1. Introduction

AQR Capital Management (Europe) LLP ("AQR") is an FCA-authorized Alternative Investment Fund Manager ("AIFM") and an affiliate of AQR Capital Management, LLC, a U.S. domiciled investment adviser registered with the U.S. Securities and Exchange Commission ("SEC"). The Firm uses quantitative tools in a systematic process to build diversified and risk-controlled portfolios. The process does not typically involve subjective assessments of underlying companies or direct contact with the companies in which it invests. As such, certain aspects of the Financial Reporting Council’s UK Stewardship Code (the “Code”) are not applicable to AQR’s investment activities.

Articulated below is an overview of how, and the extent to which, AQR’s investment activities are aligned with the principles of the Code (“the Principles”).

2. The Principles

   a. Principle 1

   Institutional Investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.

   AQR’s position on Principle 1

   Key aspects concerning the way in which AQR encompasses its stewardship responsibilities into its investment process are set out in this document.

   From a broader Environmental, Social, and Governance ("ESG") perspective, AQR maintains an ESG philosophy statement, which we would be happy to provide and discuss further upon request; there are also details of AQR’s ESG policy available on our website, aqr.com. Finally, as a signatory to the UN Principles for Responsible Investment, the public data in our PRI Transparency Report is available on the UN PRI website.

   b. Principle 2

   Institutional Investors should have a robust policy on managing conflicts of interest in relation to stewardship which should be publicly disclosed.

   AQR’s position on Principle 2

   AQR maintains a comprehensive conflicts of interest policy as part of its Business Conduct Manual and Code of Ethics, which is available to investors upon request and which was designed to ensure that AQR and its employees act in AQR’s clients’ best interests.

   The conflicts of interest policy identifies circumstances that may give rise to an actual or potential conflict of interest and aims to ensure that all potential and actual conflicts are identified, recorded, managed, and monitored appropriately.
c. **Principle 3**

*Institutional investors should monitor their investee companies.*

**AQR’s position on Principle 3**

AQR is a quantitative investment manager, and does not invest in companies with a view to actively influence their management. Importantly, our systematic approach to investing is grounded in fundamentals, and in general we believe the premise that good management and oversight can lead to better stock performance. AQR’s proprietary quantitative systems include a number of factors that are designed to capture such governance-related information.

We also prize helping our clients achieve their aims, which can include goals related to responsible investing: for example, AQR has extensive experience with customized accounts where we apply client-specific preferences – arising from ethical considerations or otherwise – to screen out names from a portfolio, and we also manage a number of long-only equity portfolios that explicitly incorporate consideration of a broad suite of sustainability measures, focusing on avoiding stocks with the largest ESG risk exposures.

d. **Principle 4**

*Institutional Investors should establish clear guidelines on when and how they will escalate their stewardship activities.*

**AQR’s position on Principle 4**

AQR recognizes the importance of playing an active role in corporate governance and participates via proxy voting in the AGMs and EGMs of companies held in the portfolios it advises, where authority to vote proxies has been delegated to AQR.

The operational aspects of AQR’s voting activity is outsourced to ISS Governance Services (ISS), an unaffiliated third party corporate governance research service that provides in-depth analyses of shareholder meeting agendas, vote recommendations, recordkeeping, and vote disclosure services. Votes are processed according to an agreed voting policy, which in some cases may also be a sustainability-based proxy voting policy; indeed, AQR makes the ISS Sustainability proxy voting policy available to clients, some of whom have opted to use it. As indicated above, due to our systematic and diversified investment process, AQR does not have direct contact with management of companies.
e. Principle 5

_Institutional Investors should be willing to act collectively with other investors where appropriate._

**AQR’s position on Principle 5**

In general, as described in the section above, AQR will make voting decisions as advised by its external proxy voting provider. AQR has also appointed ISS to provide corporate engagement services to AQR. This service allows AQR to join collectively with other investment managers and asset owners to facilitate a dialogue and request improved disclosure by companies involved in controversies around their ESG impacts.

f. Principle 6

_Institutional investors should have a clear policy on voting and disclosure of voting activity._

**AQR’s position on Principle 6**

A number of AQR’s clients, including the AQR sponsored funds and a number of the segregated account clients that trade cash equities, have delegated proxy voting to AQR. As noted above, in such instances the operational aspects of AQR’s voting activity is outsourced to ISS, a leading corporate governance research and proxy voting provider. We selected ISS in part because it seeks to design its proxy voting guidelines to enhance shareholders’ long-term economic interests. Although AQR will generally rely on the recommendations of this proxy advisor, AQR retains the right to exercise its discretion in voting proxies and may vote proxies in a manner other than that specifically set out by the proxy service provider. These voting instructions are monitored by AQR’s Compliance team to ensure that no conflicts of interest arise. There may also be circumstances where AQR does not vote proxies, such as when there are legal encumbrances to voting or where the tradability of a security may be impacted. AQR’s proxy voting policy and a record of all proxy votes cast on behalf of its clients are available to investors on request. It is also important to note that AQR periodically reviews all voting guidelines and we would be prepared to customize if we saw a need.

g. Principle 7

_Institutional Investors should report periodically on their stewardship and voting activities._

**AQR’s position on Principle 7**

Details of AQR’s proxy voting activity is recorded and made available to clients on request. In addition, we report on our activities to PRI and through our regular reporting channels to a number of clients. Moreover, we also communicate on such matters within AQR, aiming to keep all of our employees informed on how we aspire to incorporate ESG.

For any queries in relation to the Stewardship Code, please contact tobias.ettlin@aqr.com.