

GMO Netherlands B.V. (“GMO Netherlands”) information in relation to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the “SFDR”)

Revised as at: 21 February 2022

Definitions:

“**Sustainability Factors**” mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters;

“**Sustainability Risk**” means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment;

1. Transparency of Integration of Sustainability Risk

GMO Netherlands is considered a financial adviser in accordance with the SFDR. Financial advisers such as GMO Netherlands are required to publish information on their website about their policies regarding the integration of Sustainability Risk in their investment advice.

GMO Netherlands does not manage investment vehicles. GMO Netherlands provides investment advice only in relation to pooled investment vehicles offered by Grantham, Mayo, Van Otterloo & Co. LLC and its affiliates (“GMO”). Those investment vehicles offered by GMO which are subject to SFDR (each a “GMO Fund”) have adopted the “*Framework adopted in relation to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector*” (the “GMO SFDR Framework”). A copy of the GMO SFDR Framework is available at www.gmo.com

The GMO SFDR Framework includes information about the integration of Sustainability Risk in the relevant GMO Funds’ investment decision making processes, including the organisational, risk management and governance aspects of such processes. This includes information about GMO’s commitment to ESG, GMO’s firm-wide oversight commitment, GMO’s investment research commitment, GMO’s stewardship commitment, GMO’s collaboration commitment and GMO’s commitment to climate-related risk management.

As described in the GMO SFDR Framework, the GMO Funds include descriptions of the following in the pre-contractual disclosures for the GMO Funds (to the extent applicable):

- (a) the manner in which Sustainability Risks are integrated into its investment decisions; and
- (b) the results of the assessment of the likely impacts of Sustainability Risks on the returns of the GMO Funds.

Where a GMO Fund deems Sustainability Risks not to be relevant, the descriptions referred to in the first subparagraph include a clear and concise explanation of the reasons therefor.

GMO Netherlands provides investment advice in the context of a client’s investment objectives and restrictions and in accordance with a client’s broader investment policy. Clients will have different preferences in relation to sustainable investing. For those clients that express a desire to invest in a product with a sustainability focus GMO Netherlands will suggest relevant GMO Funds and provide the client with a copy of the GMO Fund’s pre-contractual disclosure and access to the GMO SFDR Framework.

2. Transparency of Adverse Sustainability Impacts

GMO Netherlands does not consider the adverse impacts of investment decisions on Sustainability Factors, within the meaning of Article 4(5)(a) of the SFDR in its investment advice, for the time being.

It does not currently do so because, among other reasons, the final regulatory technical standards which set forth the scope of “principal adverse impacts” and the corresponding mandatory reporting template have not yet been adopted by European legislators, which makes voluntary compliance with Article 4(5)(a) challenging. GMO Netherlands’ position on this matter will be reviewed at least annually.

3. Transparency of Remuneration Policies in Relation to the Integration of Sustainability Risks

GMO Netherlands has a remuneration policy (the “Remuneration Policy”) in place which applies the remuneration rules of the Dutch Financial Supervision Act (Wet op het financieel toezicht, “DFSA”) to the business of GMO Netherlands. The aim of the Remuneration Policy is to ensure that GMO Netherlands has a controlled remuneration policy and practice, which are consistent with, and promote, effective risk management and do not expose GMO Netherlands or its clients to excessive risk.

The Remuneration Policy is consistent with the integration of Sustainability Risks. In accordance with the Remuneration Policy, variable remuneration of each GMO Netherlands employee is based on criteria that include, amongst others, how the individual employee demonstrated:

- that they acted in the best interest of GMO Netherlands, including compliance with GMO Netherlands policies;
- their commitment to GMO Netherlands; and
- their focus on GMO Netherlands’ directions and goals.

These criteria encompass relevant organisational, risk management and governance policies and processes of GMO Netherlands and GMO, which may integrate relevant Sustainability Risks.