMG reaffirmed its commitment to transparent and constructive engagement with shareholders. The company detailed its rationale for the proposed resolutions, addressing prior concerns over performance hurdles and the alignment of pay with performance outcomes. It emphasised that the remuneration structure reflects the group's exceptional operational performance, as evidenced by a 14% increase in operating EPS for FY24 and a 75% total shareholder return. GMG welcomed further dialogue with investors to address any outstanding concerns.

GPT

# GPT

**Ticker:** GPT | **Country:** Australia | **Sector:** Real Estate | **Shareholder position:** Top 10

We engaged with GPT Group (ASX: GPT) as a top-10 shareholder to discuss the company's ESG practices and response to its recent ESG rating downgrade by rating agencies. The engagement focused on employee turnover disclosure, investments in urban redevelopment, and the company's broader ESG commitments.

## Employee turnover and workforce transparency

GPT provided a detailed response regarding employee turnover, directing stakeholders to its Data Dashboard on its Sustainability website. The turnover data is categorised into voluntary and involuntary departures, ensuring greater transparency and comparability with peers. This disclosure addresses our concerns and highlights GPT's focus on workforce-related metrics within its ESG reporting framework.

## Urban redevelopment and brownfield projects

GPT outlined its investments in urban redevelopment projects and brownfield programs, with an estimated logistics pipeline valued at over $3billion, including mandates and partnerships. Additionally, the GPT Wholesale Office Fund is advancing a live redevelopment project at 51 Flinders Lane in Melbourne's CBD. The company reiterated its commitment to leveraging underutilised assets and transforming them into valuable infrastructure to drive sustainable urban growth. Further updates on these projects will be provided at the half-year results announcement.

## Board and ESG commitment

GPT reaffirmed its commitment to ESG excellence, with the board actively overseeing sustainability initiatives and ensuring alignment with long-term stakeholder interests. The company emphasised its dedication to addressing areas of concern raised by ESG evaluators and improving transparency to maintain its leadership in sustainable practices.

This engagement underscores GPT's efforts to enhance transparency, address stakeholder concerns, and reaffirm its commitment to driving sustainable urban development and ESG performance.

IGO

# IGO

**Ticker:** IGO | **Country:** Australia | **Sector:** Materials | **Shareholder position:** Top 15

VanEck directly engaged with IGO (ASX: IGO) as a top 15 shareholder of the company.

First, we addressed the high percentage of votes cast against certain resolutions at the November 2023 AGM, specifically the remuneration report (14.88%) and the approval of termination payments for Mr. Ivan Vella (33.62%). IGO explained that the CEO transition from Rio Tinto to IGO involved a pre-approval of the equity component at IGO. The Chair of Remuneration and Culture had engaged with shareholders ahead of the AGM, and the response was largely positive at the time. However, despite these efforts, some proxy advisers still recommended voting against the resolutions. The company noted that this year's remuneration structure is expected to be more straightforward and less contentious.

We then moved on to discuss sustainability.

## Water usage

By MSCI's ESG assessment, while IGO maintained an AA ESG rating at the time of engagement, there was a lack of qualitative water reduction targets and executive oversight of water strategies. IGO acknowledged that there was a gap to fill regarding water recycling which the company would focus. They were also working on data consolidation based on the Minerals Council of Australia Water Accounting Framework (WAF). In IGO's Nova mine, raw water usage had been reduced by a third.

IGO also advised that the front of mind for them is labour safety and management.

## Safety

The total recordable injuries frequency rate (TRIFR) rate has been decreasing, although it is coming off a high base. All IGO's mines are underground with Greenbushes the only open pit. The company believed it was still too high at the current level and are actively working on additional measures. Some of the proactive approaches include safety coaches in their Cosmos mine for prevention education and information sharing. When injuries take place, IGO aims to understand the root cause of the incident, both from within IGO and with the contractors. The severity of the injuries is generally moderate, and IGO follows through to check with the employees whether they are fit for work again. Social hazards were also briefly discussed in terms of sexual harassment training and managing alcohol.

## Management

IGO commented that talent retention during down cycle would be a key area especially given the Cosmos mine maintenance.  In addition, Nova mine is two years away from closure, and Forrestania is also closing soon. VanEck noted that a further impairment was flagged for Cosmos and Forrestania of A$160m - A$190m.

### Traditional owner engagement

IGO commented that the business has developed a good relationship with the community. If operational disturbance were to happen in mine sites, advance notice will be given. At corporate level, IGO has innovative reconciliation action plans (RAP) and is involved in six groups out of 38 in total. They consider themselves in line with their peers in this aspect.

Finally, we discussed IGO's business plan for the next 5 to 10 years. The company emphasised that it does not intend to compete directly with industry giants like Rio Tinto and BHP but will instead focus on securing the right talent to support its growth. With the new CEO onboard, the business will undergo a strategic review. However, its core purpose—contributing to the environmental and renewables transition—will remain unchanged. Looking ahead, IGO aims to position itself as a diversified company with a strong presence across lithium, copper, and nickel.

JLG

# Johns Lyng Group

**Ticker:** JLG | **Country:** Australia | **Sector:** Industrials | **Shareholder position**: Top 50

VanEck held Johns Lyng Group (ASX: JLG) in MVS and GRNV at the time of engagement.

We engaged with the Chairman of the Board to discuss the remuneration resolutions for the upcoming AGM, as well as the company's share performance and overall business operations.

- First, we addressed concerns regarding last year's remuneration report, which faced significant opposition, with nearly half of the votes cast against it. While this year's remuneration report demonstrates improved transparency and disclosure compared to the previous year, several concerns remain: Significant increase in LTI opportunities for FY25 to A$1 million, which seemed disproportionate to the company's performance and share price decline.
- Despite EBITDA being raised earlier in the year, the company's performance failed to meet expectations, resulting in a sharp decline in the share price. Hence downward discretion on the FY24 STI should be applied to account for the underperformance.

The short- and long-term incentive plans include provisions for the automatic vesting of awards in the event of a change in control. JLG explained their short-term incentive (STI) structure is considered different from other businesses due to its profit-sharing mechanism before cost allocations. The company allows for 10-15% ownership, which was noted as a reward mechanism for various business units. The concerns this year by some proxy advisers was that the STI plan did not adequately address issues such as performance relative to market expectations or operational performance. In addition, some of the non-financial STI targets were not ready for publication this year.

In terms of the LTI, the company acknowledged that the increase in the LTI opportunity this year was high on an absolute basis. However given the relatively low fixed remuneration for all executives, this was to benchmark with industry peers. The structure had also been improved by including 3-year cumulative EPS and Return on Equity (ROE) as targets.

The Chairman commented that 2024 was a meaningful year for the company, as issues such as board structure and related party transactions concerns were addressed.

We then discussed JLG's share price underperformance and market sentiment. We observed that the company's share price had declined by 37% year-to-date in November 2024. JLG commented that the company made several acquisitions driving growth in the past two years. However, the market was initially overly optimistic, leading to inflated expectations – results in 2024 have been less impressive, with mixed revenue performance and a significant drop in share price following disappointing results.

In particular, the mix of revenue was not aligned with market expectations – greater-than-expected gains in CAT (Catastrophe) with FY23 and FY24 achieving record highs (not controllable) and more modest growth in BAU segments.  Communication from company management regarding these results was deemed inadequate, with overly optimistic presentations that did not match the subsequent market reaction. This led to a significant sell-off in shares.

The company said that the management team will need to address and improve the BAU business for future share performance. In addition, clear and transparent communication and guidance to the market will be crucial to rebuilding investor confidence.

We were satisfied with the improvements made to the remuneration structure for FY24 and subsequently amended our vote in favour of the resolution. However, at the AGM held on 13 November 2024, 36.8% of votes were cast against the resolution, resulting in a 'second strike' under the Corporations Act 2001 (Cth).

The company acknowledged the need for further refinements in this area, which will be a key focus for the Board and its Remuneration Committee throughout 2025.

AD

# Koninklijke Ahold Delhaize

**Ticker:** AD | **Country**: Netherlands | **Sector:** Consumer Staples | **Shareholder position:** Top 100

We engaged with Koninklijke Ahold Delhaize (AMS: AD) as a top 100 shareholder to discuss the company's ESG practices in response to recent concerns about its business ethics, data security, and board-level ESG oversight.

## Business ethics and anti-corruption practices

AD addressed concerns regarding its anti-corruption policies and ethics audits. The company highlighted its publicly available anti-corruption policy, which outlines its commitment to ethical business conduct. Additionally, AD conducts annual reviews of its Code of Ethics and global policies to ensure they remain relevant to evolving business risks. The company is actively engaging with stakeholders to clarify its approach and ensure that its policies and practices are accurately represented.

## Data privacy and security measures

In response to questions about data security, AD reaffirmed its commitment to maintaining strong data protection measures. The company explained that its brands undergo annual audits conducted by an independent external auditor under the PCI DSS framework, ensuring compliance with stringent security standards. Ahold Delhaize has made this information publicly available and continues to refine its approach to data protection in line with best practices.

## ESG practices and board oversight

The company reiterated its comprehensive ESG reporting framework, as detailed in its 2023 Annual Report. This includes board oversight of ESG initiatives, the role of the Chief Sustainability Officer, and how sustainability is integrated into corporate strategy. AD's "Growing Together" strategy emphasises health and sustainability as key priorities, demonstrating the board's commitment to responsible business practices. Supporting materials, including the Sustainability Policy approved by the Executive Committee, are also publicly available.

This engagement highlights AD's ongoing efforts to enhance transparency, strengthen governance, and address investor expectations on ESG performance.

LTR

# Liontown Resources

**Ticker:** LTR | **Country:** Australia | **Sector:** Materials | **Shareholder position:** Top 10

We engaged with Liontown Resources (ASX: LTR) as a top-10 shareholder to discuss their Employee Securities Incentive Plan (ESIP) renewal proposal, following concerns raised about the plan's capacity limits.

## Clarification on ESIP limits

LTR clarified that the ESIP being proposed for renewal is consistent with the plan approved at the 2021 Annual General Meeting, which includes a 10% cap on securities to be issued under the plan. This cap aligns with restrictions under the Corporations Act and remains unchanged from the 2021 plan. The company highlighted that since November 2021, it has issued approximately 10.5 million securities under the ESIP, representing only ~0.55% of the issued capital as of November 2021.

LTR further explained that, based on its Board-approved incentive structure, the total securities expected to be issued under the ESIP over the next three years would remain well under the preferred 5% cap, with no intention to exceed this level. This demonstrates the company's commitment to maintaining reasonable plan limits while incentivising employee performance.

## Addressing misunderstandings

The company noted potential confusion regarding an external report suggesting a 15% capacity for the ESIP. LTR clarified that this is incorrect and has proactively reached out to the report provider to address the error. They expressed their willingness to review any specific concerns if provided with access to the report.

## Commitment to transparency

LTR reiterated its openness to ongoing engagement with shareholders and its focus on maintaining a well-structured and transparent incentive plan aligned with long-term shareholder interests. The company is committed to ensuring its governance practices remain clear and in compliance with regulatory standards.

This engagement highlights LTR's efforts to provide clarity, address stakeholder concerns, and maintain alignment between employee incentives and shareholder value.

MGR

# Mirvac

**Ticker:** MGR | **Country:** Australia | **Sector:** Real Estate | **Shareholder position:** Top 10

We engaged with Mirvac (ASX: MGR) as a top-10 shareholder to address concerns about the company's ESG performance, including issues highlighted around product quality, corporate governance, and green building initiatives, following a recent downgrade in ESG rating.

## Product quality and warranty payments

MGR responded to the highlighted concerns about high warranty payments, clarifying that the reported figures were significantly inaccurate. The company emphasised that warranty payments for FY22 were A$6 million, equating to just 2.3% of EBIT, compared to the erroneously cited A$421 million (979% of EBIT). This corrected figure is well below the industry average of 7.5%. MGR confirmed it is actively engaging with the rating agency to address the data errors and seek amendments to the report.

## Corporate governance and board re-elections

Concerns around governance practices were linked to shareholder dissent regarding director re-elections at the FY23 AGM. MGR highlighted that despite a modestly higher "against" vote for three directors, strong overall support was received: 89% for the Chairman, 86% for Christine Bartlett, and 91% for Samantha Mostyn. Additionally, the company received overwhelming support for its remuneration report (93%) and CEO compensation (98%), which were endorsed by all major proxy advisors. MGR continues to prioritise transparency and alignment with shareholder interests in its governance practices.

## Green building and sustainability initiatives

Mirvac expressed surprise at a modest reduction in its rating for green building initiatives, given its strong track record. The company achieved net positive carbon status across Scope 1 and 2 in 2021, nine years ahead of target, and announced plans to achieve net positive carbon status across Scope 1, 2, and 3 by 2030—the first Australian property company to set this goal. Notably, MGR achieved a world-first 6 Star Green Star Buildings certified rating for its 80 Ann Street development in Brisbane and maintains one of the highest NABERS portfolio ratings in Australia at5.25 stars.

## Ongoing engagement

MGR reaffirmed its commitment to ESG excellence and transparency. The company is actively working with the rating agency to address inaccuracies and anticipates a resolution in future assessments.

This engagement reflects MGR's proactive efforts to clarify inaccuracies, demonstrate leadership in sustainability, and maintain strong governance practices aligned with shareholder expectations.

7974

# Nintendo

**Ticker:** 7974 | **Country:** Japan | **Sector:** Communication Services | **Shareholder position:** Top 50

We engaged with Nintendo (TYO: 7974 / OTC: NTDOY) as a top-50 shareholder to discuss the company's ESG practices, with a particular focus on supply chain oversight, data privacy policies, and corporate governance.

## Data privacy and security measures

Nintendo clarified that its approach to data privacy is region-specific rather than group-wide. The company's Nintendo Account Privacy Policy serves as the primary framework for handling personal data, but regional privacy policies are implemented to address local legal requirements and business conditions. Given that Nintendo operates across multiple jurisdictions with varying data protection laws, it maintains different privacy policies for different markets instead of adopting a universal global format.

## Corporate governance and ESG disclosure

Nintendo acknowledged that changes in external ESG assessments may have been influenced by evolving evaluation methodologies rather than any material deterioration in its governance or risk profile. The company highlighted that its goal is not solely to meet the expectations of rating agencies but to continuously improve its sustainability disclosures in alignment with global standards. Nintendo regularly reviews its methodologies and is working to enhance transparency in areas where additional disclosures may be beneficial.

## Supply chain management and ethical oversight

Regarding supply chain responsibility, Nintendo reiterated its commitment to ethical sourcing and compliance. The company's CSR Factory Verifications process ensures that any serious corporate social responsibility (CSR) issues, including human rights and environmental concerns, are addressed. If violations are found, the company is prepared to terminate business relationships with suppliers that fail to meet its ethical requirements. In FY24, no serious issues were identified that warranted such action.

## Ongoing engagement

Nintendo continues to review best practices in ESG reporting and is working on potential improvements in its disclosures. The company remains open to further dialogue with investors and has shared resources, including its CSR Information website, which details sustainability initiatives and corporate governance practices.

ORI

# Orica

**Ticker:** ORI | **Country:** Australia | **Sector:** Materials | **Shareholder position:** Top 20

We engaged with Orica (ASX: ORI) as a top-20 shareholder to discuss its sustainability strategy, water management initiatives, and broader ESG commitments.

## Sustainability and climate strategy

ORI has embedded sustainability into its corporate strategy, with key targets including a 45% reduction in Scope 1 and 2 emissions by 2030 (from a 2019 baseline), 100% renewable electricity by 2040, and a 25% reduction in Scope 3 emissions by 2035, aiming for net-zero by 2050.

## Water stewardship and resource efficiency

ORI is focused on optimising water use, reducing potable water dependency, and expanding recycled water programs. Its Kooragang Island facility has used recycled water since 2014, saving up to 2.3 billion litres annually. Additionally, ORI converted $1.3 billion in bank debt to sustainability-linked loans tied to reducing potable water intensity.

## Innovation and environmental management

The company is advancing sustainable solutions, including digital and blasting technologies to enhance mining efficiency. Its Cyclo service promotes a circular economy by recycling oil on-site to reduce virgin diesel use. Environmental remediation projects, such as groundwater cleanup at Botany Industrial Park, are ongoing.

## ESG integration and governance

ORI continues to refine its ESG reporting and risk management approach. A TNFD-aligned analysis has been conducted to assess nature-related risks and inform future sustainability initiatives.

This engagement highlights ORI's commitment to sustainability, efficient resource use, and governance transparency while maintaining ongoing investor dialogue.

ORG

# Origin Energy

**Ticker:** ORG | **Country:** Australia | **Sector:** Utilities | **Shareholder position:** Top 30

VanEck met with Origin Energy (ASX: ORG) to discuss the company's recent share performance and future decarbonisation efforts strategies. At the time of engagement VanEck was a top 30 institutional investor and held approximately 5.7 million shares across a range of our ETFs.

## Recent share performance

VanEck first flagged that even though ORG outperformed the utilities sector year to date, on the reporting day in August, ORG's share price dropped over 9%, making it the second worst performer in the energy and utilities sector. The company's guidance for FY2025 implied significant downgrades. This raised questions regarding the underlying factors for the poor performance compared to competitors.

The company clarified that the rise in coal prices by $25 per ton, increased costs for ORG, leading to lower-than-expected revenue. The market had been overly optimistic about the company's near-term performance, which resulted in disappointment when these expectations were not met. In addition, the cost of implementing Kraken, ORG's customer service platform, took longer than expected, impacting operational efficiency. The company expected Kraken service to bring cost reductions in customer churn over the long term and its full benefits had yet to materialise.

ORG's generation portfolio was also seen as less competitive compared to peers.

We then asked about competitors such as AGL. ORG commented that they are different in several aspects:

- **Coal procurement.** Unlike AGL, which has fixed-price coal procurement contracts, ORG purchases coal on the open market to feed its coal power plants. This exposes Origin to volatile coal prices.
- **Electricity Sales Contracts.** ORG sells the majority of its electricity under short-term, one-year price reset contracts, whereas AGL sells under varying contract lengths. This might create a mismatch in revenue stability.
- **Source of generation portfolio.** Unlike other competitors with long-term coal assets, ORG does not own a coal mine and relies on suppliers, such as Centennial, located away from the power station and the coal is generally transported by rail.

## Decarbonisation plans and impact of Brookfield deal withdrawal

Brookfield's proposal at the end of 2023 outlined plans to invest between A$20 billion and A$30 billion to develop 14 gigawatts (GW) of renewable energy over a 10-year period. VanEck sought ORG's perspective on the deal, aside from AustralianSuper's decision to block it as ORG's largest shareholder.

ORG explained that it was unconvinced Brookfield could achieve its goal of delivering 14GW of renewables within the proposed timeframe, citing infrastructure constraints and a lack of sufficient guarantees for take-or-pay contracts. Additionally, Brookfield's return on assets and leverage metrics differed from those of publicly listed companies, raising further concerns.

Having withdrawn from the deal, ORG is now focused on expanding its renewable energy and green generation assets. The company has set the following targets to reshape power usage dynamics and reduce reliance on traditional generation sources:

- **4GW of renewables and storage within its owned generation portfolio:** Management highlighted that the 460MW Eraring Stage 1 (NSW) and 300MW Mortlake (VIC) battery projects are currently under construction, while the Eraring Stage 2 (NSW) project has received approval. Additionally, Origin has acquired the 1.5GW Yanco Delta Wind Farm development project.
- **2GW of Virtual Power Plant (VPP) capacity by FY2026:** This initiative aims to transform power usage patterns. As of June 2024, Origin had already connected 1.4GW to its VPP network, a significant increase from 0.8GW a year earlier.

## ESG concerns and rating downgrade

We then raised concerns with ORG regarding the downgrade of its ESG rating from A to BBB, primarily due to its reliance on thermal fuel-based power generation, high employee turnover in certain functions such as call centres, and the delayed closure of the Eraring coal plant.

ORG acknowledged these challenges and reaffirmed its commitment to decarbonisation and enhancing its ESG practices. The company attributed the higher turnover in its call centre operations to the onshore location, which presents unique workforce dynamics.

## Future strategy and industry outlook

ORG planned to phase out its coal-fired assets by 2030, although this transition would require careful management of electricity supply and demand, especially as renewables capacity comes online.

ORG also commented that there is a need for significant transmission infrastructure expansion to support renewable energy generation. The government, across both political parties, understands the importance of this transition. However, there is concern that government intervention remains insufficient, particularly regarding the buildout of gas power plants, which are costly and time-consuming.

Gas will continue to play an important role in the energy transition, but gas plants are expensive to build and face regulatory hurdles. The Labour Government's recent policy stance on gas is seen as a positive development for the sector.

Despite some challenges, ORG has committed to building 4-5GW of renewable energy capacity, which will help meet the increasing demand for clean power. The energy industry, in general, will play a critical role in constructing the necessary infrastructure, especially in the form of wind, solar, and storage solutions.

The company is also working towards developing artificial intelligence tools to better predict energy usage trends, which will help optimise supply and demand management.

SOL

# Soul Patts

**Ticker:** SOL | **Country:** Australia | **Sector:** Financials | **Shareholder position:** Top 20

VanEck, a top 20 shareholder in Soul Patts (ASX: SOL) held in MVE, MVR, and MVW, met with the company management to discuss the company's operations and remuneration ahead of the AGM. The engagement meeting included topics related to the company's performance, executive compensation, ESG practices, and future strategy.

## Remuneration report and executive compensation

VanEck first inquired about the 24% of votes cast against last year's remuneration report. The key concerns identified were:

- 42% increase in overall remuneration opportunity with a lack of a strong case for a retention award.
- The terms of the short-term incentive (STI) plan were seen as inadequately disclosed.

The COO explained and contextualised the various aspects of the renumeration framework below:

### CEO remuneration

The CEO, who has been with the company for over 9 years, is currently positioned in the bottom quartile in terms of fixed remuneration compared to peers. A review was conducted by the external consultant Godfrey Remuneration Group which recommended an increase to bring the CEO's compensation to the median level. Having said that the peer group for comparison is limited, given the CEO's long tenure and the company's unique position in the market.

### Remuneration practices

SOL advised that the practice of STI deferral was discussed as part of the overall remuneration structure. To achieve the STI target, the company needs to outperform its benchmark by 2-3% per year. If it only meets the benchmark, 80% of the STI component will vest. The two key performance metrics for STI include Net Asset Value (NAV) and cash generation; statutory profit or group profit are not a key benchmark.

In terms of long-term incentives (LTI) lock-up period, the 15-year requirement has been shortened, which may be seen as a positive development for executive retention. The company has a minimum shareholding requirement for executives, which is seen as a positive alignment with shareholders.

The company also commented that there was also some confusion around the legacy entitlement for the CEO, which was delivered as rights with a strike price based on the VWAP (volume-weighted average price) during FY23. This entitlement was originally associated with Peak Capital, a transaction that occurred 9 years ago. This is not considered a retention award, but an entitlement linked to past work.

VanEck acknowledged that the CEO's retention is important to ensure consistent dividend delivery, which has been a key driver of value for shareholders. The 2% increase in CEO remuneration (as opposed to a 20% increase based on statutory accounting) was noted as more in line with shareholder expectations.

## ESG rating and sustainability considerations

VanEck pointed out that the MSCI ESG rating was upgraded from BB to BBB, partly driven by the company's transition from carbon-intensive business lines compared to peers, but there are still several areas of concern:

- Limited evidence of management practices to address carbon emissions, and no disclosed carbon reduction targets were noted.
- No participation in initiatives like the Principles for Responsible Investment (PRI), which is likely a concern for ESG-conscious investors.

SOL noted that they had not engaged with MSCI directly. Their immediate focus was the upcoming mandatory climate reporting coming into effect in Australia. The company falls under Group 1 reporting. This is expected to bring greater transparency to the company's environmental practices and impact.

## Key investments and market positioning

**Brickworks**

The company has around 50% exposure to Brickworks, a major industrial assets partner with Goodman. The building sector represents only 10% of SOL's exposure in this area.

**TPG**

TPG remains a core holding for SOL, with continued growth expected.

**New Hope**

New Hope, a thermal coal production company, remains a significant holding for SOL. The discussion included consideration of the mining sector's future in light of the global transition to clean energy.

**Ampcontrol**

Investment in Ampcontrol, a company involved in energy transition, was highlighted as part of the portfolio's exposure to energy transition which is expected to be one of the highest growth areas in the coming years.

**Other investments:**

- Ironbark: Focus on intergenerational wealth transfer.
- Aquatic Achievers: A high cash-generating business in education.
- Agricultural: Investment in land and agricultural innovation, particularly in Australian farming practices (e.g., the frost fan technology).

## Performance overview and future strategy

### Performance and growth

SOL saw increased cash flow generation, which has supported higher dividends and kept shareholders satisfied. The company reported a 27% decline in NPAT (net profit after tax) while net cash flow from investments rose 10.3% in the latest earnings release in September this year.

The company has been investing in high-quality, growing companies with a total of $4.8 billion deployed and $800 million in cash invested in FY24.

### Equity raising

A placement and convertible bond were issued in August, marking the company's first equity raising since 1903. The shareholders have remained loyal, with an average daily trading value of $30 million.

### Performance since merger with Milton

The company's 3-year performance since the merger showed strong growth with cash flow growth at 20% p.a. NAV Growth at 19.5% p.a. which outperformed the market. The company is increasingly diversified across asset classes.

### Outlook

The company is on track with its stable dividend trajectory for the coming year.

WHC

# Whitehaven Coal

**Ticker:** WHC | **Country**: Australia | **Sector:** Energy | **Shareholder position:** Top 10

VanEck and Whitehaven (ASX: WHC) discussed the company's operations and renumeration in the upcoming AGM.

Firstly, the Chairman provided an update of WHC's operations. Over the last 12 months, the company secured the acquisition of the Daunia and Blackwater coal mines from BHP Group and Mitsubishi Development Pty Ltd (BMA). The transition has been going well.

We then discussed Aurizon, which provides rail transport services for the mined metallurgical coal at Daunia and Blackwater. There were issues with delays, which have now been resolved. Aurizon has resumed supply to meet WHC's requirements. In the interim, Pacific National, another rail transport provider, completed the job.

WHC viewed itself as a more agile organisation compared to BHP in addressing the delay efficiently. The company acknowledged that while production is crucial, logistics are equally important. Infrastructure was deemed more favorable for Blackwater due to its proximity to the port, whereas Daunia faced greater logistical challenges.

The discussion shifted to projects. Narrabri (the only underground site) performed better in the last quarter versus the last three quarters. It remained the cheapest production site but is approaching wind-down. In addition, Werris Creek finished its last shipment in June 2024 and is now in rehabilitation stage. WHC is also looking to bring Winchester South online for metallurgical coal production, as well as potentially bringing some thermal coal assets online for balance sheet requirements.

An additional challenge has been the rising costs over the past two years. However, labour availability has improved. The company highlighted that in Queensland, the cost base is inherently higher due to the sunk costs associated with take-or-pay commitments.

WHC's business strategy going forward focuses on investing in metallurgical coal assets and enhancing productivity. As steel production currently lacks viable alternatives to metallurgical coal, demand remains strong. Additionally, expanding into metallurgical coal is more favorable from a financing perspective.

We then moved on to demand overseas. WHC highlighted that China's slowdown hadn't impacted the business but had negatively impacted the price. They believed the country would get through this cyclical phase; mass migration from rural to urban is still ongoing. The focus for the company is still North Asia such as Japan who is interested in longer-term offtake contracts. Infrastructure building in the EU would also move the dial to some extent.

Finally, we discussed remuneration. As we understood from the previous engagement meeting, a new rem framework was implemented last year and was voted positively upon disclosure. However, ISS specifically went against after their review, while VanEck voted 'for' last year.

This year, we agreed with the proposed five measures in the scorecard - Health & Safety (total recordable injury frequency rate), Environment, Production Cost & EBITDA.

WHC advised that what's unique about the business was its high fixed cost, hence what they are looking for is relative competitiveness in the longer term. The key focus is at the end of the period whether the long-term outcomes align with shareholder outcomes.

Within the five metrics, production is not dependent on prices (set at the start of the year, in absolute tonnage), but EBITDA is hence it is a more balanced approach. For Queensland, since the cost base is higher, maybe they would focus more on production, less on cost in the future

We were also advised from last year that the biggest pushback was the disclosure on projects delivery. The company started disclosing in Fiscal '24 year, providing weightings of the projects with the return profiles. VanEck welcomed the decision.

In terms of performance benchmarking for the company, total shareholder return (TSR) had been aligned from the absolute perspective, but on a relative basis, the peer group proved to be hard to find.  WHC also commented that upward discretion would be unlikely this year due to mine access cutoff in NSW last year.

The company lastly flagged the FY26 vesting gap year, which is a critical period for talent retention. However full grant would be considered 'double counting' by multiple shareholders and proxy advisers.  The company was considering a fully aligned, discounted 50%-70% grant subject to time-based vesting conditions, awarded as share appreciation rights with value only realized from an uplift in share price.

WOR

# Worley

**Ticker:** WOR | **Country:** Australia | **Sector:** Industrials | **Shareholder position:** Top 50

## ESG reclassification and industry shift

Worley's (ASX: WOR) GICS classification changed from Energy to Industrials, moving it from Energy Equipment & Services to Construction & Engineering under ESG rating assessments. This resulted in revised evaluation criteria and a rating downgrade, which the company emphasised was not a downgrade in performance but a reassessment under new industry standards. WOR continues to hold a top rating within its peer group and is working to enhance disclosures on clean technology and human capital development.

## Corporate governance and board composition

WOR proposed reducing its maximum board size from 12 to 10 directors, aligning with ASX market norms whereby companies of similar size typically have 8 to 9 board members. The company believes this change will improve efficiency, governance oversight, and succession planning while maintaining high governance standards. Proxy advisors expressed concerns over restricting board flexibility, but WOR maintains that the change aligns with best practices.

Additionally, concerns were raised about multiple class share structures, where voting rights differ from economic exposure. WOR reaffirmed that its board maintains full oversight and is committed to transparency and investor alignment.

## Tribunal ruling in Ecuador

WOR responded to concerns regarding an arbitration case involving an unpaid A$58 million contract in Ecuador. The dispute originated from a subcontractor implicated in the Panama Papers leak, prompting WOR to terminate the contract in 2017. Despite conducting due diligence before the project, the tribunal ruled against WOR, citing "wilful blindness."

The company outlined three potential next steps:

1. Appealing to a UN dispute tribunal
2. Challenging the ruling in Ecuadorian courts
3. Writing off the A$58 million receivable, which has already been accounted for as a non-current asset

Confidentiality rules prevented WOR from disclosing the case earlier, but Ecuador later broke confidentiality in a US court, leading to media reports that impacted Worley's share price.

### Sustainability and growth strategy

WOR is accelerating its transition towards low-carbon projects, with 50 per cent of FY23 revenue from low-GHG initiatives and a target of 75 per cent by FY26. The company is actively investing in:

- carbon capture technology (direct air capture in Texas)
- modular hydrogen production
- AI-driven engineering solutions, including a proprietary "Worley ChatGPT" for complex engineering data

WOR stressed the urgent need for capital investments in clean energy, citing a $100 billion global investment requirement over the past three years to drive sustainable industry transitions.

### Geopolitical risks and market exposure

The company provided insights into its Middle East operations, noting that it has one active contract in Egypt and 6,000 employees across Saudi Arabia, UAE, and Oman. While there are potential supply chain risks due to Red Sea disruptions, WOR does not foresee any material financial impact at this stage.

This engagement highlighted WOR's governance structure, legal risk management, and strategic transition to sustainability. The company is navigating industry reclassification, streamlining governance, and accelerating its clean energy investments while maintaining investor transparency and risk oversight.

For more information on specific company engagement, please feel free to contact our services desk at info@vaneck.com.au or +61 2 8038 3300.

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