



Responsible Investment Policy

Last Reviewed Before: Q2 2023



I. Approach to Responsible Investment

AQR is a global systematic investment management firm that offers diversified strategies across long-only and relaxed constraint equity, and total and absolute return alternatives. We are committed to fulfilling our fiduciary obligations and to helping our clients achieve their ESG goals.

Consistent with the framework for responsible investment¹ that AQR co-created with the UN PRI, we undertake both responsible asset selection and responsible ownership in all of our ESG-based investing. According to our ESG philosophy, first affirmed in 2013, AQR seeks to:

- Embrace research and education on ESG criteria in pursuit of continuous improvement of our understanding of the risk and opportunities facing our clients, our investment strategies, and our business.
- Incorporate ESG investment ideas on an equal footing with other investment ideas, to the extent they improve portfolio risk or return characteristics.
- Be a responsible steward of our clients' investments, striving to create long-term value for clients without compromising on our core values.
- Ensure we have the resources available to adhere to these guiding principles and to aid clients in their understanding of ESG-based investing.
- Be transparent with respect to our progress on ESG research and implementation solutions.

AQR provides public annual updates on its responsible investment approach and results. The most recent ESG Annual Report is available from aqr.com/esg.

¹ <https://www.aqr.com/Insights/Research/Journal-Article/Clearing-the-Air-Responsible-Investment>



II. Guidelines Relating to ESG

AQR incorporates E, S, and/or G-related signals in our security selection models to the extent that they are expected to improve risk or return characteristics. AQR has utilized G-related signals since the firm's inception in 1998. The E, S, and G-related signals that AQR uses are subject to the same research, implementation, and oversight processes as non-ESG-related information; ESG-related guidelines are incorporated in our portfolio management systems.

AQR offers clients certain strategies that include ESG considerations. Implementations vary based on client need and, as applicable, by jurisdiction. Typically, such portfolios target reduced carbon exposure and improvement in portfolio ESG profile (vs. the salient benchmark or on the short side vs. long) and avoid companies with poor ESG characteristics based on a set of static and dynamic exclusionary criteria. Where they are offered in commingled fund format, details of the implementation are available in the relevant offering documents. In custom funds or separately managed accounts, implementation is typically memorialized in the investment management agreements.

We currently manage equity portfolios, as well as the equity sleeves of multi-strategy portfolios, with such implementations. Macro assets like sovereign bonds and commodities do not currently have associated dedicated ESG investment strategies, but those investments are subject to our broader firmwide policies and processes. AQR is committed to continued ESG-related research across asset classes.

Exclusions in dedicated ESG portfolios may target the worst-ESG-rated companies, as well as controversial weapons, fossil fuels, and tobacco, subject to revenue thresholds and based on the definitions of AQR and its data provider. Exclusions may also be client-directed. AQR does not have firmwide normative exclusions. We maintain a list of restricted securities at the firm-level, including an anti-money laundering and sanctions compliance program, and aim to abide by the restrictions imposed by the applicable regulatory scheme.

III. Additional Policies Relating to Responsible Investment

In addition to this policy document, which is predominantly focused on responsible asset selection, AQR maintains standalone engagement and proxy voting policies. We make our ESG-related policy documents publicly available on our ESG webpage, aqr.com/esg.



Disclosure

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