



North America | Europe | Asia-Pacific

GRANTHAM, MAYO, VAN OTTERLOO & CO. LLC STATEMENT REGARDING SUPPORT OF THE U.K. STEWARDSHIP CODE

Grantham, Mayo, Van Otterloo & Co. LLC (GMO) is a private partnership whose sole business is investment management. We are committed to delivering superior investment performance and advice to our clients.

We believe the best way to meet our commitment to excellence for our clients, is to focus upon the long-term valuation of asset classes and of companies. Our approach incorporates an assessment of a company's fundamental drivers of growth; combined with the ability to generate sustainable profits and willingness to share the economic return with minority interest shareholders. We look to incorporate measures of the health and stability of investee companies, including measures of accounting integrity and strong corporate governance.

We strive to offer our clients good, honest advice under all circumstances, regardless of the potential impact to our bottom line. We believe that our patience – taking a longer-term view, even if it is out of line with market consensus – provides tremendous advantages for our investors. Our ownership structure as a private partnership allows us to maintain our conviction and to stand by our beliefs, even when they are out of favour, and provides complete alignment with our clients' interests.

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 therefore support and comply with the U.K. Stewardship Code as it encourages communication and transparency between corporations, investment managers and their clients.

This document outlines our approach with respect to each of the core principles of the U.K. Stewardship Code.

Principle 1: Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.

For all companies in which we invest, we look to identify key drivers for the creation or destruction of shareholder value, and understand the actions taken by company management that may influence these drivers. Aggressive accounting, management behavior and shareholder friendliness are examples of factors which can influence our assessment. For companies in which we invest, we seek to vote proxies in a manner that encourages and rewards behaviour that supports the creation of sustainable long-term growth, and in a way consistent with the investment mandate of the assets we manage for our clients.

We collect information about companies primarily through a variety of data sources such as MSCI, Worldscope, Compustat, Markit, and Capital IQ. We also use specialized sources for data on ESG and corporate governance such as MSCI ESG Research and Sustainalytics. For certain strategies, additional

data is collected directly from company sources, including management meetings, sustainability reports and annual reports.

For investment teams that engage directly with company management, the degree to which they do so varies. In some cases, a team may meet with company management to confirm impressions gleaned through in-depth research, or to encourage the systematic reporting of non-financial information to improve transparency on ESG metrics. In other cases, a team may utilize conversations with management and on-site visits as an integral part of their investment process. In general, the teams that use company engagement as a key part of their process, carefully consider situations in which they believe (1) management is undertaking positive change and there is an opportunity to capture the upside potential associated with the change, or (2) the value of strong management has been recognised and is already priced in to the stock. Ultimately, the process centers upon assessing whether management's decisions and corporate resources are sufficient to execute in a manner that will have a positive or negative impact on the company's value.

GMO also recognizes the importance of voting client securities in a timely manner and making voting decisions that are intended to maximize long-term value. Accordingly, we seek to vote all proxies for securities held in client accounts for which we have investment discretion unless we believe that the costs associated with voting outweigh the potential benefits. While we have engaged a third-party agent to assist us with proxy voting, we do not view this arrangement as an outsourcing of our duties and responsibilities. Accordingly, we have a robust internal oversight process to ensure that all proxies are voted consistent with our Proxy Voting Policies and Procedures (the "Proxy Voting Policies"), a copy of which is included in the attached appendix.

While each of our investment teams may fulfill its stewardship responsibilities in a different way, whether through voting proxies in a way that we believe increases the long-term value of the company, leveraging data collected indirectly regarding corporate performance, or through direct engagement with the company management, we believe that strong corporate governance can be identified and rewarded.

Additional information regarding engagement is provided under Principles 4 and 5, and additional information regarding proxy voting is provided under Principle 6.

Principle 2: Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship which should be publicly disclosed.

GMO is an independent company owned by its founders and active members, with the management of client monies as its only business. We are not affiliated with any bank, broker-dealer, insurance company or other related business. We strive to offer our clients good, honest advice under all circumstances, regardless of the potential impact to our bottom line. We believe that our patience – taking a longer-term view, even if it is out of line with market consensus – provides tremendous advantages for our investors. Our ownership structure as a private partnership allows us to maintain our conviction and to stand by our beliefs, even in times when they are out of favour, and provides complete alignment with our clients' interests.

Our Proxy Voting Policies provide a mechanism for managing conflicts that may arise in relation to stewardship activities. Examples of such conflicts include situations where GMO has a business relationship with an issuer that is soliciting proxies or with the proponent of a shareholder proposal. In such cases, GMO would take one of the following actions: (1) vote the proxy in accordance with pre-determined guidelines, (2) seek voting instructions from the client accounts that hold the securities, or (3) abstain from voting.

Principle 3: Institutional investors should monitor their investee companies.

GMO uses a combination of top-down and bottom-up investment approaches that blend traditional fundamental insights with innovative quantitative methods to identify undervalued asset classes and securities. Our valuation-based approach relies on several key factors, including a long-term investment horizon, conviction, and a commitment to research. Our research emphasizes not only identifying and exploiting pricing dislocations, but also understanding the long-term drivers of return in the markets and the companies in which we invest. A critical underpinning of our approach is the careful and continuous review of information collected about current and potential investee companies.

We believe the best way to meet our commitment to excellence for our clients is to focus upon the long-term valuation of asset classes, and of companies, by incorporating assessments of a company's fundamental drivers of growth; combined with the ability to generate sustainable profits and willingness to share the economic return with minority interest shareholders. In doing so, we look to incorporate measures of the health and stability of investee companies, including accounting integrity and strong corporate governance. Factors such as profit warnings, excessive growth, equity dilution, significant merger and acquisition activity, failure to meet regulatory requirements, or rapid changes in a balance sheet or income statement may all assist in our assessment of a company.

Principle 4: Institutional investors should establish clear guidelines on when and how they will escalate their stewardship activities.

If we determine that the governance practices of an investee company are negatively impacting our assessment of that company's long-term valuation, we will typically take one or more of the following actions: (1) sell some or all of the shares of the company, (2) engage with the company about our concerns, or (3) vote proxies in a manner that expresses our concerns.

When one or more of our investment team chooses to engage directly with company management, or participate in stakeholder dialogues, such engagement is guided by our Issuer Engagement Policy and Procedures, which underscores the importance of constructive, collaborative discussions as the best way to enhance shareholder value. Examples of topics on which we have recently engaged with issuers include executive compensation and board composition.

In rare cases where an investment team may discover undisclosed material information through company engagement or other research, the use of such information is controlled and monitored through

adherence to other GMO policies and procedures, such as our Code of Ethics and our Ethical Screen Procedures, as well as applicable regulatory rules.

Principle 5: Institutional investors should be willing to act collectively with other investors where appropriate.

For the majority of our investments, our primary method of engagement is through our proxy voting agent's discussions with investee companies, or, for investment teams that choose to do so, through direct meetings with company management.

We also seek to add our voice as a member or signatory to groups that share our views regarding best practices in corporate governance. In addition to the UK Stewardship Code, we are also signatories to the Japan Stewardship Code, Singapore Stewardship Code and the Principles for Responsible Investing ("PRI"), and we are a member of the CDP (formerly Carbon Disclosure Project).

Subject to applicable rules and regulations, we are also open to acting collectively with other investors when we believe that it is in our clients' best interests. For example, 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. Investors who are interested in working with us on collective engagements should contact Jason Harrison (Jason.Harrison@gmo.com).

Principle 6: Institutional investors should have a clear policy on voting and disclosure of voting activity.

GMO provides investment management services to institutional investors and understands that proxy voting is an integral aspect of security ownership. Accordingly, in cases where we have been delegated authority to vote proxies, the function must be conducted with the same degree of prudence and loyalty accorded any fiduciary or other obligation of an investment manager. As noted above, we seek to vote all proxies for securities held in client accounts for which we have investment discretion unless we believe that the costs associated with voting outweigh the potential benefits. Examples of situations where we may forego voting include: (1) securities that are out on loan during a proxy solicitation period, or (2) securities in markets that are prevented from trading for a period of time if they vote.

Our Proxy Voting Policies permit our clients to: (1) delegate to us the responsibility and authority to vote proxies on their behalf according to our Proxy Voting Policies; (2) delegate to us the responsibility and authority to vote proxies on their behalf according to the particular client's own proxy voting policies and guidelines; or (3) elect to vote proxies themselves.

As noted in the Proxy Voting Policies, we generally use a modified version of the ISS Sustainability Proxy Voting Guidelines, as in effect from time to time, as the starting point for our proxy voting decisions because we believe that they align well with our focus on long-term sustainable growth.

For those portfolios that mandate public disclosure of proxy votes cast, such as the GMO Trust mutual funds, we file reports on how we voted proxies annually through regulatory channels and provide links on

our website to these filings. For clients for whom we vote proxies not subject to public disclosure, upon request, we report proxy votes cast directly to the client.

Principle 7: Institutional investors should report periodically on their stewardship and voting activities.

As noted above, we report on our proxy voting activity through regulatory channels and, upon request, directly to clients. Other aspects of our stewardship activity (e.g., issuer engagements) are typically disclosed through periodic questionnaires submitted by clients and their consultants. Starting in 2019, we intend to make available to the public our transparency report under the PRI reporting framework, to highlight the steps taken and progress made towards implementing the six Principles for Responsible Investment.

Our Proxy Voting Policies and our other policies and procedures relating to stewardship activities are reviewed and evaluated at least annually by our internal Compliance team. The results of those reviews are shared with the relevant Boards of the investment vehicles to which we serve as investment manager.



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Proxy Voting Policies and Procedures

Adoption: June 15, 2007

Last Revision: October 1, 2018

GMO LLC and related entities¹
(collectively, "GMO")

I. Introduction and General Principles

GMO provides investment advisory services primarily to institutional, including both ERISA and non-ERISA clients, and commercial clients. GMO understands that proxy voting is an integral aspect of security ownership. Accordingly, in cases where GMO has been delegated authority to vote proxies, that function must be conducted with the same degree of prudence and loyalty accorded any fiduciary or other obligation of an investment manager.

This policy permits clients of GMO to: (1) delegate to GMO the responsibility and authority to vote proxies on their behalf according to GMO's proxy voting policies and guidelines; (2) delegate to GMO the responsibility and authority to vote proxies on their behalf according to the particular client's own proxy voting policies and guidelines; or (3) elect to vote proxies themselves. In instances where clients elect to vote their own proxies, GMO shall not be responsible for voting proxies on behalf of such clients.

GMO believes that the following policies and procedures are reasonably designed to ensure that proxy matters are conducted in the best interest of its clients, in accordance with GMO's fiduciary duties, applicable rules under the Investment Advisers Act of 1940 and fiduciary standards and responsibilities for ERISA clients set out in the Department of Labor interpretations.

II. Proxy Voting Guidelines

GMO has engaged Institutional Shareholder Services Group, Inc. ("ISS") as its proxy voting agent to:

- research and make voting recommendations or, for matters for which GMO has so delegated, to make the voting determinations;
- ensure that proxies are voted and submitted in a timely manner;
- handle other administrative functions of proxy voting;
- maintain records of proxy statements received in connection with proxy votes and provide copies of such proxy statements promptly upon request;
- maintain records of votes cast; and
- provide recommendations with respect to proxy voting matters in general.

Proxies generally will be voted in accordance with the voting recommendations contained in the applicable ISS Sustainability Proxy Voting Guidelines, as in effect from time to time, subject to such modifications as may be determined by GMO (as described below). Copies of concise summaries of the current ISS Sustainability Proxy Voting Guidelines are available through ISS' "Policy Gateway" at <http://www.issgovernance.com>. To the extent GMO determines to adopt proxy voting guidelines that

¹ Grantham, Mayo, Van Otterloo & Co. LLC, GMO Australia Limited, GMO Europe LLC, and GMO Singapore Pte. Ltd.

differ from the ISS proxy voting recommendations, such guidelines will be set forth on Exhibit A and proxies with respect to such matters will be voted in accordance with the guidelines set forth on Exhibit A. GMO reserves the right to modify any of the recommendations set forth in the ISS Proxy Voting Manual in the future. If any such changes are made, an amended Exhibit A to these Proxy Voting Policies and Procedures will be made available for clients.

Except in instances where a GMO client retains voting authority, GMO will instruct custodians of client accounts to forward all proxy statements and materials received in respect of client accounts to ISS.

In certain non-U.S. markets, shareholders who vote proxies of a non-U.S. issuer may not be able to trade in the issuer's stock for a period of time around the shareholder meeting date. In addition, there may be other costs or impediments to voting proxies in certain non-U.S. markets (e.g., receiving adequate notice, arranging for a proxy, and re-registration requirements). In non-U.S. markets with the foregoing attributes, GMO generally will determine to not vote proxies unless it believes that the potential benefits to the client of voting outweigh the impairment of portfolio management flexibility and the expected costs/impediments associated with voting. In addition, if a portfolio security is out on loan, GMO generally will not arrange to have the security recalled or to exercise voting rights associated with the security unless GMO both (1) receives adequate notice of a proposal upon which shareholders are being asked to vote (which GMO often does not receive, particularly in the case of non-U.S. issuers) and (2) GMO believes that the benefits to the client of voting on such proposal outweigh the benefits to the client of having the security remain out on loan. GMO may use third-party service providers to assist it in identifying and evaluating proposals, and to assist it in recalling loaned securities for proxy voting purposes.

III. Proxy Voting Procedures

GMO has a Corporate Actions Group with responsibility for administering the proxy voting process, including:

- Implementing and updating the applicable ISS Sustainability Proxy Voting Guidelines set forth in the ISS Proxy Voting Manual, as modified from time to time by Exhibit A hereto;
- Overseeing the proxy voting process; and
- Providing periodic reports to GMO's Compliance Department and clients as requested.

There may be circumstances under which a portfolio manager or other GMO investment professional ("GMO Investment Professional") believes that it is in the best interest of a client or clients to vote proxies in a manner inconsistent with the proxy voting guidelines described in Section II. In such an event, the GMO Investment Professional will inform GMO's Corporate Actions Group of its decision to vote such proxy in a manner inconsistent with the proxy voting guidelines described in Section II.

IV. Conflicts of Interest

As ISS will vote proxies in accordance with the proxy voting guidelines described in Section II, GMO believes that this process is reasonably designed to address conflicts of interest that may arise between GMO and a client as to how proxies are voted.

In addition, if GMO is aware that one of the following conditions exists with respect to a proxy, GMO shall consider such event a potential material conflict of interest:

- GMO has a business relationship or potential relationship with the issuer;
- GMO has a business relationship with the proponent of the proxy proposal; or
- GMO members, employees or consultants have a personal or other business relationship with the participants in the proxy contest, such as corporate directors or director candidates.

In the event of a potential material conflict of interest, GMO will (i) vote such proxy according to Exhibit A (if applicable) or the specific recommendation of ISS; (ii) seek instructions from the client or request that the client votes such proxy, or (iii) abstain. All such instances shall be reported to GMO's Compliance Department at least quarterly.

V. Special Procedures for Voting Shares of GMO Trust

GMO's responsibility and authority to vote proxies on behalf of its clients for shares of GMO Trust, a family of registered mutual funds for which GMO serves as the investment adviser, may give rise to conflicts of interest. Accordingly, GMO will (i) vote such proxies in the best interests of its clients with respect to routine matters, including proxies relating to the election of Trustees; and (ii) with respect to matters where a conflict of interest exists between GMO and GMO Trust, such as proxies relating to a new or amended investment management contract between GMO Trust and GMO, or a re-organization of a series of GMO Trust, GMO will either (a) vote such proxies in the same proportion as the votes cast with respect to that proxy, (b) seek instructions from its clients and vote on accordance with those instructions, or (c) take such other action as GMO deems appropriate in consultation with the Trust's Chief Compliance Officer.

VI. Special Procedures for Voting Shares of GMO Series Trust

GMO also serves as investment adviser for the GMO Series Trust family of registered mutual funds. Each series of GMO Series Trust is a "Feeder Fund" investing substantially of its assets in shares of a corresponding series of GMO Trust (each a "Master Fund") in reliance on Section 12(d)(1)(E) of the Investment Company Act of 1940 (the "1940 Act"). In accordance with Section 12(d)(1)(E) of the 1940 Act, GMO will either (i) seek instructions from a Feeder Fund's holders with regard to the voting of all proxies with respect to the Feeder Fund's shares in the corresponding Master Fund and vote such proxies only in accordance with such instructions, or (ii) vote the shares of the corresponding Master Fund held by a Feeder Fund in the same proportion as the vote of all other holders of the Master Fund.

VII. Recordkeeping

GMO will maintain records relating to the implementation of these proxy voting policies and procedures, including:

- a copy of these policies and procedures which shall be made available to clients, upon request;
- a record of each vote cast (which ISS maintains on GMO's behalf); and
- each written client request for proxy records and GMO's written response to any client request for such records.

Such proxy voting records shall be maintained for a period of five years.

VIII. Disclosure

Except as otherwise required by law, GMO has a general policy of not disclosing to any issuer or third party how GMO or its voting delegate voted a client's proxy.

Exhibit A²

Custom Modifications

Shareholder Action by Written Consent

Vote AGAINST proposals to restrict or prohibit shareholder ability to take action by written consent, and vote FOR proposals to allow or make easier shareholder action by written consent; unless GMO believes that restricting/prohibiting the ability of shareholders to act by written consent would be beneficial to all shareholders. The following non-exclusive examples are situations where GMO may vote FOR proposals to restrict/prohibit the ability of shareholders to act by written consent:

- The company has provisions in its bylaws giving shareholders the right to call a special meeting; or
- The company allows shareholders the right to call a special meeting and the current ownership threshold to call for a special meeting is not above local market standards; or
- The ability to act by written consent is not deemed necessary for the protection of shareholders' interests.

Cumulative Voting

- Vote FOR proposals to eliminate cumulative voting, and vote AGAINST proposals to restore or provide for cumulative voting. For companies domiciled outside of the United States and in instances where cumulative voting is in place, vote FOR proposals that address the rules governing cumulative voting to the benefit of shareholders, such as the formulation of implementation rules for cumulative voting systems.

Incumbent Director Elections

Generally vote WITH management's recommendations regarding incumbent director nominees, except where GMO believes that a nominee has failed to meet listing or local market standards for service on the company's board or has voted to approve actions that in GMO's judgment are materially detrimental to the company or its shareholders. The following non-exclusive examples may form the basis for GMO's determination to vote AGAINST management's recommendations regarding incumbent director nominees:

- Nominee does not satisfy relevant listing or local market practice standards for independence and serves on a committee required to be fully independent by local market standards;

² As amended October 1, 2018

- Nominee has not attended a sufficient percentage (generally 75%) of board meetings and committees on which the nominee served during the prior year without providing an appropriate explanation;
- Nominee serves on an uncommonly high (relative to the company's peers) number of other public company boards;
- Nominee or his/her committee has not been responsive to a shareholder proposal supported by GMO (including proposals regarding ESG issues) that received approval of at least a majority of the company's outstanding shares;
- Nominee has voted to adopt or amend company bylaws in a way that materially and adversely affects GMO's shareholder rights without putting such bylaw amendment to a shareholder vote; and
- Nominees who have been remiss in the performance of their duties.