



AQR Stewardship Philosophy

AS AMENDED: MAY 2020 | LAST REVIEWED: MAY 15, 2020

AQR Capital Management, LLC | Two Greenwich Plaza | Greenwich, CT 06830 | U.S. | Phone: +1.203.742.3600 | Web: aqr.com



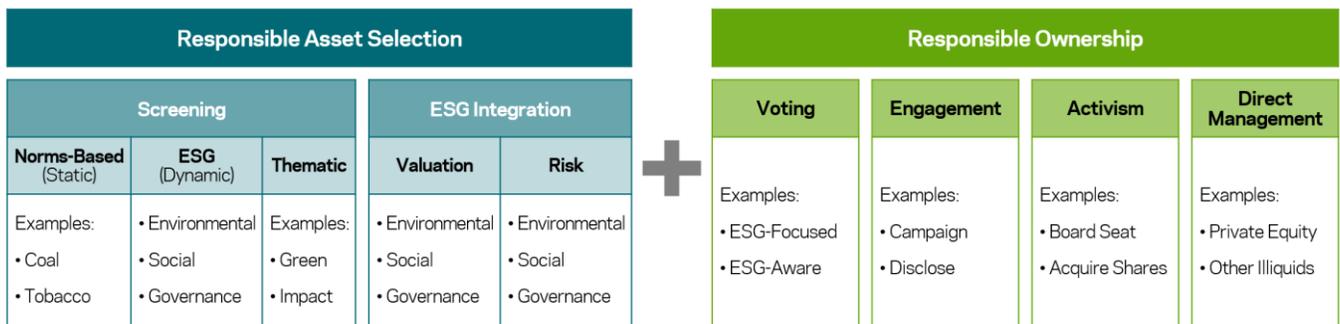
AQR is a global investment management firm dedicated to delivering results for our clients. At the nexus of economics, behavioral finance, data and technology, AQR’s evolution over two decades has been a continuous exploration of what drives markets and how it can be applied to client portfolios. Our culture of intellectual curiosity compels us to challenge the status quo, disrupt long-held beliefs and uncover new insights - we view the pursuit of truth and research excellence as our fundamental responsibility to ensure we remain at the forefront of systematic investing. AQR is committed to its fiduciary duty and to serving as a Responsible Investor.

The below chart illustrates a framework for Responsible Investment co-published by AQR and the UN PRI (United Nations Principles for Responsible Investment) which points out that a Responsible Investor may choose from a range of approaches to pursue either Responsible Asset Selection or Responsible Ownership (for more information on what a Responsible Investment framework entails see the AQR / UN PRI paper, [Clearing the Air](#)).

Responsible Investment

AQR is committed to delivering on its Responsible Investment duties and in this document we describe our principled approach to Responsible Ownership, implemented in a manner that is consistent with our systematic investment process.

The essence of AQR’s Responsible Ownership objective is creating long-term value for our clients without compromising on our core values.





AQR's Core Values



Putting Clients First.

AQR relentlessly pursues better solutions to meet our clients' objectives making their challenges our most exciting opportunities.



Inspiring individuals. Succeeding as a team.

AQR engages with those around us, asks questions, and makes learning a lifelong journey. While individuality is fostered, collaboration as a team yields the best results.



Challenging the status quo.

AQR thinks boldly. We question what we know to uncover new insights and disrupt long-held beliefs – even our own.



Doing the right thing.

AQR shows strength of character, exercises good judgment and goes beyond the highest standards.

Consistent with AQR core values, our first and foremost responsibility is to act in our clients' best interests. As a Responsible Owner, this means we will seek to integrate our clients' investment objectives and, where applicable, their Environmental, Social and Governance (ESG) and/or Socially-Responsible-Investment (SRI) objectives, into our investment offering. AQR offers several different investment strategies which prioritize different aspects of ESG factor inclusion (positive selection), negative screening (exclusions) as well as various stewardship options (standard, ESG-aware, ESG-focused).



AQR's Stewardship Code

The primary focus of AQR's stewardship is to maximize the opportunity to create positive long-term value for our clients in a responsible manner that is consistent with our core values. This opportunity may be realized in many different ways including:

- Voting our proxies in an ESG aware manner;
- Engaging directly with management of certain companies where AQR may have a stronger voice or potential impact;
- Collaborating with asset owners and other investors on specific issues to hold management accountable for misuse of their positions or other issues that are inconsistent with our ESG core values;
- Participating in industry groups or bodies that advocate for specific changes or greater disclosure on specific issues inconsistent with our ESG core values; and
- Exercising litigation rights to address corporate mismanagement, breach of fiduciary duty, fraud, misrepresentation or violations of other laws.

Voting

While we believe that directors of companies should be given leeway to determine what is in the best interests of the companies in which we invest, we also greatly value checks and balances which the right to vote one's shares protects. The principle of one vote per share is important to limit the ability of super-shares for owners or founders of companies to seek unfettered control. The right to vote on issues ranging from removing and nominating directors, board composition, approving the appointment of auditors and amending a company's corporate charter or by-laws, are among the key issues which should be brought to shareholder vote.

The performance of the board of directors is one of the most important aspects of Responsible Ownership oversight. The capability and effectiveness of the board of directors can make the difference between a successful and an unsuccessful organization, so its composition, structure and commitment cannot be underestimated. The right to remove directors who fail to meet their responsibilities remains central to shareholder vote and must be core to a Responsible Owner.

Engaging

As a diversified asset manager AQR will often hold small positions in many companies. On certain issues AQR deems to be very important, it may engage with those companies, notwithstanding the relatively small



position held. In other cases, given our scale and scope, we will amass relatively large positions (in the aggregate, across all our portfolios) in certain companies relative to their market cap or other investors' holdings in those companies. In these instances, we deem our aggregate holdings to allow us to have an out-sized potential impact with regard to engagement on certain issues. We look at various metrics to gauge the potential impact including the number of shares we hold in aggregate, the percentage of the company market capitalization and the ranking of our position with respect to other investors to determine whether we have a significant potential impact. For these companies which meet our criteria, we produce a company monitor and policy screen where we look at multiple ESG factors including reputational risks, current news and policy developments. We seek to engage to achieve maximum long-term value creation for our clients.

Collaborating

From time-to-time AQR will collaborate with others on a specific issue as opportunities to exert greater collective influence along certain ESG dimensions. These collaborations allow AQR to have a magnified impact by partnering with other like-minded organizations which have greater potential influence with company management or organization officials (including governments) due to the total size of assets represented. The issues AQR will consider collaborating on must be consistent with its core values and representative of a free and fair society which we believe allows all to flourish both socially and economically.

Participating

AQR belongs to several industry groups whose objectives are consistent with our core values and generally seek to further the transparency, fairness and ethics of the investment management industry. While we recognize that organizations may have diverging investment philosophies, doing well by doing good for clients should be the over-arching guiding principle and to do so as a Responsible Owner is consistent with that shared objective for all client-focused investment organizations.

Litigation

From time to time, one or more companies in which we invest on behalf of our clients may have been alleged to have caused losses based on corporate mismanagement, breach of fiduciary duty, fraud, misrepresentation or violations of other laws. In other instances, a company in which we invest on behalf of our clients may have been alleged to have been sold in a merger transaction for less than fair value. As a fiduciary, AQR seeks to maximize recoveries for such potentially actionable losses through class actions or other legal proceedings.

