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GMO

*Sustainability and
Responsible Investing
Report*



Foreword by Jeremy Grantham

CO-FOUNDER AND LONG-TERM INVESTMENT STRATEGIST

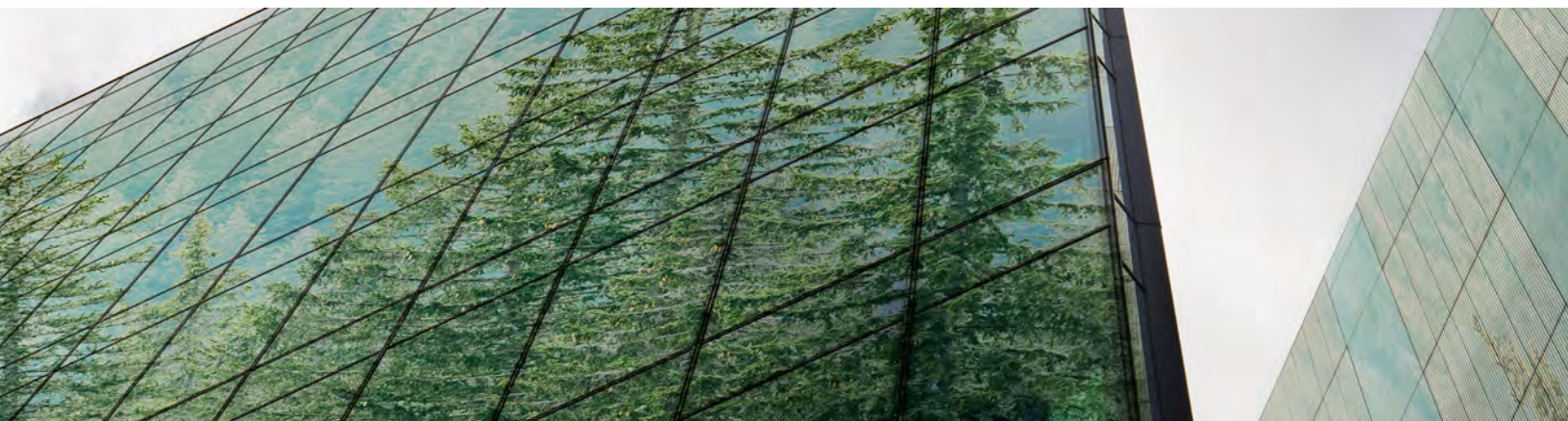
We – humanity, collectively – are now running in the race of our lives.

On one side, there is the accelerating terror of climate change. We've increased the atmospheric concentration of carbon dioxide, stable for millions of years, by half – the great majority of that in the last fifty years. This is making our climate heat up at a rate unprecedented in geological history, with dire consequences. As the climate shifts and oceans acidify, nearly half of the quantity of all wild fauna has disappeared – also in the last fifty years – and the situation is worse for particularly vulnerable groups like insects and amphibians. Massive weather disasters set new records for damage seemingly every year and are already impacting agricultural production. Meanwhile, we heedlessly continue burning through our precious limited endowments of soil, water, fertilizer, and metals. Our world is sadly finite, but our appetites are limitless.

On the other side, there is human innovation and ingenuity. For, in a regulated and well-run capitalist system, our natural greed can be harnessed for good: taking the form of entrepreneurs and companies that invent and commercialize new technologies. Some of these technologies – by giving us better and more sustainable ways to power our homes, to transport ourselves, to grow our food, and to manufacture our goods – might be able to win the race for us. There are already the incredible innovations of solar power, wind power, and lithium-ion batteries, with many more innovations yet to come. There are a few brave governments forging ahead with bold commitments to decarbonization, backed up by realistically high carbon prices. Yet total emissions so far still rise, and the damage to the biosphere is unabated. The race will be all too close; a photo finish.

It is the most critical juncture in the history of humanity to date. We all must do our part, in every capacity that we can. Here at GMO our capacity is that of investors. And investors have a vital role to play. By supporting companies that are acting to adapt to and build a greener future, and by engaging with companies to guide them in their efforts, investors will shift the whole economy onto a more sustainable path.

Companies that behave better – in every way, from avoiding pollution to promoting diversity – are also likely to provide better shareholder returns, perhaps because this early-mover behavior is a flag of better management. Ethical behavior is one measure of the real quality of a company, and (counterintuitively, given their lower risk) over the history of the stock market quality companies have outperformed.



The severity of climate change now poses dire financial risks to companies that are not prepared – both from the direct impacts of severe weather and from the impacts of regulatory and business model changes that must follow as the world takes necessary action. Some companies are already responding to the threat, finding new and better ways of shrinking their environmental footprint. Those companies will simply be more successful. And those companies that are not taking climate change on board will be left behind. As sustainable investors, we will put capital with companies that are helping a greener future arrive. As voting shareholders, we will push the companies we own to go further and do better. Because this will pay off not just for stockholders but for all of us.

Most critically – as in GMO's leading Climate Change Strategy, launched in 2017 – investors have the key role of financing, and ultimately profiting from, the innovation and technology that humanity needs to win the race. The current transition to a zero carbon economy will provide some of the greatest investing opportunities in history. More old industries will be disrupted and more new industries will rise than at any other time since the 1920s. Those investors who successfully make our economy sustainable will make fortunes – indeed, are already making fortunes.

And if – pray this will not be the case – we do not collectively succeed in building a sustainable economy, then there will be no reward for having bet against it. Because the (un) lucky winners of such a bet will find themselves without a recognizable world in which to enjoy their winnings.

Investing in sustainability means investing in our grandchildren, in our civilization, in our survival as a species. GMO has now made sustainability integral to our investment processes. All of us need to make sustainability integral to what we do: it is the fight for our very existence on this planet.

Building a sustainable future is humanity's greatest challenge. Civilization depends on our success. To date, we are not doing nearly enough. But if we invest all our energy, talent, and capital, we might just succeed.





Message from Scott Hayward

CHIEF EXECUTIVE OFFICER

In recent years, we have increasingly seen the impacts of everything Jeremy Grantham articulates in his preceding Foreword, and more. As I look back on 2021, these issues – climate change, social injustice, short-termism, to name a few – continue to accelerate, which is why it's so critical that we act now. Stewardship has always been an important part of GMO's DNA, and this inaugural Sustainability and Responsible Investing Report details how we are applying this core value today to these challenges. I strongly believe that our efforts here are necessary for GMO to better serve our clients and their missions, to be authentic, genuine contributors to our society, and to help build a more resilient and sustainable planet.

As an investment-led firm, we are focused on providing superior outcomes to our clients. In this vein, we believe that material ESG factors will be determinants of success of the companies and countries in which we invest, and so by integrating ESG in our investment processes we will improve our long-term client returns. We use ESG considerations to identify those who are working to address underappreciated ESG risks and, in turn, enhance their long-term profitability, command a higher premium into the future, and contribute to improving our world.

For several years, it has been a top priority of our investment teams to research how to integrate ESG within the various investment styles represented around the firm. Our work builds on GMO's long history of evaluating governance in the context of "GMO Quality," a concept that has been a part of our investment thinking since the 1980s. We also leverage Jeremy's extensive research on environmental risks related to climate change. To date, I am pleased to report that 85% of our portfolios now utilize ESG factors in their investment methodologies.

In 2021, we took a significant step forward, as a cross-functional research team built and launched the beta version of our own "GMO ESG Score," a proprietary bottom-up scoring tool that will allow all GMO investment teams to evaluate individual securities on a number of ESG fronts. This solves challenges our teams have encountered in their research related to efficacy and consistency of third-party ESG ratings data and boosts our ability across the organization to incorporate ESG in our analysis. We are excited to share details in this Report about the GMO ESG Score.

We also are actively engaging with companies and countries to better understand their practices and, using our power as a shareholder, to drive positive behavioral change. In 2021, we began a centralized thematic engagement program focused on environmental issues. Ideally our efforts improve both our investment results and global outcomes.



As Jeremy alludes to in his Foreword, there will be incredible investment opportunities related to global action to slow and reverse climate change. He has said previously that “global warming will be the most important investment issue for the foreseeable future,” and we agree. We finance and encourage – and ideally profit from – these efforts by investing in them in our portfolios on behalf of our clients. It is for this very reason that we launched our Climate Change Strategy in 2017, to invest in the companies helping us transition to a greener world.

We also recognize our own environmental responsibility, and we are acting as a company to reduce our carbon footprint. To this end, we have offset 100% of the emissions related to our business travel since 2018. However, we know that decarbonizing our activities is a better solution, which is why we are currently calculating our firm’s entire footprint so we can look for ways to reduce it or, better yet, eliminate it entirely.

At the same time, we are working to positively impact social equity. GMO has always been an organization that values diverse perspectives and celebrates and respects differences. We are intensifying our efforts to improve not only our own but also the investment industry’s diversity and social awareness. One of the more notable ways we are doing this is by educating and bringing more diverse students into our industry. We remain enthusiastic partners with a number of organizations that share this view, including Girls Who Invest, 10,000 Black Interns, United Negro College Fund, Apprentice Learning, and more.

These are all ambitious aims, and we know we can’t do it alone. That’s why we have added our voice to many collective initiatives designed to improve efforts around fighting climate change, encouraging diversity, equity, and inclusion, and understanding ESG matters. In 2021 alone, we joined the SASB Alliance, the ACT Accelerator, and the Japan Working Group of the Asian Corporate Governance Association. I am also proud to announce that we recently signed on to the Net Zero Asset Managers initiative, joining a global group of asset managers committed to investing aligned with net zero emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius. Through industry action, I believe that we can together amplify our individual voices and accelerate the change we need.

As always, I thank our clients for their trust in GMO. I hope this Report educates about the steps we are taking in these crucial areas, and I look forward to continued dialogue this year and in the years ahead, because we all need to lean on and learn from each other if we’re to succeed in bettering the world in which we live.

Sincerely,

A handwritten signature in black ink, reading "Scott Hayward". The signature is fluid and cursive, with a large, stylized "H" and a long, sweeping underline.

Scott Hayward, CEO



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Jeremy Grantham, Climate Advocate and Investor

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- The Grantham Foundation for the Protection of the Environment



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ABOUT US



GMO OVERVIEW

Founded in 1977, GMO is a global investment manager committed to delivering superior performance and advice to our clients. We partner with a broad range of sophisticated investors, including leading endowments, foundations, corporate and public retirement plans, sovereign wealth funds, financial intermediaries, and philanthropic family offices. Our sole business is investment management, and we are privately owned, which allows us to maintain a singular focus on achieving outstanding long-term outcomes for our clients.

We offer investment solutions where we believe we are advantaged and positioned to add the greatest value, including multi-asset class, equity, fixed income, and alternative strategies. Our investment teams are grounded in a common philosophical belief that a long-term, valuation-based approach will maximize risk-adjusted returns. Each of our teams has focused expertise and employs its own active investment process best suited to generating above benchmark performance. Our experienced investors use both innovative quantitative tools and deep fundamental analysis in managing their portfolios.

A key pillar of GMO client partnerships is sharing our academically rigorous market insights and advice. We are known for our willingness to challenge the status quo and our creative approach to addressing investment problems. We candidly share our market views and take bold, differentiated portfolio positions when conditions warrant them.

Stewardship has been ingrained in our firm since our founding. It is critically important in how we manage our clients' capital and how we relate to our colleagues, our communities, and the environment. We know that we can achieve better results for our clients and higher levels of employee engagement by bringing together people with complementary skill sets who see things in different ways and have had a variety of experiences. We have a long-standing commitment to fostering a culture that celebrates and respects differences and embraces and values what each of us brings to our work, while also encouraging intellectual curiosity and open, respectful debate. These core values extend to and strengthen all our efforts in ESG and sustainability.

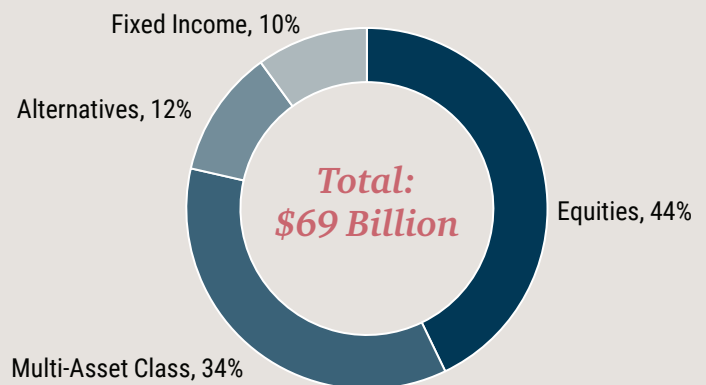
Headquartered in Boston

with offices in San Francisco, London, Amsterdam, Sydney, Singapore, and Tokyo*.

450+
Employees

125+
Investment
professionals

Assets Under Management



*A representative office
Data as of 9/30/21



ESG INVESTING



GMO'S ESG OVERSIGHT COMMITTEE

At GMO we believe that addressing ESG issues has long-term benefits to company financial performance, and that these matters are important across industries, sectors, and geographies. Our ESG Oversight Committee manages the integration of ESG considerations into GMO's investment and business processes, centrally driving advancement that is coordinated and consistent.

The ESG Oversight Committee is composed of senior investment, risk, and business professionals from across the firm. The Committee reports to CEO Scott Hayward and provides regular updates to our Board of Directors. Working in concert with the broader Committee, three sub-committees advance efforts in specific areas: Investments; Stewardship & Corporate Leadership; and Client Communication & Product Strategy.

GMO is committed to continued progress in each of these areas and to recruiting talent that will help support the development of our ESG integration efforts. Our ESG Practice Lead, Hardik Shah, participates in the ESG



Oversight Committee and brings subject-matter expertise to the forefront of its discussions. Hardik is based in GMO's Singapore office and has been with the firm for over four years. We are also in the process of recruiting a Head of ESG and Sustainability, a new senior role at GMO with broad responsibility for collaborating with investment teams on integrating ESG into their processes, assisting with efforts to increase engagement with portfolio companies through our stewardship initiatives, and playing a critical role in communicating GMO's ESG and sustainability efforts with clients, partners, and others. This individual and our ESG Practice Lead will work closely in driving our firm-wide ESG objectives.

Scott Hayward
CEO

ESG Oversight Committee

Holly Carson
Head of North America
Consultant Relations

Carolyn Haley
Head of Operations
and Finance

Roy Henriksson
Head of Investment Risk
and Trading

George Sakoulis
Head of Investment
Teams

Hylton Socher
Chief Technology Officer

Anna Chetoukhina
Head of Asset Allocation
Quantitative Research

Jason Harrison
Head of Product
Development

Andy Martin
Head of Investment
Product Strategy

Hardik Shah
ESG Practice Lead

Phil Zachos
General Counsel

ESG Sub-committees

Investments

- Data & Infrastructure
- Research & Materiality
- Investment Integration

Client Communication & Product Strategy

- Client Reporting
- Marketing & Communications
- Product Development

Stewardship & Corporate Leadership

- Corporate Engagement & Active Ownership
- Public Commitments
- GMO Sustainability

GMO Profile:

HARDIK SHAH, ESG PRACTICE LEAD



Hardik Shah, CFA, joined GMO in 2017 as the lead of our ESG practice to build our capabilities across investment product areas and asset classes.

His efforts have included collaborating with our Emerging

Markets Equity team to create GMO's proprietary country ESG model, helping various investment teams with their ESG integration and engagement efforts, and designing ESG reports for GMO strategies.

Hardik has also strengthened GMO's ESG industry leadership. He regularly speaks at events across the globe on topics related to ESG data and integration. In recent years, he has spoken at the S&P Global's inaugural flagship Sustainable1 Event "Accelerating the Transition to Sustainability" in 2021, presented in a CFA Institute webinar called "Climate Change Integration in the Investment Process" in 2020, and furthered industry stewardship and engagement activities through participation in initiatives such as Climate Action 100+ and Investors Against Slavery and Trafficking APAC.

In 2020, Hardik served on the CFA Institute's inaugural ESG working group, one of 15 global experts leading the development of an industry standard for the classification and disclosure of ESG investment products. He also joined the CFA Institute's ESG verification sub-committee in 2021.

Prior to joining GMO, Hardik led a global team of ESG analysts at Sustainalytics. Earlier in his career, he held roles in ESG Ratings at MSCI and was a senior climate change consultant with Ernst & Young. In 2015 and 2016, he was voted the #1 research firm analyst who understands the challenges and opportunities facing companies in the global Independent Research in Responsible Investment (IRRI) Survey.

ESG IN OUR INVESTMENT PROCESS

Progress to Date

Since our founding in 1977, GMO's investment process has focused on identifying the most meaningful drivers of success for companies and countries and how we can use those insights to improve our clients' investment returns. We believe that material ESG issues are a crucial driver of long-term success that demand significant consideration in our investment thinking.

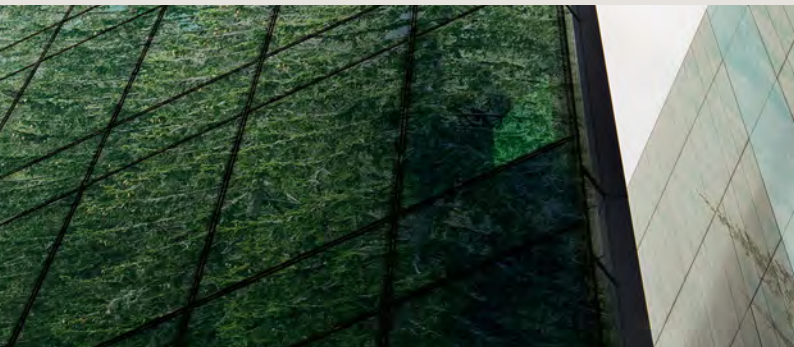
GMO's investment teams have researched ESG-related issues for years. We view accounting for material ESG issues as an evolution of "GMO Quality," a concept we have emphasized in security analysis since the 1980s and in a standalone strategy that shares that name since 2004. And in partnership with our clients, we have run client-directed separate accounts incorporating environmental and social screens since 1987.

More recently, in 2017 one of our fundamental equity strategies – GMO Emerging Domestic Opportunities – developed a proprietary country-level ESG framework and began using it in its investment process, with the view that country-level ESG risks are underappreciated in the markets. As this framework has evolved, it has been extended and adapted for use by our Emerging Markets Equity and Emerging Country Debt teams.

At the same time, GMO has been working to develop proprietary, bottom-up ESG scores for use by our investment teams, including by our Focused Equity team in its fundamentally based strategies such as Quality and Climate Change.

Today, GMO has incorporated standalone ESG factors into the investment processes of strategies representing 85% of our assets under management. Ultimately, ESG will be integrated across all investment teams, with an emphasis on proprietary scoring, physical climate risk, and stewardship through issuer engagement.

In 2021, we have concentrated on expanding the use of our bottom-up, proprietary ESG Scores within equity and systematic credit strategies (see "Building the GMO ESG Score" on page 12). GMO's Asset Allocation team, which allocates client capital to GMO strategies that will be using these scores, has also recently integrated quality and ESG adjustments into its 7-Year Asset Class Forecasts for various equity groups.



What We Think about the

E, S, AND G OF ESG

E



Environmental

Climate-related risks are an existential threat for all of us. We are therefore committed to identifying, monitoring, managing, and reporting climate-related risks in our portfolios and working to help our clients take advantage of developing opportunities. Climate risks include both transition risks (e.g., impact resulting from the decarbonization of the world economy) as well as physical risks (e.g., damage caused by hurricanes, typhoons, droughts, wildfires, and other extreme weather events).

S



Social

Social issues are similarly critical for asset owners, managers, and companies to consider. For example, poor social conditions can directly cause consumer vulnerability and negatively affect the addressable market of companies. Meanwhile, the quality of labor conditions has a direct impact on long-term earnings growth in the form of human capital productivity. Improving policies in these areas not only positively influences the success of businesses, but also has a meaningful social impact. We look at how the companies and countries we invest in approach human rights, labor practices, and diversity issues, among other considerations.

G



Governance

GMO has included governance excellence as a key criterion for evaluating companies since our earliest days. We include qualitative or quantitative assessments of corporate and sovereign governance in each of our investment processes.

How GMO Investment Teams Integrate ESG

All GMO investment teams are exploring and evaluating the best ways to utilize ESG data to maximize their investment outcomes. Each team is conducting focused research within its area of expertise, as we appreciate that the ways in which our teams integrate ESG factors should vary by asset class and region. The teams are also coordinating and collaborating with each other around the firm to share insights.

Across our long-only equity strategies, including emerging markets, the way ESG information is consumed and utilized differs. In quantitative processes, for instance, the focus is on incorporating ESG scores into risk control and portfolio construction processes, while our more fundamental-oriented teams are using ESG scores to assess potential risks in relation to their views on an industry or company. Our Climate Change, Quality, Resources, Emerging Domestic Opportunities, and Usonian Japan Value strategies have fully integrated ESG into their processes from this latter, bottom-up perspective.

GMO's Asset Allocation team has recently integrated bottom-up GMO ESG scores into its equity 7-Year Asset

Class Forecasts by allowing the required rates of return for various equity groups to dynamically change in lockstep with their relative ESG scores.

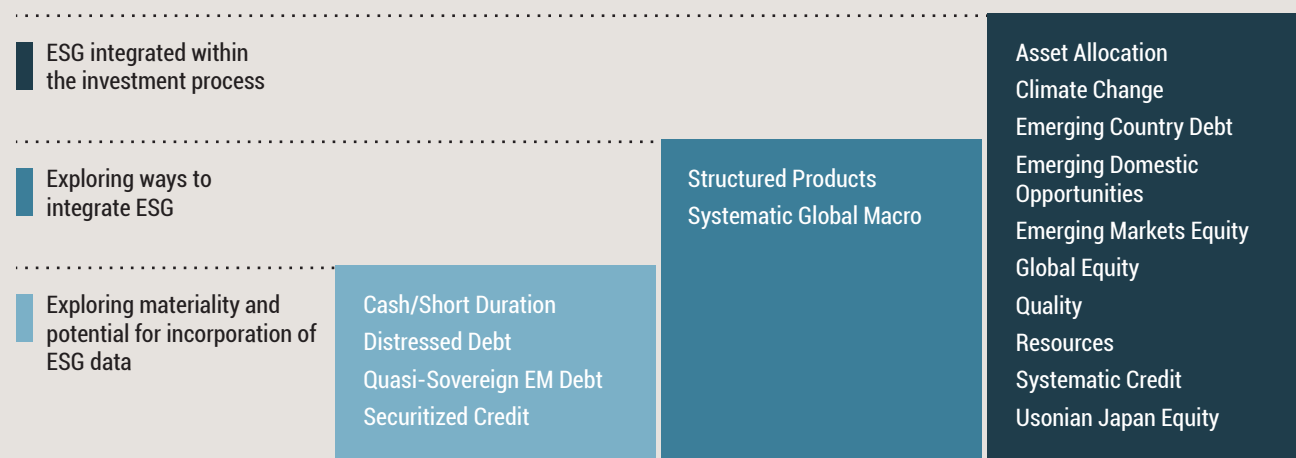
Other systematic teams are embracing ESG information while continuing to assess the most effective ways to fully incorporate it into their investment processes. Our Global Equity team, for instance, utilizes certain corporate governance alerts in their process, while our Sydney-based Systematic Global Macro team is exploring the ways environmental and social factors may provide meaningful data points around matters like income inequality.

Importantly, we view the integration of ESG across our investment capabilities as a continuing evolution, not as a discrete destination. Our research and evaluation will continue, especially as improvements are made in ESG data availability, consistency, constancy, and accuracy.

In the following Strategy Spotlights, we highlight how several GMO investment teams have integrated ESG into their investment processes.

Current State of ESG Integration

KEY GMO CAPABILITIES



As of 9/30/2021

Strategy Spotlight:

GMO CLIMATE CHANGE

Climate change has moved faster than most thought possible and is having a dramatic impact on the world. Temperatures and sea levels are rising, glaciers are melting, and extreme weather events are increasing in both severity and frequency.

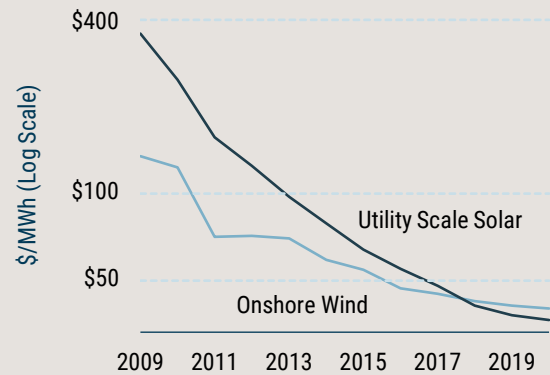
While our greatest priority is to help stop climate change, we also realize that efforts to mitigate its effects are likely to create investment opportunity. In fact, investment may be one of the most effective ways we have of garnering global support for this work. In that vein, GMO introduced the Climate Change Strategy in April 2017 after conducting extensive research into the opportunities presented by efforts to mitigate and adapt to global climate change. Our investment process follows a disciplined, value-oriented approach and includes careful examination of company fundamentals, which are critical in navigating a sector at risk of hype and stories.

As costs have fallen for solar, wind, batteries, etc., we are approaching an inflection point where clean energy solutions will be cheaper than conventional alternatives, even in the absence of subsidies. We believe the improving economics for clean energy combined with a growing global awareness of the magnitude of the problem we're up against will support secular growth in the climate change sector for decades to come.

We look up and down the supply chain for opportunities to invest in companies that will benefit from efforts to mitigate and adapt to climate change and, importantly, companies that provide inputs to the sector.

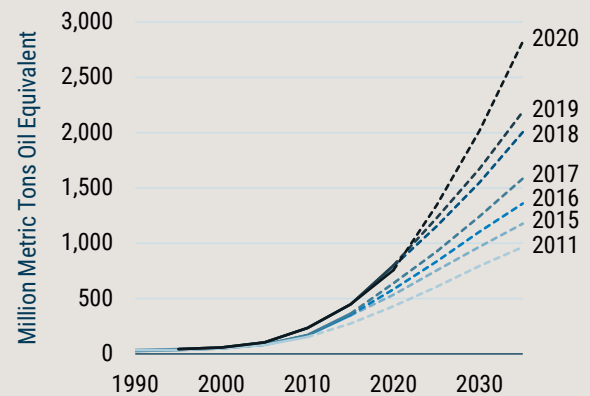
By its very nature (identifying companies helping efforts to transition to clean energy or adapt to changing climate), the Strategy's investable universe is largely composed of businesses that rate well on ESG matters. The Sustainable Impact Exposure is a measurement of the extent to which a portfolio's revenues are from products and services that help solve major social and environmental challenges, and the Strategy ranks very highly on this measure. We don't stand still, however, as we believe that companies are evolving entities and that continued evaluation of and vigilance on ESG risks is a critical component of our approach.

Unsubsidized Levelized Cost of Energy over Time



As of 12/31/20 | Source: Lazard

Projections for Renewables Consumption



As of 2020 | Source: BP

Projections are subject to change and may vary significantly from the data shown.

In 2021, Citywire ranked GMO's Tom Hancock and Lucas White as two of the top environmental and global impact portfolio managers.¹ The duo ranked 4th for the Climate Change Strategy for its stellar 1-Year total return of 92.4% (net of fees as of 4/30/21) compared to 43.9% for the MSCI World Index.

¹ Simpson, Atholl, *Eco-Warriors: The 7 Best Environmental and Global Impact PMs*, Citywire, July 2021.

Strategy Spotlight:

GMO CLIMATE CHANGE

Climate Change Sector

MITIGATION



CLEAN ENERGY



BATTERIES & STORAGE



ELECTRIC GRID



ENERGY EFFICIENCY



TECHNOLOGY & MATERIALS

ADAPTATION



AGRICULTURE

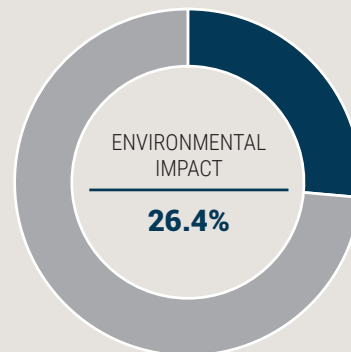
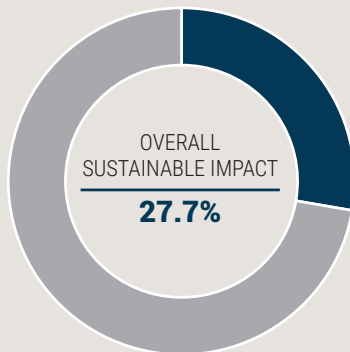


WATER TREATMENT,
EFFICIENCY & RECYCLING



ENERGY-EFFICIENT
AIR CONDITIONING

GMO Climate Change Sustainable Impact Exposure



Revenue exposure to Sustainable Impact Solutions reflects the extent to which company revenue is exposed to products and services that help solve the world's major social and environmental challenges. It is calculated as a weighted average, using portfolio weights and each issuer's percent of revenue generated from Sustainable Impact Solutions. To be eligible to contribute, an issuer must maintain minimum ESG standards.

The classifications at right help interpret the different degrees of exposure.

>20%	Very High
>10% and <=20%	High
>5% and <=10%	Moderate
>1% and <=5%	Low
<=1%	Negligible

As of 5/31/21 | Source: MSCI ESG Research LLC. Reproduced by permission.

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Strategy Spotlight:

GMO EMERGING COUNTRY DEBT

The GMO Emerging Country Debt team has incorporated ESG-related factors into its systematic sovereign risk assessment process since it launched in 1994 and has engaged in discussions on ESG matters in due diligence meetings with sovereign creditors, multilaterals, and other organizations. In early 2021, the team added proprietary ESG indicators into its investment process.

The team's sovereign risk assessment process compares emerging countries to one another based on their economic fundamentals, identifying those which appear "rich" or "cheap" in terms of sovereign spreads by using various economic variables as inputs toward establishing a single score for credit quality. ESG factors have historically been used in that process, including through the presence of the World Economic Forum's Global Competitiveness Index (GCI) and through qualitative considerations. More

recently, the team has identified three core principles to guide further integration of ESG into its systematic process: Relevance, Performance, and Continuity.

By starting with granular data and "rolling up" into proprietary E, S, and G scores according to these variables' statistical linkages to sovereign spreads, the team let the data lead rather than rely on pre-packaged third-party indicators or judgment calls. Assigning ESG factors their own "pillar" allows for the isolation and assessment of the ESG-related component of sovereign risk within the longstanding structure of the team's systematic approach. The combination narrows most of the large residuals between countries' actual and fair value spread estimates without dramatically changing the directional results in terms of whether countries appear "rich" or "cheap."

Risk Assessment Process: Sovereign

SYSTEMATIC RISK FACTORS ("PILLARS")



Economic Structure

Strength of Economic Institutions
Economic Volatility
Human Capital and Development



Fiscal Sustainability

Fiscal Trends
Debt Burden
Fiscal Flexibility



External Liquidity

Balance of Payments
External Debt
Foreign Reserves



ESG

Environmental
Social
Governance

QUALITATIVE FACTORS

Willingness to Pay
Quality of Policymakers
Political Regime Shifts
ESG Engagement Insights

Key Principles of Our Approach

PRINCIPLE	DESCRIPTION	STRATEGIC APPROACH
Relevance	Avoid the use of pre-packaged, third-party measures of ESG quality, as well as subjective judgment calls on how to weight each ESG-related factor, in favor of an approach more closely connected to our asset class and investment philosophy.	Create our own E, S, and G scores using publicly available, granular data. Assign weights based on each variable's statistical relationship to sovereign spreads.
Performance	Integration of ESG metrics should contribute to assessing sovereign risk, rather than simply serving as a signal of our values and priorities.	Use a regression approach to "roll up" our proprietary E, S, and G scores into a new ESG pillar, which can then be used as a fourth input in the final step of our process.
Continuity	Maintain the basic structure of our existing systematic process. That is, establish "pillar" scores based on various inputs, and distill these into a final metric for creditworthiness.	Move from a 3-pillar to a 4-pillar approach, with the fourth representing a country's overall ESG quality.

The Emerging Country Debt team's ESG approach was one of five shortlisted projects out of 110 entries for the 2021 PRI Awards in the ESG Incorporation Initiative of the Year category. Read the team's white paper explaining the work, [Sovereign ESG Integration: An Alpha-Oriented Approach for Emerging Debt](#), to learn more.

Strategy Spotlight:

GMO QUALITY

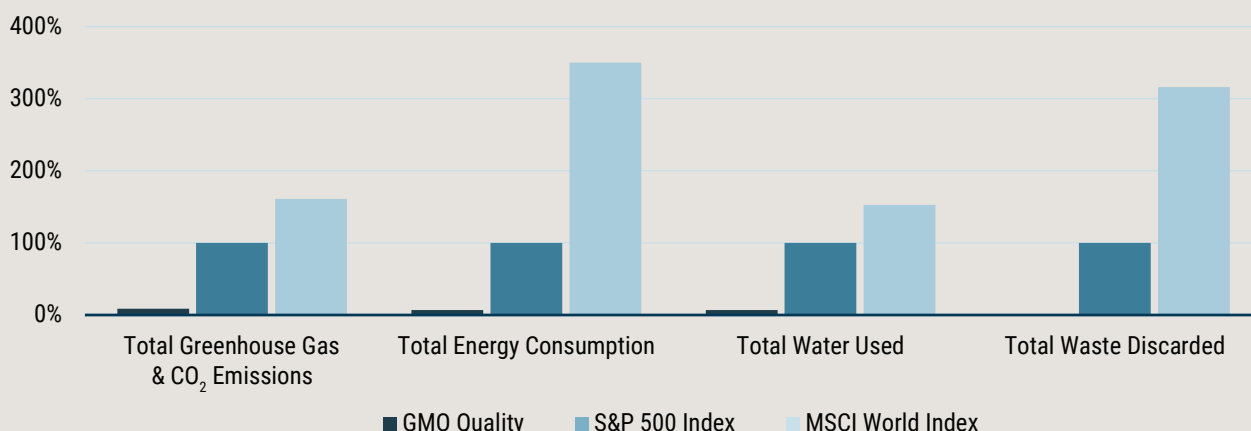
The GMO Quality Strategy invests in companies with sustainable competitive advantages that enable high, stable profits into the future. The approach traces its roots back to Jeremy Grantham's systematic research in the early 1980s, when he and colleagues devised a way to assess company quality using a few relatively simple backward-looking metrics.

Today, using a "Best of the Best" blended approach, the Focused Equity team combines the discipline and

consistency of their quantitative framework with a forward-looking, fundamental vetting process that assesses the long-term relevance of each company's business model. These forward-looking considerations include going beyond traditional financial analysis to include ESG factors for both assessing quality and valuation modeling.

The team has found that Quality companies tend to be asset-light and, in turn, score well on environmental impact criteria.

Quality has Lower Risk from Environmental Impact

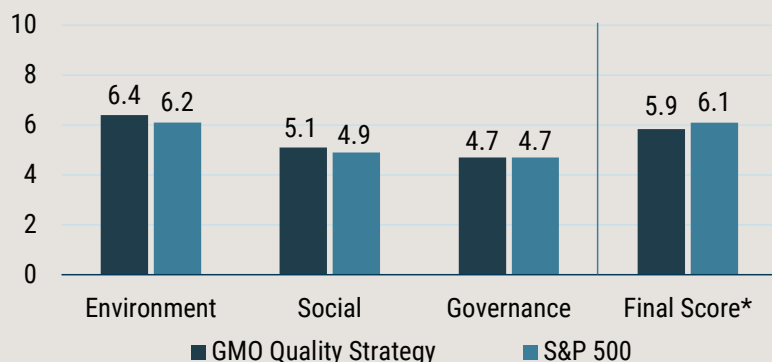


As of 12/31/2020 | Source: Bloomberg, GMO

GMO ESG Dashboard: Quality Strategy

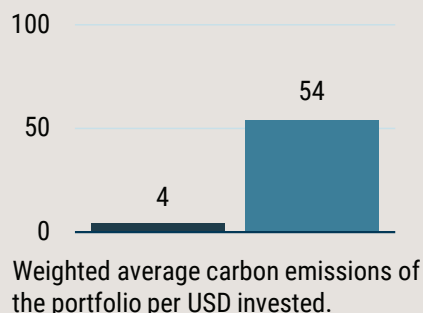
AN OVERALL SCORE THAT IS BETTER THAN THE BENCHMARK, PARTICULARLY WITH REGARDS TO ENVIRONMENTAL CRITERIA.

ESG SCORES:



TOPICAL ESG METRICS:

Carbon Footprint



As of September 2021

* In accordance with MSCI methodology, the final ESG score is derived from the industry-adjusted weighted-average key indicator scores, along with a set of portfolio adjustments that account for ratings momentum (percent companies trending positive/negative) and overall ratings quality (percent laggards in the portfolio). The above information is based on a representative account in the Strategy selected because it has the fewest restrictions and best represents the implementation of the Strategy.

Building the GMO ESG Score

Early in our experience with using ESG factors, we found that relying strictly on any one third-party ESG score was insufficient, so we began developing a proprietary GMO ESG Score that could be used across our investment teams.

One of the many challenges related to using ESG data is the lack of consistent, standardized reporting of ESG information from companies, which results in significant raw data gaps. Another common challenge is disagreement among different data providers. While there has been no shortage of data vendors in the space, each vendor comes with its own methodology, taxonomy, metrics, and measurements. The absence of universal agreement on what constitutes material information has led to low correlation among ESG scores and in turn raised meaningful questions as to how an investor can confidently rely on ESG measures to capture material issues and provide a potential source of alpha. The below table from a paper published by MIT Sloan School of Management and University of Zurich shows that ESG correlations between six different raters are on average 0.54 and range from 0.38 to 0.71. As the authors state, "This means that the information that decision-makers receive from ESG rating agencies is relatively noisy."³

To overcome these challenges, GMO has undertaken a significant research initiative to produce our own proprietary GMO ESG Score, which we believe can augment our view of financial materiality and potential issues such as climate risk, litigation risk, and reputational risk. We believe it is critical to differentiate between material and immaterial issues on an industry-by-industry basis, utilizing multiple lenses to form our own view.

The research group tasked with this effort includes members of our Asset Allocation, Global Equity, Emerging Markets Equity, Fixed Income, and Technology teams. The group concluded its first phase of research during the summer of 2021, and the beta version of the GMO ESG Score is now being tested and integrated by GMO investment teams. The ultimate objective is for our investment teams to utilize the GMO ESG Score in the specific manner it will be most effective and additive to their process.

In developing our new bottom-up GMO ESG Score, we have sought to ensure that we:

1. Assess the ESG quality of a company through multiple lenses.
2. Focus on material ESG issues that can affect future profitability.
3. Make explicit the connection between ESG and financial quality.

Our framework combines data from three primary ESG data vendors: MSCI, Refinitiv, and Truvalue Labs.

Due to the proliferation of diverse ESG data vendors and the related challenges mentioned above, we decided it is important to have a comprehensive approach to collect data on ESG issues rather than rely on one specific vendor or methodology. We evaluated over a dozen vendors using criteria including security coverage, depth of history, data quality, proximity to raw data, differentiation of methodology, and availability of a Sustainability Accounting Standards Board (SASB) mapping.

Correlation Between ESG Ratings

Correlations between ESG ratings at the aggregate rating level (ESG) and at the level of the environmental dimension (E), the social dimension (S), and the governance dimension (G) using the common sample. The results are similar using pairwise common samples based on the full sample. SA, RS, VI, A4, KL, and MS are short for Sustainalytics, RobecoSAM, Vigeo Eiris, Asset4, KLD, and MSCI, respectively.

	KL SA	KL VI	KL RS	KL A4	KL MS	SA VI	SA RS	SA A4	SA MS	VI RS	VI A4	VI MS	RS A4	RS MS	A4 MS	Average
ESG	0.53	0.49	0.44	0.42	0.53	0.71	0.67	0.67	0.46	0.7	0.69	0.42	0.62	0.38	0.38	0.54
E	0.59	0.55	0.54	0.54	0.37	0.68	0.66	0.64	0.37	0.73	0.66	0.35	0.7	0.29	0.23	0.53
S	0.31	0.33	0.21	0.22	0.41	0.58	0.55	0.55	0.27	0.68	0.66	0.28	0.65	0.26	0.27	0.42
G	0.02	0.01	-0.01	-0.05	0.16	0.54	0.51	0.49	0.16	0.76	0.76	0.14	0.79	0.11	0.07	0.30

Source: MIT Sloan School of Management and University of Zurich, 2020.

³ Florian Berg, Julian F. Koelbel, and Roberto Rigobon, "Aggregate Confusion: The Divergence of ESG Ratings," MIT Sloan School of Management and University of Zurich, Working Paper 5822-19, 17 May 2020.

GMO ESG Model

Underlying Data



ESG Categorization & Industry Definition



Materiality Weighting

AUGMENT MATERIALITY MAP (SASB+)

Materiality Analysis

FUNDAMENTAL



STATISTICAL

FINAL GMO SCORE, PILLAR SCORES

MSCI and Refinitiv provide us with fundamentally based data, while Truvalue Labs uses AI to assess large quantities of unstructured data to provide ESG insights and analytics. The inclusion of multiple vendors helps us increase our overall ESG data coverage, and combining these specific three datasets delivers a more well-rounded fundamental and statistical picture of the variables at play, providing stronger conclusions than could be generated from any individual source. In our process, we equally weight the data coming from MSCI, Refinitiv, and Truvalue Labs.

Beyond the data, our ESG Score framework concentrates on the materiality of an ESG issue as it relates to a particular company or industry. Importantly, not all ESG issues are material and different issues are material in different industries. Material ESG issues represent dimensions of the quality of a company that will be drivers of future financial performance. Measuring this enables us to capture opportunities and highlight risks that factor into our integrated security assessments.

We start with an initial mapping of our ESG data to 26 key performance issues identified by SASB, which indicates whether an issue is material or not in an industry. Our proprietary research then drills deeper into assessing how material a particular issue is to a specific company within an industry. The more an issue relates to financial materiality and, thus, future profitability, the higher its weighting in our ESG Score. We recognize that statistical techniques are prone to mismeasurement, so we take

a further step of adjusting our proprietary weights in favor of what GMO's fundamental materiality analysis framework deems material in a particular industry. We have developed methods to make these associations explicit and measurable.

We also have a strong view on companies for which we have no information. We treat them as if they are not disclosing adequate information that could be picked up by any of our vendors, and we penalize them by assigning a negative score.

Based on this comprehensive analysis, we create for each company both a total GMO ESG Score and a score within each E, S, and G pillar.

The beta version of the GMO ESG Scores, along with the methodology and the raw data, are available now to the investment teams across GMO. It is at the discretion of each investment team to incorporate the Scores in a manner consistent with their objectives and style of investing. The ultimate objective is to be able to demonstrate the impact of the ESG Scores in each portfolio meaningfully and substantively.

By working with third-party data from vendors such as MSCI, Refinitiv, and Truevalue Labs, and then applying our own qualitative and quantitative analysis of materiality across different sectors, industries, companies, and countries, we believe we have created a more robust tool to evaluate the risks and opportunities that may be available based upon ESG considerations.



MATERIALITY – SASB AND BEYOND

The Sustainability Accounting Standards Board (SASB) was founded in 2011 to develop standards by which companies can communicate to their investors about how ESG issues impact long-term enterprise value. SASB and other organizations, including CDP, Climate Disclosures Standards Board (CDSB), Global Reporting Initiative (GRI), and International Integrated Reporting Council (IIRC), have together announced a shared vision for a comprehensive corporate reporting system that includes both financial accounting and sustainability reporting.

We welcome these developments as a crucial step in creating a shared language around ESG and sustainability, while we are also pursuing unique efforts that enable GMO to utilize our own fundamental insights to go beyond SASB's five pillars (Environment, Social Capital, Human Capital, Business Model and Innovation, Leadership and Governance). These insights include subject-matter expertise on sectors and industries; the potential impact of regulations like the Paris Climate Agreement; our assessment of the impact due to ESG controversies; and our ability to incorporate information and insights from third parties.

While undertaking the fundamental materiality analysis for each of the 77 SASB industries, GMO's ESG team referenced the SASB Materiality Map, which identifies 26 issues across the five pillars noted above as a starting point. We applied our subject-matter and sectoral expertise, evaluated current and upcoming regulations, and assessed the degree of business impact that companies have had due to mismanagement of specific ESG issues in the past. These influenced our view on which of the 26 issues were material, potentially material, or immaterial. We then used statistical materiality analysis to reconfirm the relevance of these issues for the specific industry. This process was carried out for each of the 77 SASB industries.

We acknowledge that the SASB Materiality Map is an outcome of an extensive consultation process among investors, corporates, and regulators. Therefore, we did not aim to reinvent the wheel, but we still wanted to be bold enough to differ from SASB wherever needed.

An illustrative example of GMO's fundamental materiality analysis differing from SASB is our findings with relation to greenhouse gas emissions in certain industries, specifically Real Estate and Health Care Distributors.

In the Real Estate industry, SASB had not identified greenhouse gas emissions as a material issue. The International Energy Agency has found that buildings and building construction combined are responsible for over one-third of global final energy consumption and nearly 40% of total direct and indirect CO₂ emissions. We believe decarbonizing this industry will play a crucial role in achieving the commitments made under the Paris Climate Agreement. Therefore, effective management of greenhouse gas emissions are material and warrant a larger weighting in our model.

On the other side of the materiality issue, SASB identified greenhouse gas emissions as a material issue for Health Care Distributors. Our analysis finds that absolute emissions by distributors and wholesalers of health care products are not as significant as manufacturers of said equipment and devices. Therefore, we determined managing greenhouse gas emissions is non-material for the industry and our model suggested a lighter weighting of the issue.

As the investment industry matures in its knowledge and application of ESG risks and opportunities, we believe that the concept of materiality will be dynamic in nature. Hence, we plan to periodically re-assess materiality both fundamentally and statistically to be able to alter our views and keep them forward looking and relevant.

INVESTMENT STEWARDSHIP

Engagement

As stewards of our clients' capital, GMO has always been committed to improving our understanding of what contributes to the long-term success of the companies and countries in which we invest. For decades, our investment teams have met one on one with companies and countries and have raised concerns and expressed our views on specific issues, including ESG matters. We believe that active engagement with issuers of equity and debt securities help us to better understand and assess key ESG risks and opportunities and, critically, how these matters support – or risk hurting – long-term investment results.

The Stewardship & Corporate Leadership sub-committee of our ESG Oversight Committee is responsible for encouraging engagement at a firm-wide level that complements and supports the individual efforts made by our investment teams. The sub-committee regularly informs the ESG Oversight Committee and relevant investment teams about potential engagement topics, information and results of engagements completed, and other engagement-related matters. It also identifies opportunities to engage issuers jointly with other like-minded investors through participation in broad collective initiatives pursuing better ESG practices and disclosure.

In 2021, GMO adopted an Engagement Policy Statement sponsored by the Stewardship & Corporate Leadership sub-committee as well as the ESG Oversight Committee, which describes our engagement philosophy and practices. In general, we seek to engage with issuers where GMO can have influence, such as through substantial ownership, though we also may engage in other instances, such as where a particular topic presents an outsized risk to an issuer. We seek to engage in an open and constructive dialogue, such as in written communications, meetings with company personnel and senior management, or discussions with board members. Depending on an issuer's response, we may escalate our engagement, and if our concerns have not been adequately addressed via our engagement process, we may take additional action over time, including through proxy votes, shareholder resolutions, or divestiture.

We also initiated a thematic engagement program in 2021, established and overseen by the ESG Oversight Committee, which seeks to help our investment teams better understand and assess key ESG risks and opportunities and encourage issuers to behave in a way that supports positive long-term results.

Initially, our thematic program is focused on environmental issues. Following GMO's long history of research into climate change and environmental matters, we are prioritizing engagement with issuers on one or more of the following: (1) adoption of reporting standards from SASB and the Task Force on Climate-related Financial Disclosures (TCFD); (2) identification and transparent discussion of plans for managing and mitigating climate change risks; (3) improvement of performance in environmental areas where such issuers are identified as materially underperforming relevant peers or industry best practices, either by industry data sources or GMO's scoring; and (4) specific identification and disclosure of other sustainability and ESG topics that are material to an issuer's long-term success.

For example, the GMO Global Equity team is engaging with portfolio companies that the team feels need improved disclosure around environmental risks, also leveraging GMO's involvement as an investor member with the CDP (formerly, Carbon Disclosure Project), a not-for-profit organization that works with companies to disclose their environmental impact.

These topics are not exclusive, and our investment teams regularly engage with issuers on different matters as well that are aligned with a specific investment thesis or that arise during the investment process. On thematic topics and others, GMO uses a variety of data sources and proprietary rating methods to identify issuers that score poorly in our priority areas and where further engagement may help identify the causes of such underperformance and opportunities for improvement.

2021 Engagement by ESG Factor



28%

Environmental



21%

Social



51%

Governance

172

2021 Total # Engagements

2021 Engagement Themes

GMO's ESG Oversight Committee has currently identified the following topics for issuer engagement:

- Management of climate change-related and other environmental risks
- Potential ESG-related risks and controversies
- Management of natural capital
- Governance structures and board matters, including diversity, equity, and inclusion
- Human rights, corruption, transparency, and rule of law
- Supply chain oversight and management
- Improving the quality and transparency of issuer disclosures
- Promoting alignment of incentive structures with relevant thematic engagement topics

Case Study: GMO Focused Equity

Investment Team Engagement Approach: The GMO Focused Equity team directly engages with companies to gather information, encourage disclosure, and cooperatively influence company policy.

Engagement Example: Over the past few years, the team has engaged with a U.S.-listed mining company held by our Resources and Climate Change portfolios. Our portfolio management team has had concerns about some of the company's activities, including around the environmental impact of its operations, operational-related disclosures, and labor relations.

The team has been in communication with investor relations, management, operational experts, and the ESG team at the company via phone calls, letters, and meetings to try to impact behavior. In response to our efforts, the company disclosed data from its water monitoring program in the vicinity of one of its mines, which had been an area of concern for us. Though we consider this to be a successful engagement already, Focused Equity's engagement efforts continue.

Case Study: GMO Usonian Japan Equity

Investment Team Engagement Approach: GMO's Usonian Japan Equity team collaboratively engages with company management to both advance research efforts and enhance outcomes. The team believes that by building healthy and constructive relationships, it can unlock shareholder value. Objectives of the team's engagement activity include understanding how management thinks about strategic issues, building critical relationships with management teams to deepen trust, supporting initiatives and providing advice, and influencing outcomes by formally presenting ideas for performance improvement.

Engagement Example: The team has been engaging with a Japanese services company since July 2020 after seeing an opportunity for value creation before initiating a position in the company. Topics discussed have mostly centered around governance, including about their approach to balance sheet and capital management and their shareholder returns practices. The team has interacted with the CEO via a phone call, written correspondence, and a formal presentation.

Following our engagement, the company unwound a large portion of an unnecessary financial holding and used the proceeds for shareholder distributions via a share buyback. We increased our percent ownership of the company via the buyback.

Proxy Voting

GMO views proxy voting as an integral aspect of security ownership, and we conduct the function with the same degree of prudence and loyalty afforded any fiduciary or other obligation of an investment manager. We believe the alignment of company management's goals with those of its shareholders and other stakeholders is the strongest route to protect our clients' investments as minority stakeholders. We seek to vote proxies in a manner that encourages and rewards behavior that supports the creation of sustainable long-term growth and in a way consistent with the investment mandates of the assets we manage for our clients.

We aim to promote sustainable best practices in portfolio companies, which includes advocating for environmental protection, human rights, fair labor, and anti-discrimination practices. To encourage sustainability best practices, we consider generally accepted frameworks such as those defined by the United Nations Principles for Responsible Investment (PRI) and United Nations Global Compact.

Since 2017, GMO has primarily followed the ISS Sustainability Policy as our primary basis for default recommendations. As defined by ISS, "[o]n matters of ESG import, ISS' Sustainability Policy seeks to promote support for recognized global governing bodies promoting sustainable business practices advocating for stewardship of the environment, fair labor practices, non-discrimination, and the protection of human rights. ... On matters of corporate governance, executive compensation, and corporate structure, the Sustainability Policy guidelines are based on a commitment to create and preserve economic value and to advance principles of good corporate governance."

GMO's proxy voting process relies on case-by-case analysis from both ISS and our own investment teams on a variety of topics ranging from environmental and social proposals to recommended votes against management. Regardless of the default policy recommendation, GMO's investment teams retain the authority to deviate from those recommendations if they believe it to be in the best interest of our clients. In the 2020-2021 proxy voting year, GMO supported a majority of shareholder proposals (59%) and cast votes against management about 7% of the time on issues ranging from capitalization and reorganizations to non-salary compensation and director elections.

Proxy Voting Summary

2019

Total Votes Cast	28,959
Management Proposals Voted on	28,274
Shareholder Proposals Voted on	685
Votes with Management	26,310
Votes against Management	2,091
Abstentions	558
Total Meetings	2,745

2020

Total Votes Cast	28,487
Management Proposals Voted on	27,753
Shareholder Proposals Voted on	734
Votes with Management	25,910
Votes against Management	2,028
Abstentions	549
Total Meetings	2,715

2021

Total Votes Cast	31,433
Management Proposals Voted on	30,716
Shareholder Proposals Voted on	717
Votes with Management	28,578
Votes against Management	2,196
Abstentions	659
Total Meetings	2,930

2021 Voting by Region

Americas	32%
Asia-Pacific	34%
EMEA	34%

2021 Voting by Proposal Topic

Director/Board	61.3%
Routine Business	22.0%
Financial Management	8.2%
Compensation	4.4%
Mergers and Acquisitions	3.0%
Anti-takeover	0.6%
Environmental, Social, Governance	0.5%

*All proxy voting data is based on annual periods from July 1st to June 30th



PROFILE ON JEREMY GRANTHAM



JEREMY GRANTHAM, CLIMATE ADVOCATE AND INVESTOR

Jeremy Grantham, a co-founder of GMO, a member of GMO's Board of Directors, and our Long-Term Investment Strategist, is recognized as a leading global advocate for climate change efforts and investment.

Jeremy was elected a member of the American Academy of Arts and Sciences in 2015, was appointed Commander of the Order of the British Empire (CBE) in 2016, and received with his wife, Hannelore, the Carnegie Medal for Philanthropy in 2017, all for leadership in climate change activities. He has been featured on Barron's list of "The 20 Most Influential People in ESG Investing" and frequently speaks to activists and allocators at industry events, including delivering the keynote session at the Financial Times Live (FT Live) Investing for Good USA conference as well as the Economist "Investing for Impact" Conference in 2020, and many others.

Jeremy and Hannelore founded the [Grantham Foundation for the Protection of the Environment](#) in 1997 in support of

a mission to protect and conserve the natural environment. They also helped establish the [Grantham Institute - Climate Change and the Environment](#) at Imperial College in 2007 and the [Grantham Research Institute on Climate Change and the Environment](#) at the London School of Economics in 2008. More recently, they assisted with launching the [Divecha Centre for Climate Change at the Indian Institute of Science](#) (along with Arjun Divecha, a Partner and Board member of GMO) and the [Grantham Centre for Sustainable Futures](#) at the University of Sheffield.

Together they have committed to donating the vast majority of their net worth during their lifetimes to addressing the effects of climate change and toxicity.

Climate Research

Jeremy has published numerous white papers articulating the existential environmental and social challenges we face and how we can rise to address them, including climate change, resource scarcity, population growth, agricultural limitations, toxicity, and more. He has written deep dives on singular topics in long-form papers and many times has included topical overviews and updates within his regular high-profile GMO Quarterly Letters, enabling him to reach the broadest audience possible. He educates and inspires action, encouraging others to join him in the fight against climate change.



Below are highlights of Jeremy's published commentary. See "Jeremy Grantham's Climate Research" on page 36 for a full list of his climate-related papers.

Everything You Need to Know about Global Warming in 5 Minutes (July 2010)

Jeremy's "Summer Essays" included this section, a 13-point summary of climate change. Jeremy concluded by stating, "Global warming will be the most important investment issue for the foreseeable future."

The Race of Our Lives (April 2013)

Jeremy analyzed why our global economy, reckless in its use of resources and natural systems, might cause the collapse of civilization, also articulating ways we could avoid that fate, including necessary progress in alternative energy.

The Race of Our Lives Revisited (August 2018)

This sequel to the 2013 paper comprehensively updated Jeremy's research on the dire risks of climate change, population growth, and environmental toxicity. Jeremy concluded that humans could still address these issues by decarbonizing the economy and advancing green technologies, but that it would be a very close race requiring all the leadership, all the science and engineering, and all the luck we can muster.

Chemical Toxicity and the Baby Bust (February 2020)

In this piece, Jeremy argued that toxicity is having a profound impact on global fertility and that the economic and social ramifications will be severe.

COVID-19, Climate Change, and the Need for a New Marshall Plan (October 2020)

Jeremy advised the incoming U.S. administration to launch a major fiscal program to create new infrastructure for energy, transportation, and industry, which would help the climate, help the economy, and become a long-term geopolitical advantage for the U.S.

The Grantham Foundation for the Protection of the Environment

Jeremy and Hannelore believe that innovation and technology are the best hope to protect and conserve our environment for an enduring future. Consistent with this belief, the Grantham Foundation takes early-stage positions in important yet underfunded climate opportunities that require new science and new ways of thinking.

The venture capital industry can be reluctant to invest in risky technologies with externalized benefits or in speculative business models that rely on the maturation of climate policy, leading to a gap in the market where many ideas with enormous climate potential currently fall. The Foundation invests in this gap, researching overlooked sectors and often investing at very early stages – sometimes first capital, sometimes even first experiment.

Examples of the types of investments the Foundation has made include redesigning energy systems, improving soil health, sparing the ocean from acidification, recapturing carbon from the atmosphere, and more.

The Foundation has long-standing relationships with Rare, The Nature Conservancy, World Wildlife Fund, Rocky Mountain Institute, and Environmental Defense Fund, working with these organizations to advance novel environmental and climate solutions.

At GMO we have benefited tremendously from our relationship with the Grantham Foundation. This partnership has included information sharing sessions with our GMO Focused Equity team to discuss developments in climate change science and technology and the private markets that could potentially have implications for public equities, to help the team in managing GMO's Climate Change Strategy.





COMPANY ACTION AND CULTURE

INDUSTRY LEADERSHIP AND COLLABORATION

We believe in having meaningful dialogue about ESG issues among asset owners, investment managers, and companies.

We have been a signatory to the United Nations Principles for Responsible Investment (PRI) since 2017, and we complete the PRI reporting process on an annual basis. Our PRI Transparency and Assessment Reports, which highlight GMO's activities and progress made towards implementing the six principles of the PRI, are available upon request. Below is a summary of recent assessments. In 2020, GMO scored at par or better than the median score of our global signatory peers.

In addition to the PRI, we have added our voice as a member, supporter, or signatory to other groups that share our views regarding the importance of ESG factors. We are actively involved in collective action through initiatives that bring together like-minded asset owners and asset managers and that can magnify the impact of our engagement efforts. Our Stewardship & Corporate Leadership sub-committee and ESG Oversight Committee continuously monitor and evaluate opportunities for collective action.



UN PRI Assessment

How do we compare with peers?

<i>Module Name</i>	2018 ASSESSMENT		2020 ASSESSMENT	
	<i>GMO Score</i>	<i>Median Score</i>	<i>GMO Score</i>	<i>Median Score</i>
1. Strategy & Governance	B	A	A+	A
10. Listed Equity – Incorporation	C	B	A	A
11. Listed Equity – Active Ownership	C	B	B	B
12. Fixed Income – SSA	C	B	A	B

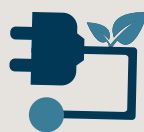
UN PRI assessment scores are on a scale of A+ (top band) to E (lowest band).

Notably, we are participants in the Climate Action 100+, a multi-year initiative to engage systematically important greenhouse gas emitters and other companies across the global economy that have significant opportunities to drive clean energy transition. Additionally, GMO was one of the first supporters of Investors Against Slavery and Trafficking Asia-Pacific, an investor-led initiative to engage companies in the region to promote effective action to find, fix, and prevent modern slavery, labor exploitation, and human trafficking.

We also publicly support the Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD) and have undertaken a climate change risk analysis of our firm-wide portfolio holdings in line with TCFD recommendations.

These are just a few examples, while the below details all our collective action engagements.

In addition, we support the CFA Institute's efforts to develop an industry standard for the classification and disclosure of ESG investment products, and we have engaged in dialogue with regulators such as Singapore Exchange (SGX) and the Monetary Authority of Singapore (MAS) on issues ranging from corporate sustainability disclosures to proliferation of sustainable investing and green finance in the region.



Net Zero Asset Managers Initiative

GMO is a signatory of the Net Zero Asset Managers Initiative, a global group of asset managers committed to galvanizing the asset management industry to support investing aligned with net zero emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius.

Our commitment to this initiative is grounded in our strong belief that climate change poses critical risks for companies and countries in which we invest. It aligns with our ESG integration efforts in both our investment approach and our engagement strategy focused on environmental issues.

As part of our commitment, we are developing an interim target for a proportion of our assets under management to be managed in line with the attainment of net zero emissions by 2050 or sooner.



GMO'S PARTICIPATION IN COLLECTIVE INITIATIVES



2017

- Became an investor member of the CDP (formerly, Carbon Disclosure Project)
<https://www.cdp.net/en>
- Signed the Japan Stewardship Code
<https://www.fsa.go.jp/en/refer/councils/stewardship/index.html>
- Signed the Principles for Responsible Investment (PRI)
<https://www.unpri.org/>



2018

- Joined the Climate Action 100+
<http://www.climateaction100.org/>
- Became a signatory of the Singapore Stewardship Principles
<http://www.imas.org.sg/>
- Became a signatory of the UK Stewardship Code 2012
<https://www.frc.org.uk/investors/uk-stewardship-code>



2019

- Initiated support of the Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD)
<https://www.fsb-tcfd.org/>



2020

- Joined CDP Science-Based Targets collaborative engagement program
<https://www.cdp.net/en/investor/engage-with-companies/cdp-science-based-targets-campaign>
- Became one of the first members of the Investors Alliance Against Slavery and Trafficking, Asia Pacific
<https://iaast.fastinitiative.org/>
- Joined the Transition Pathway Initiative
<https://transitionpathwayinitiative.org/>



2021

- Became a supporter and signatory of the ACT Accelerator
<https://www.who.int/initiatives/act-accelerator>
- Joined the Japan Working Group (JWG) of the Asian Corporate Governance Association (ACGA)
<https://www.acga-asia.org/>
- Became a signatory of the Net Zero Asset Managers Initiative
<https://www.netzeroassetmanagers.org/>
- Joined the SASB Alliance
<https://www.sasb.org/>
- Planning reapplication to the 2020 UK Stewardship Code
<https://www.frc.org.uk/investors/uk-stewardship-code>

SUSTAINABILITY AT GMO

Alongside our focus on incorporating ESG into our investment process and influencing others' behavior through our engagement efforts, we believe GMO should seek to reduce our own climate impact by reducing the environmental footprint of our day-to-day operations. Our employee-led Green Initiatives Working Group is dedicated to finding new ways to make our workplace more sustainable and to help educate our colleagues on how to reduce their environmental impact at work and at home. The Group is made up of GMO employees across all departments and geographies of the firm and draws support from senior management, the ESG Oversight Committee, and our Facilities and Human Resources teams, with key contributions from our ESG Practice Lead, Hardik Shah.

GMO Global Offices

GMO partners with office landlords that are active in mitigating the impacts of climate change and that demonstrate a commitment to highly sustainable buildings. Summary details of each of our global offices are below.

BOSTON

LEED Gold certified

SAN FRANCISCO

LED Lighting with energy conserving window treatments

LONDON

100% REGO, with backed renewable energy certificates

AMSTERDAM

Netherlands Sustainability Certificate

A+ energy efficiency label

SYDNEY

4.5 star NABERS Energy Rating

4.0 star NABERS Water Rating

5.0 star NABERS IEQ Rating

SINGAPORE

Certified BCA Green Mark Gold Development

In 2023, GMO plans to move our Boston headquarters to a new building several streets away from our current location. As we evaluated potential new "homes,"

sustainability matters were an important consideration for us. Our planned new office is in a LEED Gold building and is Fitwel certified, which is a rating of the health-affecting aspects of the building environment designed to improve occupant wellbeing. The building is also more efficient than 75% of similar buildings nationwide, according to its rating by the Energy Star Certification Program.

Carbon Footprint

GMO has purchased over 5,000 tonnes of carbon offsets from a wind farm in the Philippines to offset 100% of the impact of our employees' business travel from 2018 through 2020, and we are committed to continuing these purchases going forward as one tool in reducing our carbon footprint. We are currently working to calculate our total carbon impact firm-wide, so we can first and foremost identify ways to reduce that total figure, and as a secondary option offset the remainder.

One of the ways we are reducing our overall emissions is via our technology strategy. We are in the process of migrating applications, infrastructure, and services from proprietary data centers to Microsoft Azure data centers, which allows GMO to scale dynamically while reducing the overall energy requirements. Based on energy efficiency alone, so far this shift has reduced GMO's related carbon emissions by 60%. On top of that, Microsoft has purchased carbon offsets for the Azure data centers as well, which, combined with the energy efficiencies, has effectively eliminated the entire carbon footprint of GMO's former proprietary data centers. In Q2 of 2022, we will have closed our largest data center as part of our transition to the cloud, thus decarbonizing even further.

Other examples of our sustainability initiatives include:

- We offer recycling services in all our offices globally. In our Boston headquarters, composting and plastic bag recycling services are available.
- Globally at our client events, we offer bamboo pens and note pads made from recycled paper for use by clients. Additionally, we provide electronic copies of presentations rather than copies printed on paper.
- GMO has provided all employees globally with reusable water bottles to reduce our consumption of single-use plastic cups.
- We seek to source office supplies sustainably. For example, we buy paper products made with high percentages of recycled content wherever possible and have milk delivered in reusable glass bottles rather than single-use plastic containers in some offices.

REDUCING OUR ENVIRONMENTAL IMPACT AT HOME

Green Tip of the Week

Global Recycling Day: Celebrating the Planet's Seventh Resource

[Global Recycling Day](#), celebrated annually on March 18, was established not only to recognize the power of our planet's Seventh Resource (recyclables!), but as a call to action for individuals, businesses, and communities around the world. According to the [EPA](#), Americans alone are generating nearly five pounds of municipal solid waste per person per day, with 68% of that (including a whopping 92% of plastics) ending up in landfills. For everyday consumers, the challenge typically boils down to how willing and able we are to adhere to the rules that make the recycling process possible. So, in honor of the day, here are some simple ways you can act to improve your recycling habits!

Getting it Right with Curbside Recycling

- **Maximize convenience.** Keep a 1:1 trash to recycling bin ratio so you aren't tempted to toss recyclables when the main bin is out of reach. Pro tip: Stash one in your entryway for immediate junk mail disposal! Any bin will do, but HGTV has a few suggestions that won't cramp your style: [10 Recycling Bins for Your Home That Aren't Ugly](#).
- **Yes, you must rinse it. And dry it.** Nothing can put the kibosh on the most benevolent of recycling intentions like food waste. But the sad reality is that food remnants are responsible for contaminating countless loads of recyclables – literally rendering them useless and destined for the landfill. Rinse and dry containers immediately after use – never leave more than a teaspoon of liquid behind.
- **When in doubt, throw it out!** We and move on! This may seem counterintuitive, but you're doing it right!
- **Think outside the (pizza) box.** No, the rest and POW! You just cut your

What are some things YOU do at home that you know in the comments!

Green Tip of the Week

Composting

Composting is a surprisingly easy process that can divert 30 - 40% of household waste from landfills and recycling centers. Composting returns valuable nutrients to the soil, that aren't chemically treated and are better for the environment.

Composting from Home Comes in All Sizes

Depending on how much space you have and how involved you want to be, there are multiple ways to compost successfully.

Counter-top Digesters: Great for small apartments with no outdoor space. This electronically assisted composting can be done in a countertop bin, and finished compost can be given to your indoor plants for added nutrients. The contents of digestors tend to be dry and therefore never smell.

Worm Bins: Work best indoors or in apartments with a small balcony or patio. Although full of live worms these bins do not require turning and have minimal to no smell when cared for properly.

Tumble Bins: Fully sealed and utilizing heat for breakdown, this is the quickest way to compost. They are too big to use indoors, much better for a rooftop or garden. They require the contents to be turned to encourage proper breakdown.

DIY: If you have a yard there is no limit to how large or what type of composting. There are plenty of prefabricated options for sale or guides on how to build the perfect set-up for you.

Tips for Composting:

- Keep your bins dry or moist, depending on the type of composting process, but not wet. Putting baking soda along the bottom will help prevent additional moisture. Less moisture means less smell!
- Freeze scraps like meat and oils before composting.
- Unless your compost process requires it, keep your bins out of the sun.
- Keep your container where you will use it! Even if you have an outdoor bin, having a small countertop unit will remind you to use it regularly.

One of the ways the Green Initiatives Working Group advances GMO's sustainability efforts is by providing information to GMO employees to educate on how to be more sustainable at work.

In 2020, the Group pivoted to try to impact employee behavior outside the office instead of in the workplace, as we were working remotely due to the Covid-19 pandemic. The Group began sending a "Green Tip of the Week" to all employees containing advice on various ways we all

could be more sustainable at home. Topics have included composting, laundry room efficiency, recycling, and even a spotlight on environmental justice during Black History Month in the U.S.

COMMITMENT TO DIVERSITY, EQUITY, AND INCLUSION

GMO is an organization that values diverse perspectives, with a deep commitment to providing an inclusive culture that celebrates and respects differences. We believe in the power of bringing together complementary skillsets from varied backgrounds to achieve both better results for our clients and higher levels of employee engagement. Our focused attention on diversity, equity, and inclusion (DEI) allows GMO to open doors to new markets, clients, and business partners and enables us to forge deeper relationships with globally diverse groups. We also believe we can help to improve the overall investment industry's diversity and social awareness.

Our formal Diversity, Equity, and Inclusion Group advances our efforts in an employee-led manner across three areas of focus: Outreach, Inclusion, and Communications. Led by the Head of Human Resources, members of the group

represent individuals from all of our global offices and all areas of the firm.

Identifying and hiring candidates from different backgrounds and with different perspectives is a critical element in building a diverse workforce. The importance of diversity in hiring is reflected throughout our recruitment process. We prioritize partnerships with search firms that have a stated and proven commitment to diversity, and we hold them accountable for providing diverse candidate slates.

We work with organizations such as Include and Women Hack, platforms focused on improving gender diversity in technology candidate pools, and reachHIRE, an organization dedicated to connecting businesses with women who are committed to returning to the workforce and resuming their careers. We provide career mentoring to members of these organizations and participate in panel discussions with them. This both supports members' career growth and improves our ability to hire more diverse employees.

Our hiring managers and interviewers are given training in how to conduct the recruitment and hiring process in an unbiased manner.

GMO's Diversity, Equity & Inclusion Strategic Focus Areas

Diverse teams and an inclusive culture achieve better results



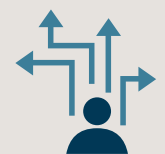
RECRUITMENT & EXTERNAL PARTNERSHIPS

- Partnerships that source and foster diverse talent
- CFA D&I Experimental Partners Program
- Internal interview training emphasizing selection from diverse candidate pools and utilizing diverse interview teams
- Rotational associate program aimed at attracting diverse talent to the industry



EMPLOYEE BENEFITS & SUPPORT

- Comprehensive benefits to support self-care, parents, domestic partners, and care givers
- Flexible work arrangements, paid leave of absence and open paid time-off practices
- Recognition, celebration, and education of diverse cultural topics and events
- Financial support for participation in professional affinity and industry groups
- 100% GMO match for employee charitable contributions



CAREER DEVELOPMENT & PROGRAMMING

- Cross-functional DEI Working Groups
- GMO Mentoring Program
- Sponsorship of employee participation in affinity group conferences
- GMO-sponsored global networking events
- Training sessions focused on DEI

GMO also partners with several organizations focused on developing young talent in underrepresented areas, including The Toigo Foundation, Girls Who Invest, Northeastern's chapter of Women in Finance, the United Negro College Fund Asset Management Lighted Pathways program, and the 10,000 Black Interns program.

Additionally, GMO offers a multi-year rotational associate program with diversity as a key objective in recruiting and developing junior talent. The rotational program places associates in several different teams within Investment Management, Technology, and Operations. Throughout their time at GMO, the associates are afforded the opportunity to gain insight into the industry and have frequent meetings with various leaders of the firm. We add new associates annually.

GMO also provides ongoing benefits to support our diverse workforce. These include flexible work arrangements, open paid time-off policies, parental leave, back-up dependent care, and a charitable gift matching program. We recognize and celebrate diverse cultural events throughout the year, including Black History Month, Pride Month, and International Women's Day, among many others.

Beyond these benefits, GMO has several programs and initiatives designed to promote DEI internally as well as within our industry, detailed below.

- We provide financial support for employees to participate in an external affinity group of their choosing.
- We sponsor employee participation at women's leadership conferences, including the Simmons Leadership Conference, The Massachusetts Conference for Women, and the CFA Institute's Women in Investment Management Conference.
- We host global networking events through a series we call GMO Connect, including with our client and consultant partners, aimed at improving diversity and social awareness in the investment industry. Examples of recent events we have held include Women on Boards and Women in Quant.
- We review compensation decisions to ensure that fair and equitable compensation practices are followed from a gender lens perspective and that all individuals are compensated based on merit and impact. We run a rigorous set of blind data assessments on proposed compensation decisions prior to approval. If we were to find statistically significant discrepancies across genders, we would discard the compensation proposals and re-initiate the process. We have never found significant gaps in compensation decisions.
- We require annual training on our policies against harassment and discrimination.

Partner Organizations



THE TOIGO FOUNDATION

The Toigo Foundation works with students as they earn their MBAs as Toigo Fellows and continues reaching a broad base of minority and women finance professionals advancing in leadership roles with the Toigo Institute. GMO partners with Toigo to host a Toigo Fellow for a summer internship in addition to working on other recruitment activities.



GIRLS WHO INVEST (GWI)

GWI focuses on bringing more women into portfolio management and leadership roles in the investment management industry. We have worked with them for over four years hosting women at GMO in internships with our various investment teams. Additionally, we host local GWI events to foster collaboration and engagement with GWI Interns working at other organizations. Our investment professionals also teach a course on quantitative investing as part of the GWI curriculum, and our HR team provides advice on recruiting and career development.



Northeastern University

NORTHEASTERN'S WOMEN IN FINANCE & WOMEN IN TECHNOLOGY STUDENT GROUPS

We work with and host student groups from Northeastern, as well as from other local universities, by hosting educational events to help students gain exposure to the investment industry.



UNITED NEGRO COLLEGE FUND ASSET MANAGEMENT LIGHTED PATHWAYS

This program seeks to expose interested African-American students to finance professions, asset management, and careers in the Boston, Massachusetts area.



10,000 BLACK INTERNS

This program, based in the UK, is dedicated to offering internships to black students to help kickstart their careers in investment management. GMO hosts an intern through 10,000 Black Interns to help develop a more diverse group of talent for the future.

We regularly survey our employees for their perspectives on DEI and their experience at GMO to help inform future programming and training efforts. We conducted our latest Culture and Engagement Survey in 2021 and received strong positive feedback from our employees, as we have in prior surveys as well. In this year's survey, over 80% of employees reported they feel engaged with our firm and about 90% both feel proud of working for GMO and would recommend GMO as a good place to work. Additionally, just over 80% responded that they believe our DEI efforts are effective. We are pleased with these survey results as a reflection of our strong culture.

GMO Diversity Measurement

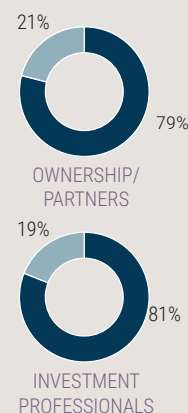
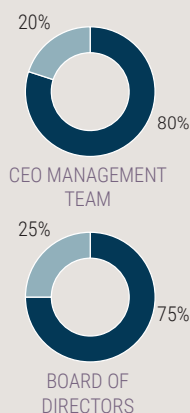
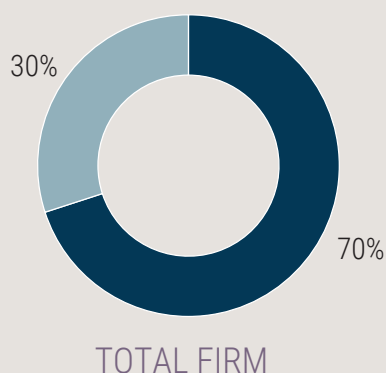
We believe diversity of thought, knowledge, experience, and background lead to better results for our firm and our

clients. We also recognize that the investment industry has historically not been particularly diverse.

We are committed to doing our part to ensure our industry and communities experience diversity, equity, and inclusion. As described, we have programs in place to generate diversity in our talent acquisition practices and have established processes to ensure equity in compensation and development opportunities. We measure the results of these practices as well as our employee engagement. To the extent possible, given privacy laws in different jurisdictions and each employee's willingness to self-identify, we report on the diversity of our employees. Ultimately, we focus on encouraging and rewarding diversity, equity, and inclusion among teams in as many ways as possible.

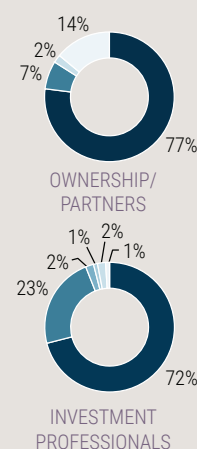
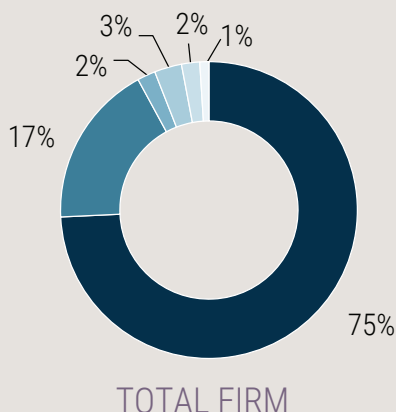
Gender Diversity

■ Male ■ Female



Racial/Ethnic Diversity

■ White ■ Asian ■ Black/African American ■ Hispanic/Latinx ■ Other ■ Not Declared



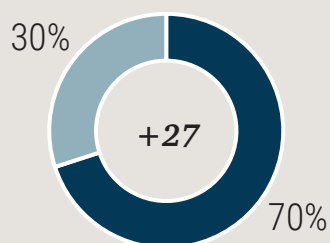
Notes on our Data:

1. These statistics are self-reported by our U.S.-based employees and provision of these details is not compulsory. Where individuals have not specified race/ethnicity/gender, we have included that data under the category of "Not Declared." Figures may not sum to 100% due to rounding.
2. Ownership/Partner statistics are full global counts and include data for both our U.S. and Non-U.S.-based owners/partners.
3. Data as of 9/30/2021

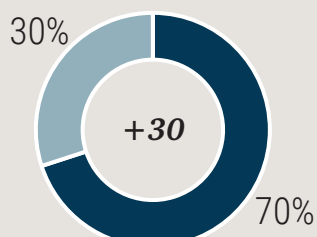
ANNUAL U.S. HIRING STATISTICS

Gender Diversity

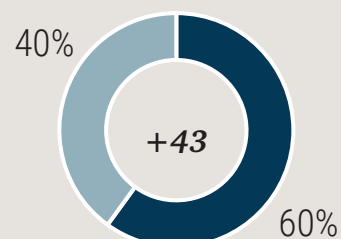
■ Male ■ Female



2020



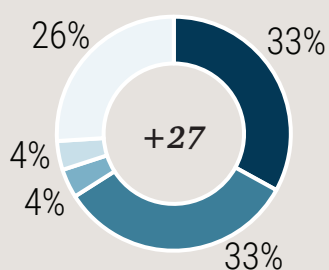
2019



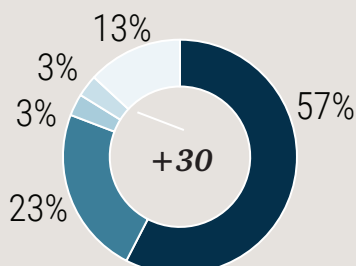
2018

Racial/Ethnic Diversity

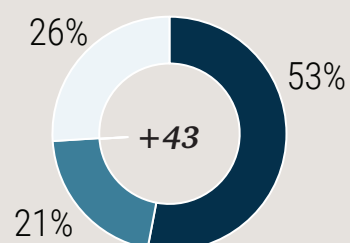
■ White ■ Asian ■ Black/African American ■ Hispanic/Latinx ■ Other ■ Not Declared



2020



2019



2018

Notes on our Data:

1. These statistics are self-reported by our U.S.-based employees and provision of these details is not compulsory. Where individuals have not specified race/ethnicity/gender, we have included that data under the category of "Not Declared." Figures may not sum to 100% due to rounding.
2. Data as of 9/30/2021

RECENT DEI AND SUSTAINABILITY INITIATIVES AND EVENTS



Apprentice Learning

GMO employees taught a career internship program on investment literacy and an introduction to the financial industry to underserved middle school students.

Apprentice Learning partners with Boston middle schools and business partners to teach career skills and help students enter the workforce equipped for success.



Citizen Schools

Green Initiatives Working Group volunteers taught a 10-week Carbon Footprint apprenticeship to middle school students at Somerville Public Schools in Massachusetts. Citizen Schools delivers apprenticeships directly to students in underserved communities after school via hands-on learning opportunities with career mentors.



Implicit Bias Training

As part of our GMO Speaker Series program, we hosted an implicit bias training led by Dr. Mahzarin Banaji. Dr. Banaji is a professor of social ethics in the Department of Psychology at Harvard University and one of the world's leading experts on implicit bias.



Thompson Island Outward Bound Education Center

In 2021 we celebrated GMO's 29th year of partnership with the Thompson Island Outward Bound Center (TIOBEC) and our 10th anniversary participating in their charitable 4k trail run event. TIOBEC is a non-profit organization that supports STEM education and social-emotional learning for over 4,000 Boston Public School students each year by transforming the 204-acres of Thompson Island, in Boston Harbor, into an outdoor classroom.



WHAT COMES NEXT



ESG AT GMO IN 2022 AND BEYOND

The goal of this first annual GMO Sustainability and Responsible Investing Report has been to communicate to our clients and partners how our firm has integrated ESG factors into our investment approach to date and how GMO as a company is committed to sustainability and diversity, equity, and inclusion. We plan to maintain and expand these efforts in the future and will report on our progress annually.

In the years to come, we will strengthen our commitment to making GMO a leader in sustainability across all parts of our business. We believe that incorporating these principles into our investment approach, hiring and recruiting practices, day-to-day operations, and other areas is a critical part of building a business that lasts, being a good corporate citizen, and delivering value to our clients. We look forward to keeping you informed about our efforts.





FURTHER READING





GMO'S ESG RESEARCH INSIGHTS

GMO has published several white papers on climate change, ESG-related issues, and investment implications and opportunities. Below is a summary of these papers.

Health is Wealth: Health Care Spending as an Emerging Market Growth Engine

Amit Bhartia and Alvaro Pascual | Feb 2013

We believe domestic consumption will drive the next leg of emerging markets growth, but traditional measures like demographics, income levels, and macro vulnerability don't tell the entire story. Public health care spending is an underappreciated component of domestic potential, given its high correlation with domestic consumption. Higher health care spending is one of the most effective – and efficient – avenues to growth in emerging economies.

The Good Thing about Climate Change: Opportunities

Lucas White and Jeremy Grantham | Aug 2017

As climate change has become increasingly problematic for the world, the investment community is starting to pay attention to the investment risks it poses, but the other side of the coin is opportunity. Growth projections dramatically understate the growth that will come as the world mobilizes to address climate change in ways that will require private capital to succeed.

ESG: Improving Your Risk-Adjusted Returns in Emerging Markets

Binu George and Hardik Shah | Mar 2018

The demand for environmental, social, and governance (ESG) or responsible investing (RI) is growing rapidly. With regulatory momentum toward more transparent, relevant, and accurate corporate disclosures, and the increased use of technology to capture and analyze data, this sustainability information gap is quickly shrinking in many EM countries, increasing the potential of using ESG signals.

Thinking Outside the Box: How and Why to Invest in a Climate Change Strategy

Lucas White and Jeremy Grantham | Apr 2019

The growth tailwinds in the climate change sector will provide investors with strong investment opportunities for decades to come, and a well-designed climate change strategy can provide investors with benefits including diversification, protection from climate risk, inflation protection, and the ability to invest in growth-oriented companies at a discount.

Climbing the ESG Curve: Lessons Learned in Emerging Markets

Amit Bhartia, Binu George, and Hardik Shah | Nov 2019

While usually thought of as a company-level concern, material ESG data can be very useful at the country level as well, especially in emerging markets. Identifying which ESG inputs are material and establishing a process to resolve conflicts with other fundamental signals are critical elements, as are both qualitative and quantitative analyses of performance attribution.

COVID-19: Risk and Resilience in Emerging Markets

Amit Bhartia, Tiger Tong, and Uday Tharar | Apr 2020

Amid a global pandemic, GMO's Emerging Markets Equity Team developed a framework to evaluate the current and coming shocks to EM economies. Understanding a country's ability to mitigate the unique risks posed by the virus is a critical component to portfolio positioning.

Sovereign ESG Integration: An Alpha-Oriented Approach for Emerging Debt

Eamon Aghdasi | Mar 2021

Since its founding in 1994, the GMO Emerging Country Debt team has incorporated ESG-related factors within its systematic sovereign risk assessment process and has engaged in discussions on ESG matters in due diligence meetings with sovereign creditors, multilaterals, and other organizations. More recently, we have bolstered our process by systematically integrating proprietary ESG indicators into a new pillar in our sovereign credit risk assessment process.

JEREMY GRANTHAM'S CLIMATE RESEARCH

Below is a full list of Jeremy's published papers on climate-related topics. Please reach out to your GMO relationship manager or [contact us](#) for a copy of a specific paper.

July 2010

Jeremy's "Summer Essays" included "Everything You Need to Know about Global Warming in 5 Minutes," a 13-point summary of climate change. Jeremy concluded by stating, "Global warming will be the most important investment issue for the foreseeable future."

January 2011

The "Pavlov's Bulls" GMO Quarterly Letter recounted GMO's hits and misses after the Global Financial Crisis and included a brief summary of commodities, weather, and resource limitations, finishing with a look ahead to what Jeremy expected in markets based on all of this. He included the following list of "Things that Really Matter in 2011 and Beyond (in one person's view) for Investments and Real Life."

- Resources running out, putting strong but intermittent pressure on commodity prices
- Global warming causing destabilized weather patterns, adding to agricultural price pressures
- Declining American educational standards relative to competitors
- Extraordinary income disparities and a lack of progress of American hourly wages
- Everything else

April and July 2011

Published in the GMO Quarterly Letter, "Time to Wake Up: Days of Abundant Resources and Falling Prices Are Over Forever" (April) and "Resource Limitations 2: Separating the Dangerous from the Merely Serious" (July) called attention to the scarcity of resources and the dangers of human behavior in consuming them too quickly.

December 2011

In the "Shortest Quarterly Letter Ever," Jeremy addressed several topics he was contemplating at the time, including income inequality in the U.S. and a recommendation that he personally preferred "resources in the ground" on a 10-year horizon.

February 2012

"The Longest Quarterly Letter Ever, Part II: Your Grandchildren Have No Value (And Other Deficiencies of Capitalism)" presented a detailed financially based argument about the deficiencies of the capitalist system, including the dangers of short-term governance and ignoring environmental externalities that threaten the commons. "Capitalism, by ignoring the finite nature of resources and by neglecting the long-term well-being of the planet and its potentially crucial biodiversity, threatens our existence."

July 2012

In a lengthy section of GMO's Quarterly Letter, an article entitled "Welcome to Dystopia! Entering a Long-Term and Politically Dangerous Food Crisis" introduced various implications of and solutions to our severe global food crisis and included an analysis of alternative energy solutions.

November 2012

Jeremy explained in "On the Road to Zero Growth" why the U.S. GDP growth rate has permanently shrunk, including both increasing resources costs due to scarcity and rising environmental costs.

April 2013

Jeremy's original "The Race of Our Lives" summarized why our global economy, reckless in its use of resources and natural systems, might cause the collapse of civilization, also articulating ways we could avoid that fate, including necessary progress in alternative energy.

February 2014

The "Year-End Odds and Ends" segment of the GMO Quarterly Letter included discussions of peak oil demand, fracking, metals, fertilizer, and food.

July 2014

Jeremy's "Summer Essays" included "Another Look at Malthus," summarizing how our food supply growth cannot keep up with our growing population rate, and "Two Afterthoughts on the Risk and Return of the Keystone Pipeline," concluding that the Keystone Pipeline did not have a strong investment case on economics alone, even ignoring the severe environmental risks.

February 2016

Continuing his analysis of global food supply, Part I of Jeremy's section of the GMO Quarterly Letter, called "**The Real American Exceptionalism**," outlined why America and Canada are well positioned compared to other nations for a global food shortage.

July 2016

After the initial Brexit vote, Jeremy published "**Immigration and Brexit**," a commentary focused on immigration and resulting income inequality, which he termed the "biggest simple input to social cohesion" and, thus, a successful society.

August 2018

"**The Race of Our Lives Revisited**," Jeremy's sequel to his original 2013 paper, comprehensively updated his research on the dire risks of climate change, population growth, and environmental toxicity. Jeremy concluded that humans could still address these issues by decarbonizing the economy and advancing green technologies, but that it would be a very close race requiring all the leadership, all the science and engineering, and all the luck we can muster.

February 2020

"**Chemical Toxicity and the Baby Bust**" argued that toxicity is having a profound impact on global fertility and that the economic and social ramifications will be severe.

June 2020

Published near the start of the COVID-19 pandemic, "**The Virus, The Economy, and The Market**" outlined an overview of market and economic impacts expected from COVID-19.

October 2020

In "**COVID-19, Climate Change, and the Need for a New Marshall Plan**," Jeremy advised the incoming U.S. administration to launch a major fiscal program to create new infrastructure for energy, transportation, and industry, which would help the climate, help the economy, and become a long-term geopolitical advantage for the U.S.

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