



# AQR Engagement Policy and Procedures

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# I. Statement of Policy

AQR is a fiduciary to its clients and considers both responsible asset selection and responsible ownership. As a diversified and systematic asset manager, AQR will typically hold positions across many issuers, industries and geographies. This provides a challenge but also an opportunity for a broadly implemented engagement policy. While AQR acknowledges the potential value in maintaining a dialogue with all portfolio companies, the need to focus engagement efforts to where it will have maximum impact is also recognized.

AQR's Stewardship Committee has developed an engagement strategy based on our fundamental belief in open dialogue and transparency as well as our conviction that improvements in corporate governance are paramount in well-functioning capital markets. Our policy seeks to engage with companies to improve their transparency to financial markets with the ultimate objective being to increase the risk-adjusted returns of our portfolios. AQR undertakes both direct and collective engagement.

## II. Engagement Programs

### 1. Direct Engagement

AQR may engage directly with portfolio companies that meet certain pre-defined criteria, with the exclusive goal of improving transparency. Engagements are conducted directly by AQR with portfolio companies regarding data that may be salient to AQR's investment process. Engagements may also be conducted directly by AQR on behalf of industry initiatives, again with the goal of improving disclosure.

To identify candidates for engagement, AQR will consider the size of a holding in an issuer across all AQR-managed portfolios. AQR will review issuer disclosure of data that may be applicable to the investment process in certain strategies. The objective of these engagements is improved disclosure.

### 2. Collective Engagement

In addition to individual company engagement activities, AQR seeks to undertake collaborative engagement with other institutional investors where it is conducive to a goal of achieving greater transparency.

Collective engagement may be engagement with one or more asset owners or other stakeholders, including investment managers and service providers. This may be conducted directly, or may extend to engagement through industry associations. AQR's Stewardship Committee is tasked with evaluating participation in such initiatives.

<sup>1</sup> While engaging with other investors on topics about a particular issuer, and in order to avoid the inadvertent formation of a "group" for purposes of reporting and disclosure obligations, AQR must not agree, either verbally or in writing, to act together with such investor in trying to influence or exert a change in control of an issuer or its management, or to vote the equity securities of an issuer in a particular manner, without prior written authorization from AQR's Chief Compliance Officer or designee.

## III. Engagement Process

The AQR Stewardship Committee is responsible for overseeing the firm's engagement programs, as well as seeking strategic input from the AQR Executive Committee, composed of the senior leadership of the firm.<sup>2</sup>

Stewardship Committee representatives will lead outreach to portfolio companies that are deemed material by their aggregate position size across AQR's managed portfolios and where improved disclosure would be beneficial to AQR's investment process. AQR's protocol for engagement is that an issuer must be held either by AQR's managed portfolios or, in cases of collective engagement, by a client, at the time the engagement process commences. After a company is identified, engagement typically begins with a written request to address the issue and may either be resolved with a written response or lead to a meeting to address the concerns further.

If, after any conversation (or lack of response), concerns remain, a follow-up written response will be sent to the company or relevant parties to outline the remaining issues and request for a subsequent response to address them. Once again, if the issue(s) remain unresolved, another conversation may be scheduled to resolve them. Ultimately, if Stewardship Committee representatives believe that one or more significant issues remain and there are no plans to remedy them in a timely manner, the Stewardship Committee representatives may make a recommendation for escalation, including potentially voting against company management, divestment in our Sustainable strategies, or other measures.

## IV. Potential Conflicts of Interest

AQR does not have subsidiaries with different engagement protocols, thereby reducing risks for conflicts of interest. Additionally, AQR's engagement platform is grounded in transparency and does not extend to "issue" engagement, or requests for policy changes from companies. A focus on disclosure, as opposed to changing business practices, reduces the risk for conflicts of interest.

<sup>2</sup> If an engagement arises where the company representatives could perceive AQR as trying to influence or exert a change in control of an issuer or its management, the AQR Stewardship Committee representative will inform the company representatives of its lack of intent to do so in any such discussions and maintain internal documentation of such communication.

## V. Material Nonpublic Information

At the outset of any conversation with portfolio companies, AQR will instruct the issuer that any information to be shared as part of any engagement should not include any material, non-public information ("MNPI") and maintain internal documentation of such communication.

Any AQR employee who believes that they may have come into possession of MNPI during any engagement with an issuer must comply with AQR's restrictions on the use of MNPI as outlined in AQR's Business Conduct Manual and Code of Ethics, including appropriate notification to a member of AQR's Legal and Compliance group.

## VI. Disclosure

Upon request, AQR will furnish a copy of this Policy together with information on firmwide engagements. Stewardship Committee representatives can be contacted via e-mail at [ESGEngagement@aqr.com](mailto:ESGEngagement@aqr.com).

## VII. Review of Policy and Procedures

As a general principle, the Stewardship Committee reviews, on an annual basis, the adequacy of this Policy to reasonably ensure it has been implemented effectively, including whether it continues to be reasonably designed to ensure that AQR's approach to engagement is in the best interests of its clients.