GMO

UK STEWARDSHIP CODE 2024 REPORT

April 2024

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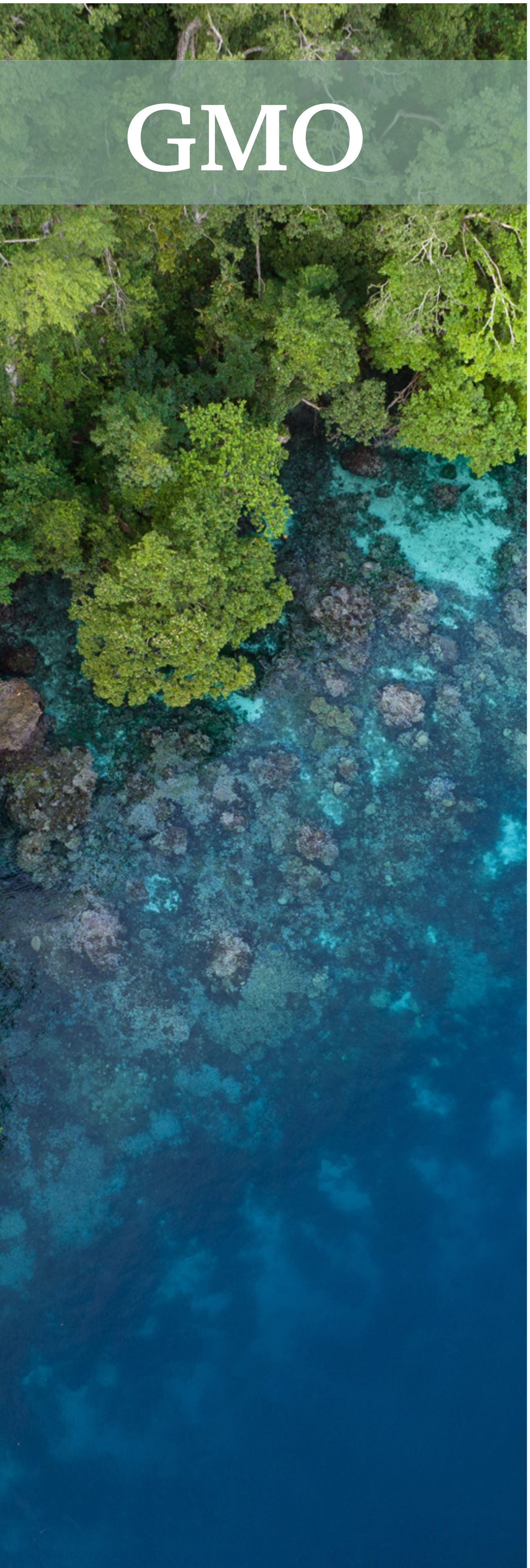


FOREWORD

I am pleased to introduce GMO's 2024 UK Stewardship Code report.

GMO believes strongly in stewardship. We were extremely proud to become a signatory to the UK Stewardship Code last year. As we completed our application in 2023 and our subsequent 2024 report, we naturally have had many conversations about the influences that have shaped our firm over the years. Easily topping the list have been our unwavering focus on responsibly stewarding our clients' assets and our belief in the importance of conviction – taking a strong view about what matters most and having the courage to pursue it.

We apply these principles every day as we seek to achieve our mission of providing superior investment outcomes to our clients to benefit the millions of people they represent. This report describes the current state of our stewardship-related beliefs and the conviction with which we are executing on them. In it, we present our relevant 2023 activity and outcomes, outlining the steps we are taking to act as effective stewards of our clients' investments. This includes such topics as integrating material Environmental, Social, and Governance (ESG) factors into our investment processes, engaging with companies, countries, and industry peers to influence sustainable change and address systemic risk, supporting global efforts to combat climate change, and communicating effectively and transparently with our clients. We also explain why we view these efforts as more important than ever.

Over the years, the ways GMO has progressed in areas related to ESG and stewardship have evolved and gathered pace. While I am proud of the work we have done to date, I believe it is critical that our efforts continue into the future to meet the shifting challenges of the time.

In closing, as ever, I thank our clients for their trust in GMO.

Scott Hayward
Chief Executive Officer

PRINCIPLE 1

PURPOSE, STRATEGY, AND CULTURE

Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment, and society.

GMO's Purpose

Stewardship has been ingrained at GMO since our founding in 1977. Our purpose is to deliver investment outcomes and advice that help our clients meet their financial goals and fulfill their objectives, in service of millions of people who are beneficiaries of these organizations.

We will discuss our emphasis on stewardship throughout the Principles in this report. As an asset manager, we believe that when we are successful, we can both help our clients achieve their investment goals and serve as authentic contributors to society and our financial markets, working toward a more resilient and sustainable planet.

Culture

We have consciously built and nurtured a company-wide culture that emphasizes commitment to clients, transparency, and responsibility. This approach has been a pillar of our client engagement over the past 45-plus years, during which time we have partnered with a broad range of investors including endowments, foundations, corporate and public retirement plans, sovereign wealth funds, financial intermediaries, and philanthropic family offices.

Our focus on stewardship is not confined to senior managers but permeates throughout GMO. It is critically important in how we manage our clients' capital and how we relate to our colleagues, our communities, and the environment. We encourage a culture that values intellectual curiosity and open debate, and we seek to balance being highly responsive to our clients' desire for long-term financial growth and positive impact, with delivering straightforward and candid advice.

We know we can achieve both better results for our clients and higher levels of employee engagement by bringing together people with unique perspectives and complementary skillsets who see things in different ways and have a variety of experiences. We have a long-standing commitment to celebrating and respecting differences while embracing and valuing what each of us brings to our work.

These features of culture extend to and strengthen all our efforts, including in ESG and sustainability.

Values

In addition to the values highlighted already, which serve to strengthen our culture, another key pillar of GMO's value system has always been the pursuit of academically rigorous market research – and honestly communicating resulting advice to our clients. We are known for our willingness to challenge the status quo and our creative approach to addressing investment problems, and we candidly share our market views and take bold, differentiated portfolio positions with conviction when conditions warrant them. Outcomes related to these values show up throughout the Principles in this report where we highlight investment research and the ways we publish and communicate our views.

As for ESG-related investment values, a natural extension of our early commitment to stewardship was GMO's decision to focus our ESG investing efforts on governance and climate issues, systemic considerations that we believe help us meet our investment objectives. These focus areas align with our own corporate values. We believe ESG factors can have a meaningful impact on the long-term success of the companies and countries in which we invest, and so when we integrate ESG considerations and activity into investment processes, we are seeking to improve our clients' long-term, risk-adjusted returns.

CORPORATE GOVERNANCE, AN INDICATOR OF QUALITY

In the 1980s, GMO pioneered ways to systematically assess company quality, including evaluating governance. We found that high-quality companies with effective boards and stronger management teams are also likely to provide better shareholder returns. 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.

Today, most of our strategies include some evaluation of governance as an indicator to help us find high-quality investments. Extending this work, we have also endeavored to collaborate with companies and countries in which we invest to improve governance practices across a variety of dimensions, which we discuss further in Principles 9 and 10.

Working to improve our abilities to measure and influence governance quality in investments continues to be a high priority across our investment and ESG team efforts.

CLIMATE CHANGE

We believe in the science of climate change, and we think it is critical to our future investment success to support efforts to address it, since a warming world is likely to present real and impactful challenges to our investments. GMO's net-zero commitment is discussed later in this Principle.

The influence of GMO Co-Founder Jeremy Grantham, a recognized global advocate for climate change action and investment, has kept climate issues at the forefront of GMO's values. Jeremy serves as our Long-Term Investment Strategist and Chairman of our Board of Directors.

In 1997, Jeremy founded the Grantham Foundation for the Protection of the Environment, with a mission to protect and conserve the natural environment. He regularly publishes articles articulating the existential environmental and social challenges we face and frequently speaks to activists and allocators at industry events to educate and encourage action. As a result of Jeremy's influence, GMO was an early investor in both energy transition and climate change mitigation and adaptation investment solutions, as discussed in Principle 7. Influencing company behavior in ways that better the environment via engagement is also an important consideration for GMO, as we detail in Principle 9.

DIVERSITY, EQUITY, AND INCLUSION

Another core value that underpins our commitment to stewardship is our organizational belief that diverse perspectives achieve better results for our clients, while an inclusive culture that celebrates and respects differences results in higher levels of employee engagement. Our focused attention on diversity, equity, and inclusion (DEI) allows GMO to forge deeper relationships with globally diverse groups, including prospective employees, clients, and business partners. We believe that by leveraging varied perspectives across these dimensions we can more effectively tackle business and investment challenges with higher levels of innovation and productivity. Plus, inclusive workforce benefits, such as flexible work arrangements, open paid time-off policies, parental leave, back-up dependent care, a charitable gift matching program, and more, support our diverse employees and increase retention and new talent attraction. We present our diversity statistics and related outcomes in Principle 2.

Through our efforts, we believe we can help to improve the overall investment industry's diversity and social awareness, and our commitment to industry collaboration is presented in Principle 10. We also extend this to the companies in which we invest, where relevant. In previous years, some GMO investment teams have used engagement to encourage inclusive behaviors supporting diverse employees and management, which these teams believe can help companies achieve stronger results, as discussed in Principle 9.

Business Model

Investing on behalf of our clients is GMO's sole business. Across asset classes and around the world, our investment teams identify and capitalize on long-term opportunities and develop strategies that both anticipate and respond to client needs. 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.

We are privately owned, which enables our teams to truly focus on long-term outcomes and not be influenced by short-term market dynamics. This ownership structure also allows us to make certain that our clients' interests always come first – and we strive to remain in strong alignment with them. When we articulate this business model to clients, we also emphasize our belief that ESG factors can have a meaningful impact on the long-term success of companies and countries and that our investment teams seek to incorporate them where we believe doing so will improve investment results.

Strategy and Investment Beliefs

A long-term, valuation-based investment philosophy permeates GMO's investment teams. It is our investment belief that securities and markets on occasion become mispriced because markets are inherently inefficient. All the investment processes used by GMO are aimed at adding value by first identifying these mispricing opportunities and then using disciplined, rigorous analysis to capitalize on them.

The general rationale behind our philosophy is that investor behavior often overrides rational consideration of fundamentals, causing securities and markets to overshoot (or undershoot) what we think their fair values should be, resulting in some securities becoming attractively "cheap" because they are currently out of favor, with others becoming "expensive" because they are popular and in demand. We believe economic reality drives reversion to the mean and behavior-driven pricing corrects, but that the timing of this reversion is uncertain. Our overall strategy is designed to identify when these mispricings occur and tilt our portfolios toward cheap securities and away from those that are expensive. We broadly aim to invest in countries and companies that we consider to be well-governed but underappreciated because we believe we will earn superior returns for our clients when markets realize this mispricing. Our teams may take contrarian, unpopular positions when we believe those are the best, most attractive valuation-based opportunities, and our ownership structure allows teams to hold these exposures with conviction, even in the face of significant volatility.

Practical application of our overall strategy varies by investment team. Successfully applying our philosophy across asset classes requires an understanding of the unique challenges and opportunities of different markets, and each of our teams has focused expertise and employs its own active investment process best suited to generating superior performance.

As stated above, we believe ESG factors can have a meaningful impact on the long-term success of companies and countries, and as such integrating ESG into our investment processes is included in our efforts to deliver outstanding long-term, risk-adjusted client returns. Ensuring companies have effective governance, robust ESG practices, and organizational cultures that promote DEI is inextricably linked to this process, and we believe that we can influence behavior through constructive engagements as well. Details on our teams' integration of ESG factors are provided in Principle 7.

Guiding Our Priorities

Our purpose and investment beliefs have guided our stewardship, investment strategy, and decision-making. We believe that all the factors discussed above enable us to provide better investment outcomes and advice to our clients. For this reason, expanding and accelerating our responsible investment and stewardship practices are among GMO's key priorities. To support our drive to continuously evolve and grow, every year we establish key ESG priorities, which are focused on the areas where we think improvement will have the most meaningfully positive impact on our clients' outcomes. Each reinforces the importance of considerations discussed throughout our report.

2024 ESG PRIORITIES

- Incorporate GMO Indirect Emissions model in our investment teams' standard ESG toolkit
- Redesign and improve ESG collateral for client communications
- Research United Nations Sustainable Development Goals and determine if appropriate to consider in the context of managing any GMO strategies
- Develop proprietary GMO Proxy Voting Policy and Guidelines
- Hire a dedicated Corporate Engagement Lead to manage GMO's engagement program

2023 Activity and Outcomes

We undertake significant efforts each year across the organization to ensure we are effectively stewarding our clients' assets. In GMO's 2023 report, we highlighted six areas of focus for the year. Provided below is a report on relevant outcomes related to five of the six areas where we made meaningful progress, plus an updated timeline that showcases stewardship activity highlights during 2023 and the prior several years.

2023 ESG Priority	*Outcome*	*More Detail*
Progress on Net Zero Roadmap	Launched internal portfolio carbon footprint dashboard. Senior investment team review of progress at every Investments sub-committee meeting. Completed our Indirect Emissions model. Did not introduce sovereign fixed income carbon footprint as hoped.	Principle 1 Principle 2 Principle 4 Principle 7 Principle 9
Develop Impact Measures	Published our first ever Impact Report for the Climate Change Strategy.	Principle 6
Advance Corporate Engagement Program	Completed and rolled out corporate engagement tracking database, a centralized system to track and monitor corporate engagements across GMO. Began recruitment process for dedicated corporate engagement professional.	Principle 2 Principle 9
Implement Top-Down ESG Risk Management and Exclusion Framework	Implemented the Heightened Review Process for case-by-case assessment of emerging corporate controversies that warrant engagement or other actions.	Principle 4 Principle 9
Create New ESG-oriented and Sustainable Investment Strategies	Built the GMO Horizons Strategy, which halves exposure to emissions while providing 3 times more exposure to green revenues relative to broad market indices (MSCI ACWI). Began development of a transition finance strategy in emerging market debt.	Principle 7

The timeline below shows the significant strides GMO has made in the past several years to ensure our investment strategy enables effective stewardship.

EVOLUTION OF RESPONSIBLE INVESTMENT

2010
- GMO publishes: "Everything You Need to Know about Global Warming in 5 Minutes," a 13-point summary of climate change

2017
- ESG Oversight Committee formed
- Principles for Responsible Investment, CDP, and Japanese Stewardship Code signatory
- Climate Change Strategy launched
- First dedicated ESG hire
- Emerging markets ESG country model built

2018
- Climate Action 100+ member
- UK (2012 Code) and Singapore Stewardship Principles signatory

2019
- Emerging markets ESG country model expanded to developed markets
- Taskforce on Climate-related Financial Disclosures (TCFD) endorsed

2020
- Transition Pathway Initiative endorsement
- Investors Alliance Against Slavery and Trafficking Asia Pacific joined

2021
- GMO ESG Score developed
- First Sustainability and Responsible Investing report published
- ESG Research team formed with three dedicated resources
- Net Zero Asset Managers initiative joined

2022
- First Head of ESG & Sustainability hired
- EM quasi-sovereign model developed
- Initial net-zero targets established
- GMO Indirect Emissions model created
- Emerging Markets Investor Alliance joined

2023
- GMO Horizons Strategy developed
- First Impact Report created for GMO Climate Change Strategy
- Research on portfolio green revenue co-published with FTSE Russell and GIC
- UK Stewardship Code (2020) signatory

OUTCOME: We did not fully accomplish our sixth 2023 goal, "Enhance ESG Client Reporting," though we did achieve progress in improving our ad hoc reporting capabilities, and so we have included that again as a 2024 ESG priority, noted above. As we reviewed 2023 achievements, one notable outcome is that we realized that our objectives have been too ambitious in scope and number, so we have pared our priority list back this year to better focus our efforts.

INVESTMENT RESEARCH

GMO's culture of open debate and collaboration stimulates new investment research, which often results in the development of new methods to tackle investment challenges to better achieve our clients' goals and act as more effective stewards of their capital. Notable research activity in 2023 that furthered stewardship-related objectives included:

- GMO's Emerging Country Debt team published research on how to develop an emerging markets hard currency debt portfolio that prioritizes freedom and democracy while preserving the key characteristics of the asset class. We believe such an approach may help investors reduce exposure to certain costly political events akin to the ones witnessed in 2022. At the very least, our new approach should help sustainability-conscious investors to establish emerging debt portfolios that are freer, more democratic, and better aligned with their own values.
- The ESG team partnered with the GMO Focused Equity team to publish an Impact Report for our Climate Change Strategy. This report aims to present the positive impacts of the Climate Change Strategy by measuring avoided emissions, renewable energy production, battery storage, and fresh water saved and produced.
- The ESG and Systematic Equity teams developed the Horizons Strategy (see Principle 7 for more details), which leverages the GMO Indirect Emissions model and third-party green revenue data to create a portfolio with half the emissions and three times the green revenue exposure of the benchmark index (MSCI ACWI).
- The Emerging Country Debt team also has made progress on an emerging markets transition finance strategy, which focuses on investing in projects and countries that are on a credit decarbonization trajectory.

OUTCOME: Our primary purpose is to deliver strong investment returns for our clients. That said, we also acknowledge that our responsibility as stewards of their capital extends beyond that. We believe that clear and regular communication with clients – as discussed in Principle 6 – ensures they remain informed about decisions being taken by GMO on their behalf and confident that any questions or concerns will be respected and resolved.

Also, in our view, an additional key element of our purpose is to provide candid, useful investment advice about topics we believe are of interest to our clients. Much of this is done via the high-quality research produced by our investment teams, which generates considerable interest from clients and prospects, industry participants, the media, and others. In 2023, we published research or held GMO events discussing topics such as clean energy investments, high-quality equities, Japan market valuations, emissions measurement in portfolios, the U.S. regional banking crisis, and how various investments typically fare in recessions. As a result, GMO's research following continued to grow, with current details presented in the table below. Compared to 2022, in 2023 our LinkedIn followers grew by 10% and X followers by 20%, we saw a 10% increase in the number of times GMO research was quoted in the media, and our GMO event attendance expanded by 33% despite our reducing the number of events held.

2023 Research Following Results

16,000+ thought leadership subscribers	15,000+ average readers of GMO Quarterly Letter
2,400+ event attendees	1,000+ media mentions
4,200+ X followers	19,000+ LinkedIn followers

PRIORITIZING PEOPLE, ENHANCING CULTURE

We have also taken steps to ensure our culture supports a focus on putting our clients' needs first. We encourage this by ensuring employees around the firm feel connected with client issues and outcomes. In 2023, we did this in a couple of ways.

1. Since the Covid-19 pandemic began, we have held a firm-wide weekly Markets Call, during which investment and client-facing teams share current perspectives. Frequently on these calls, we dedicate an agenda item to hearing from one of our client relationship team leaders about challenges clients are facing and how we are engaging with our clients to help solve them. Calls are held more frequently during significant market events to ensure coordination across the firm during times of uncertainty.
2. In quarterly firm-wide Town Hall meetings, our CEO, Scott Hayward, and Head of Global Client Relations, Alex Bark, provide updates on key client feedback we have received. This venue provides an opportunity for all employees to hear firsthand how we are helping our clients achieve their missions, engendering firm-wide support for effective stewardship of client assets.

OUTCOME: Throughout 2023, GMO participated in a program where GMO purchased lunch for employees on a recurring basis, and every lunch purchased was matched with a donation of a lunch to feed children facing food insecurity in Boston. Over the past couple years, GMO has donated over 5,000 meals via the program. Most importantly, this has enabled GMO to make a positive impact on the community around our headquarters. Lunches being delivered also has tended to spur colleagues to eat together, another important reason for our participation in the program as we recognize the value of informal engagement among colleagues in building and maintaining culture.

DEI is another key element of our culture, and for several years our efforts have been led by our employees through a formal Diversity, Equity, and Inclusion Group across three areas of focus: Outreach, Inclusion, and Communications. The group includes individuals from all global offices and areas of the firm. Our Engagement and Talent Acquisition Lead, Melissa Gallagher, evaluates our DEI activity overall and helps design best practices.

OUTCOME: GMO was one of the first asset managers to become a signatory of the CFA DEI Code in early 2022. Through our commitment to the Code, we believe we can further amplify our efforts to continue to improve diversity and social awareness. In 2023, we completed our inaugural CFA DEI Signatory Response, sharing details of our ongoing commitment to the six key Principles. We share more about our first response below, while our joining the Code is detailed further in Principle 10.

As a firm with offices around the world, GMO encourages DEI globally. Cindy Tan, CEO of GMO Singapore, has been working with the CFA Institute and CFA Society of Singapore on adapting the CFA DEI Code and Implementation Guidance for Singapore and APAC more broadly. She recently organized and hosted a CFA DEI Code Singapore adoption event.

CASE STUDY: GMO'S FIRST CFA DEI SIGNATORY RESPONSE

In 2023, we completed our inaugural CFA DEI Signatory Response. In it, we share details of our ongoing commitment to the six key Principles of Pipeline, Talent Acquisition, Promotion and Retention, Leadership, Influence, and Measurement, which we have summarized below.

- **Pipeline:** We believe in the importance of identifying and hiring candidates from different backgrounds and with different perspectives. Through participation with programs such as Girls Who Invest, UNCF Lighted Pathways, 10,000 Black Interns, and Apprentice Learning, we believe we can expand our talent pipeline by promoting the investment industry as an attractive career destination to underrepresented groups. In addition to offering our financial support and hosting interns from these organizations, we have partnered with "alumni" to find full-time job candidates.
- **Talent Acquisition:** Our hiring process seeks to source a diverse slate of candidates for all open job positions. To accomplish this, we prioritize partnerships with search firms that have a stated and proven commitment to diversity. For example, one of our newest recruitment partners, hellohive, is a hiring platform that focuses on new graduates or early career candidates from groups that are traditionally underrepresented in higher education. To encourage an unbiased interview process, hiring managers and interviewers are provided with training on considering a diverse pool of candidates, developing job descriptions, and conducting interviews. Before any offer of employment is extended, we review the diversity of the candidates considered.
- **Promotion and Retention:** We foster a culture that celebrates and respects differences in thought and experience, which we believe results in higher levels of employee engagement and promotes retention. Throughout the year, we recognize events such as Black History Month, Pride Month, International Women's Day, and Latin Heritage Month. We have also hosted a Speaker Series with presentations from experts on topics such as implicit bias and allyship. To support our employees' individual needs in balancing life's demands while sustaining a career, we offer the opportunity to create non-traditional work schedules. In our offices, we also provide amenities such as dedicated mother's rooms that include all the necessary facilities for nursing mothers. We also regularly provide opportunities for our employees to network and commune with one another as well as with GMO Leaders. Two programs that are focused on making these connections that were developed to help support our hybrid workforce in the post Covid-19 world are our Young Professionals Group and our New Employee Cohort Program.
- **Leadership and Influence:** GMO sponsors 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 also regularly support employee development through participation in one-off professional affinity conferences. We offer a robust Mentor Program that provides both Mentors and Mentees with a rewarding and rich opportunity for professional and personal development.
- **Measurement:** We believe understanding of one another is critical for DEI progress, and we regularly solicit employee feedback via anonymous employee surveys, highlighted in Principle 2, which ask questions about a broad array of topics, including DEI issues. Our engagement surveys typically have a participation rate over 80%, which is higher than global and industry norms. We use survey data to inform where we should adjust our practices, dedicate more resources, or focus on potential problems.

We continue to partner with the CFA to expand their DEI Code globally and recently participated in their inaugural DEI Thrive Conference in Boston in March of this year. Additionally, senior leaders in our Singapore office are playing an integral role in the development of a Singapore regional DEI code.

SPOTLIGHT: *GMO's Net Zero Plan*

There are stark differences between how the world will be impacted by warming of 1.5 degrees Celsius and by warming of 2 degrees Celsius or more (as compared to the pre-industrial era). Aside from having profound, concerning effects on the world, the impact of this variation is also likely to pose challenges to our ability to help our clients achieve their financial goals. For this reason, GMO has committed to reducing net emissions by 65% for our Net Zero Portfolio (described below) by 2030, and to zero by 2050 or sooner, in line with global efforts to limit global warming to 1.5 degrees Celsius. Our Net Zero Portfolio does not include assets held in separately managed accounts unless we have been directed by the client to do so.

Affirming our commitment, GMO became a signatory to the Net Zero Asset Managers initiative (NZAM) in October 2021. As part of our pledge, we were required to submit our initial net-zero targets within one year of joining NZAM. During 2022, our Net Zero Task Force, made up of senior investors and others from around the organization and led by Deborah Ng, our Head of ESG and Sustainability, guided the creation of our targets and plan, which are backed by rigorous analytics.

Our initial targets, which we released in 2022, and the progress we made in 2023 are presented below.

Achieving our net-zero ambition will not come through divestment – we cannot divest our way there – but rather by working with companies to support their decarbonization. Our net-zero strategy includes:

- Engaging with companies to set credible transition plans,
- Increasing investments in companies contributing to the clean energy transition,
- Increasing the proportion of emissions covered by a science-based target aligned with the standards of the Science-Based Target initiative (SBTi), and
- Broadening the scope of our net-zero strategy to include Scope 3 emissions and government bonds.

We continue to believe that achieving these targets will help us achieve the best long-term investment returns for our clients.

The Investments sub-committee, introduced in Principle 2, oversees GMO's net-zero portfolio carbon footprint and reviews it on a quarterly basis. GMO's ESG Oversight Committee and Board of Directors receive annual updates on progress made.

GMO'S NET ZERO PROGRESS

Targets

65% Reduction
of Net Zero Portfolio Carbon Footprint by 2030[1]

60% of GMO's AUM
included in Net Zero Portfolio by 2025[2]

Progress as of December 2023

55% Reduction
of Net Zero Portfolio Carbon Footprint[1]

49% of GMO's AUM
included in Net Zero Portfolio

55% of Portfolio Emissions
covered by an SBTi[3]

$2B of GMO's AUM
invested in the Climate Change Strategy

Our initial Net Zero target disclosure can be found here.

1 From 202.6 tCO_2e/$M in 2019
2 From 53.5% in 2019. Net Zero Portfolio excludes certain asset classes, strategies, and separately managed accounts.
3 Proportion of GMO's portfolio emissions that have or commit to have a science-based target.

PRINCIPLE 2

GOVERNANCE, RESOURCES, AND INCENTIVES

Signatories' governance, resources, and incentives support stewardship.

GMO's emphasis on collaboration in our firm's culture forms the basis of our ESG and sustainability governance philosophy. A broad range of areas around the company participate in and contribute to ESG strategy development and application. This approach enhances awareness among employees, fosters support for ESG as a strategic objective, and makes for rigorous, consistent ESG integration across most investment teams.

ESG Governance Structures, Processes, and Resources

GMO has dedicated committees and teams that focus on supporting different areas of our stewardship activities, as discussed below. We continuously evolve and enhance our approaches and structures to meet our ESG-related objectives.

ESG OVERSIGHT COMMITTEE

GMO has an established ESG Oversight Committee that is responsible for centrally governing the implementation of our overall ESG and stewardship approach and ensuring firm-wide alignment around ESG priorities. It also acts as a conduit for ESG information flow throughout the firm, including amongst our investment teams, and centrally ensuring GMO has the ESG resources we need to accomplish our objectives. The Committee was initially formed in 2017, restructured and expanded in 2021, and reorganized in 2023, each time shifting to meet GMO's evolving ESG governance needs and to enable better oversight, engagement, and accountability across the firm.

The Committee includes members of GMO's management team and other senior stakeholders. Chaired by our Head of ESG and Sustainability, Deborah Ng, all Committee members are senior GMO staff empowered by the CEO to make decisions around the firm's ESG strategy. Areas represented include Investment Teams, ESG, Risk, Investment Product Strategy, Global Client Relations, Technology, Operations, Global Finance, Legal, Compliance, Human Resources, and Facilities. The Committee reports to our CEO and provides regular updates to GMO's Board of Directors.

This structure has served us well in improving oversight of ESG integration, stewardship, and product and communications strategy. It has also supported the breadth of our ESG and sustainability efforts, helping to make ESG a firm-wide priority and enabling seamless integration of efforts and sharing of ideas, knowledge, and resources across teams.

The ESG Oversight Committee is shown below.

ESG AND SUSTAINABILITY STRUCTURE

Board of Directors

Scott Hayward | *Chief Executive Officer*

Oversight Committee

Deborah Ng | *ESG & Sustainability (Chair)*
Holly Carson | *Consultant Relations*
Anna Chetoukhina | *Asset Allocation*
Roy Henriksson | *Investment Risk & Trading*
Andy Martin | *Investment Product Strategy*
Greg Pottle | *Chief Compliance Officer*
George Sakoulis | *Investment Teams*
Dina Santoro | *Chief Operating Officer*
Hylton Socher | *Chief Technology Officer*
Phil Zachos | *General Counsel*
Nicole Zimmerman | *Human Resources & Facilities*
Erin O'Keefe | *Facilitator*

ESG & Sustainability Team
Deborah Ng

Mandy Leung
Open: Corporate Engagement Lead

- Strategy and overarching approach
  - Net zero and climate change
  - Sustainability and impact
- Thought leadership and innovation
- Top-down ESG monitoring
- Education, frameworks, and tools for investment teams
- Subject-matter expertise
- Coordination and execution of corporate engagements

Proxy Voting Team
Tara Pari

Brian Buoniconti
Meghan Panteleakos

- Stewardship-related policies
- Proxy voting

ESG SUB-COMMITTEES

Supporting the GMO ESG Oversight Committee are three sub-committees – Investments, Stewardship, and Stakeholder Strategy and Communications – which include another 20+ GMO employees spanning many levels and functions from around the firm. This broad membership further ensures strong engagement on ESG across the firm and an aligned and coordinated approach at every level.

The ESG sub-committees are described and shown below.

2022 Review Outcomes and 2023 Implementation

Among the greatest strengths of our governance approach are our ongoing self-assessment and willingness to change and improve, as evidenced by the ESG Oversight Committee's 2021 reorganization and 2023 shifts, during which we reviewed our existing structures, processes, and resources. The outcome of a 2022 review was the determination that we could better serve GMO's evolving ESG governance needs by restructuring the Committee and its three sub-committees. These changes were implemented in 2023.

At the ESG Oversight Committee level, Deborah Ng was named chair, membership was streamlined to those named in the chart on the previous page, and processes were put in place to support more efficient Committee activity. For example, to make Committee meetings more productive, we now prepare an extensive set of materials in advance of the meeting previewing decisions to be made. Each Committee member is expected to review these materials before attending the meeting.

Another key outcome was the revamping of our three ESG sub-committees that report into and support the ESG Oversight Committee. A description of the sub-committees' renewed focus areas are outlined below. Each sub-committee identifies key working group areas on an annual basis that align with and support GMO's strategic ESG priorities presented in Principle 1.

We believe these resources, structures, and processes better enable us to progress our stewardship strategy. The efficacy of these structures is monitored on an ongoing basis to ensure we are achieving our goals.

1. **Investments Sub-Committee**

   Our Investments sub-committee is charged with overseeing ESG risks at the portfolio level. The sub-committee also evaluates severe and developing ESG controversies within our public equity and fixed income holdings, manages our Heightened Review process described in Principle 4, and ensures we are progressing on our overall climate strategy.

   The sub-committee is co-chaired by Head of Investment Teams, George Sakoulis, and Head of Investment Risk and Trading, Roy Henriksson. Membership includes leaders from our investment teams in addition to Deborah Ng. By gathering our investment team leaders, we believe we can more effectively address these important topics in a centralized, coordinated way.

ESG SUB-COMMITTEES

	Investments	Stewardship	Stakeholder Strategy and Communications
CHAIRS	George Sakoulis; Roy Henriksson	Phil Zachos; Deborah Ng	George Sakoulis; Holly Carson
MEMBERS	Joe Auth; Anna Chetoukhina; Warren Chiang; Drew Edwards; Jason Halliwell; Tom Hancock; Simon Harris; John Thorndike; Steve Nazzaro; Deborah Ng; Erin O'Keefe; Tina Vandersteel; Lucas White	Brian Buoniconti; Holly Carson; Drew Edwards; Tom Hancock; Jason Harrison; Michelle Morphew; Anna Rainsford; Dina Santoro	Tommy Garvey; Mandy Leung; Andy Martin; Michelle Morphew; Deborah Ng; Erin O'Keefe; Tara Pari; Steven Peck; Melanie Rudoy; Vineta Salale; Mina Tomovska; Cindy Tan
MANDATE	Govern the Responsible Investment Policy; Oversee ESG Risk	Proxy voting and engagement, including governing related policies; Stewardship-related commitments	Stakeholder reporting; GMO ESG-related commitments
2024 WORKING GROUPS	ESG Research	Proxy Voting Guidelines	ESG Dashboard

2. **Stewardship Sub-Committee**

   Our Stewardship sub-committee oversees investment-related stewardship and is co-chaired by General Counsel Phil Zachos and Deborah Ng.

   As we have advanced our engagement efforts, discussed in Principle 9, we removed accountability for corporate leadership from this sub-committee's purview so that it can focus on investment stewardship (i.e., voting and engagement). Corporate leadership is overseen by GMO's Chief Operating Officer, Dina Santoro. This sub-committee provides a forum in which we can hold meaningful discussions on proxy voting decisions, which we identified as an area for improvement in our prior structure.

3. **Stakeholder Strategy and Communications Sub-Committee**

   The previous Product Strategy and Client Reporting sub-committee has been reformed as the Stakeholder Strategy and Communications sub-committee and is co-chaired by George Sakoulis and Head of North American Consultant Relations, Holly Carson.

   The sub-committee is made up of representatives from Investment Teams, Investment Data Solutions, Investment Product Strategy, Regulatory Reporting, and Global Client Relations. We believe this membership helps us integrate our clients' priorities with our investment strategies and improves how we share ESG outcomes with our clients. Importantly, it creates a stronger link between investment activities and stakeholder expectations as relates to ESG and sustainability.

ESG AND SUSTAINABILITY TEAM

GMO's ESG and Sustainability team supports our investment teams by providing subject-matter expertise, tools, and resources to aid their assessment of ESG. This team shares responsibilities with the investment teams on engagements, which may be conducted jointly or separately. Their work is supported by a wide array of GMO colleagues who devote part of their time to GMO's ESG efforts. With respect to stewardship-related service providers, we rely on a variety of ESG data providers and a proxy voting advisor as discussed in Principle 8. Finally, as discussed in Principle 1, we are currently searching for a dedicated Corporate Engagement Lead who would work on the ESG and Sustainability team.

DEBORAH NG | *Head of ESG and Sustainability*

Deborah Ng joined GMO in May 2022 from one of Canada's largest asset owners, where she spent the previous 18 years, most recently as Head of Responsible Investing. She joined GMO to oversee and accelerate our ESG and sustainability-related initiatives. In this senior role, she chairs the ESG Oversight Committee, works closely with GMO investment teams on understanding and integrating ESG factors, co-chairs GMO's Stewardship sub-committee to oversee voting and advance our engagement efforts, and educates teams around the firm.

She is a member of the Global Reporting Initiative (GRI) Standards Board, a past board member of the Global Real Estate Sustainability Benchmark (GRESB BV), and a former member of the Sustainability Accounting Standards Board (SASB) Investor Advisory Group and Bloomberg ESG Advisory Board. She regularly collaborates with the CFA Institute on ESG-related issues and curriculum, including with the CFA Toronto Society ESG Bootcamp, and she is a guest lecturer for the Queens University's Sustainable Finance program. She is a CFA charterholder.

Since joining GMO, Deborah has brought her significant asset owner and industry ESG experience to bear on evaluating GMO's ESG programs, and she has successfully accelerated many of them, including leading the development of our net-zero targets and program, discussed in Principle 1, and improving our overall engagement program, discussed in Principle 9.

MANDY LEUNG | *ESG Analyst*

Mandy Leung joined GMO's ESG and Sustainability team as an ESG Analyst in 2023.

Mandy is involved in assessing ESG factors in support of our integration and corporate engagement efforts and she contributes to the bi-weekly monitoring of GMO holdings for emerging ESG risks and controversies, preparing analysis for the Investments sub-committee. She has worked with others around the firm on GMO's reporting under the European Sustainable Finance Disclosure Regulation (SFDR) and partnered with Deborah and GMO's Focused Equity team on estimating avoided emissions and other impact metrics for the Climate Change Strategy's Impact Report, discussed in Principle 6.

She has worked at GMO since 2015. Before joining the ESG and Sustainability team, she served as an Accounting and Finance Associate in GMO's Sydney office. Prior to joining GMO, she held roles at Capella Capital and AMP Capital Investors. Mandy earned her Bachelor of Commerce in Finance and Accountancy from the University of Sydney. She is a licensed Certified Public Accountant and CFA ESG Investing Certificate holder.

ESG SUB-COMMITTEE CHAIRS

Our ESG sub-committees are chaired by the following individuals, as discussed above, in addition to Deborah Ng.

GEORGE SAKOULIS

George Sakoulis is the Head of Investment Teams at GMO and a partner of the firm. He is a member of GMO's ESG Oversight Committee and co-chair of the Investments and Stakeholder Strategy and Communication sub-committees. He rejoined GMO in 2020 having previously worked at the firm from 2009 to 2014 leading quantitative research for GMO's Emerging Markets Equity team. He has also held several leadership roles at other investment firms during his career and earned his MA in Economics and PhD in Financial Econometrics from the University of Washington.

ROY HENRIKSSON

Roy Henriksson is the Head of Investment Risk and Trading at GMO and a partner of the firm. He is a member of GMO's ESG Oversight Committee and co-chair of the Investments sub-committee. He has decades of experience combining quantitative research with its practical applications within investment portfolios across a wide range of equity, fixed income, and multi-asset strategies. He has served as the co-chair of the Liquidity Risk Committee and as a member of the advisory board of the International Association for Quantitative Finance, has been a recipient of the Graham and Dodd Award from *Financial Analysts Journal*, and previously was a Professor of Finance at the University of California, Berkeley. He earned his MS in Management and PhD in Finance from the Massachusetts Institute of Technology.

PHIL ZACHOS

Phil Zachos is GMO's General Counsel and a partner of the firm. He is a member of GMO's ESG Oversight Committee and co-chair of the Stewardship sub-committee. Previously at GMO, he has served as Legal Counsel and Company Secretary, Chairman of the GMO UK Board, and Chief Counsel for GMO Renewable Resources.

HOLLY CARSON

Holly Carson leads consultant relations efforts and strategic new market segment initiatives for the GMO Global Client Relations team. She is a partner of the firm and a member of the GMO ESG Oversight Committee, in addition to co-chairing the Stakeholder Strategy and Communications sub-committee.

PROXY VOTING TEAM

GMO's proxy voting efforts are overseen by the Stewardship sub-committee and executed by a three-person Proxy Voting team, each of whom has extensive experience and long GMO tenure. The Proxy Voting team serves as a liaison between our ESG and investment teams and our proxy voting advisor, ISS, to ensure GMO is voting its shares in a thoughtful manner consistent with our Proxy Voting Policy.

TARA PARI

Tara Pari joined GMO in 2004 and is the Head of Risk and Controls, Fund Reporting, and Proxy Voting.

BRIAN BUONICONTI

Brian Buoniconti is a member of GMO's Risk and Controls, Fund Reporting, and Proxy Voting teams and serves as the lead proxy voting specialist. He joined GMO in 2012 as a member of the Portfolio Operations team, working in corporate actions and pricing roles.

MEGHAN PANTELEAKOS

Meghan Panteleakos is a member of GMO's Risk and Controls, Fund Reporting, and Proxy Voting teams and currently serves as a proxy voting specialist. Previously at GMO, which she joined in 2008, she was supervisor of the Pricing and Collateral team.

Investment Integration Processes

Integration of ESG factors into GMO investment processes is overseen by our ESG Oversight Committee, but portfolio managers are ultimately accountable for implementing ESG policies within their strategies as applicable. This is in line with our investment-led approach described in Principle 1. In practice, portfolio managers and their investment team colleagues have integrated ESG factors into various portfolio construction processes, which are detailed in Principle 7. Broadly speaking, sector analysts handle corporate engagement within their coverage areas, although portfolio managers may assign team members specific engagement responsibilities. The teams continue to evolve and enhance their approaches by conducting focused research within their respective areas of expertise, and they coordinate and collaborate across the firm to share insights on ad-hoc, project, or committee bases. In some cases, products have specific ESG constraints. Likewise, many portfolio management teams have systematized parameters around ESG principles built into their portfolio construction processes.

Training and Education

GMO conducts ESG training on an as-needed basis. In 2023, the ESG team held training sessions on a variety of topics including the GMO ESG Score, Portfolio Carbon Footprints, Indirect Emissions, Corporate Engagement, Impact Reporting, and GMO Horizons. Aside from these formal interactions, much of GMO's ESG learning comes from peer-to-peer interactions as one investment team adapts the practical knowledge acquired by another.

For instance, in 2023, our ESG team partnered with GMO's Systematic Equity team (including members of our former ESG Research team who joined the Systematic Equity team in 2024) to develop the GMO Horizons Strategy, which is profiled in Principle 7.

ESG learning extends beyond the investment teams and throughout the firm via internal presentations to relevant functional areas such as marketing, client relations, and data management. These are often coordinated by our ESG team. All new employees – senior and junior – undergo a year-long orientation program organized by our Human Resources team that introduces our purpose, investment philosophy, and functional areas, and is designed to onboard joiners into the GMO culture. This includes a module on GMO's investment and ESG approaches.

Generally, these modules are recorded for future use and to accommodate different time zones. In addition, all GMO employees must undergo annual virtual training on topics such as cybersecurity, anti-bribery, corruption, GMO's Code of Ethics, and anti-discrimination.

GMO's Human Resources team regularly conducts firm-wide surveys to measure employee engagement and inform programming that supports our culture and our people's well-being. In recent years, for example, we have coordinated opportunities to join a wellness expert for meditation and self-care sessions and to engage with external speakers on topics such as implicit bias and different intelligence types.

GMO employees are encouraged to attend external ESG-focused seminars and events as well in an effort to build our overall ESG knowledge. In addition to foundational ESG events such as the PRI, notice of events are communicated via email or through the various ESG committees and sub-committees. More formally, GMO financially sponsors employee participation in ESG educational opportunities like the CFA Institute's Certificate in ESG Investing program and the International Financial Reporting Standard Fundamentals of Sustainable Accounting credential.

Compensation and Incentive Structure

Contribution to GMO's ESG, sustainability, and stewardship efforts is included in the evaluation of our dedicated ESG team's performance and can have a direct impact on their compensation. GMO employees, including those on the ESG team, receive a variable annual bonus amount that depends on their individual performance, their contributions to and their team's performance, and GMO's overall achievements. In this way, ESG advancement – which is the core mission of the ESG team – is directly factored into the compensation of the ESG team members as their success will contribute to GMO's ESG progress.

For employees who are not assigned dedicated ESG functions, these metrics do not factor explicitly into compensation decisions. However, employees at GMO are evaluated and compensated based on both their ability to contribute and their actual contributions toward GMO's strategic priorities, and stewardship principles factor into these priorities.

Our purpose at GMO is to achieve superior performance for our clients and we have high conviction that ESG integration leads to better risk-adjusted returns, which naturally puts ESG at the heart of our operations. In this way, all employees are indirectly evaluated and compensated based on their contributions to GMO's ESG efforts.

Stewardship of our clients' assets and putting our clients' interests ahead of our own thus factor significantly into compensation and incentive decisions around the firm.

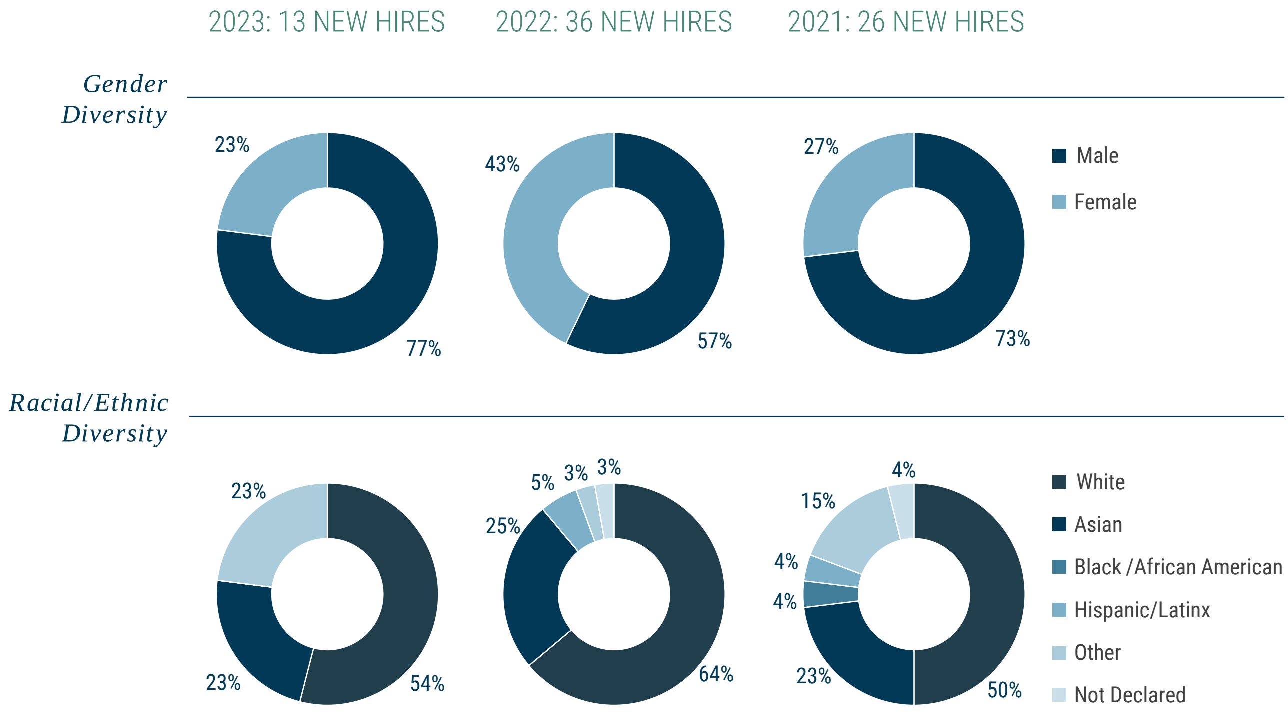
Diversity at GMO

We believe diversity of thought, knowledge, experience, and background leads 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. We have programs in place to generate diversity in our talent acquisition practices – including partnering with organizations that source and foster diverse talent, offering interview training emphasizing selection from diverse candidate pools, and utilizing diverse interview teams – and have established processes to ensure equity in compensation and development opportunities. We discuss these programs in Principle 1 in a case study on GMO's first CFA DEI Code Response.

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.

OUTCOME: As mentioned previously, GMO regularly conducts employee surveys to measure and respond to the state of our culture and engagement around the firm. In early 2024, we conducted an in-depth firm-wide survey. The results showed that we continue to embody a culture of caring and that employees enjoy working with their colleagues. There is continued appreciation for the work/life flexibility and comprehensive benefits that GMO provides to employees. Our commitment to diversity, equity, and inclusion initiatives also scored highly, slightly outperforming an industry benchmark and indicating that employees feel supported.

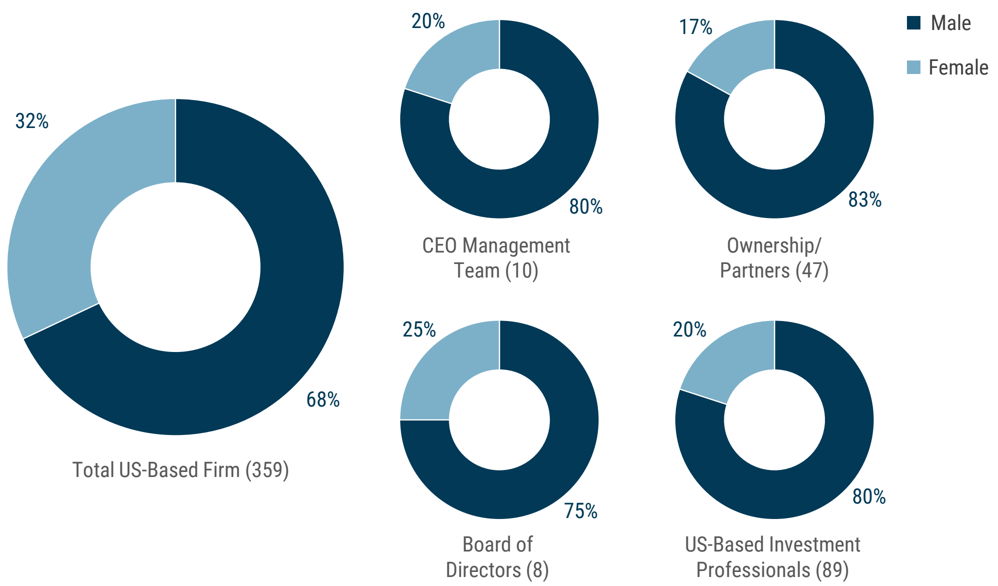
ANNUAL U.S. HIRING STATS



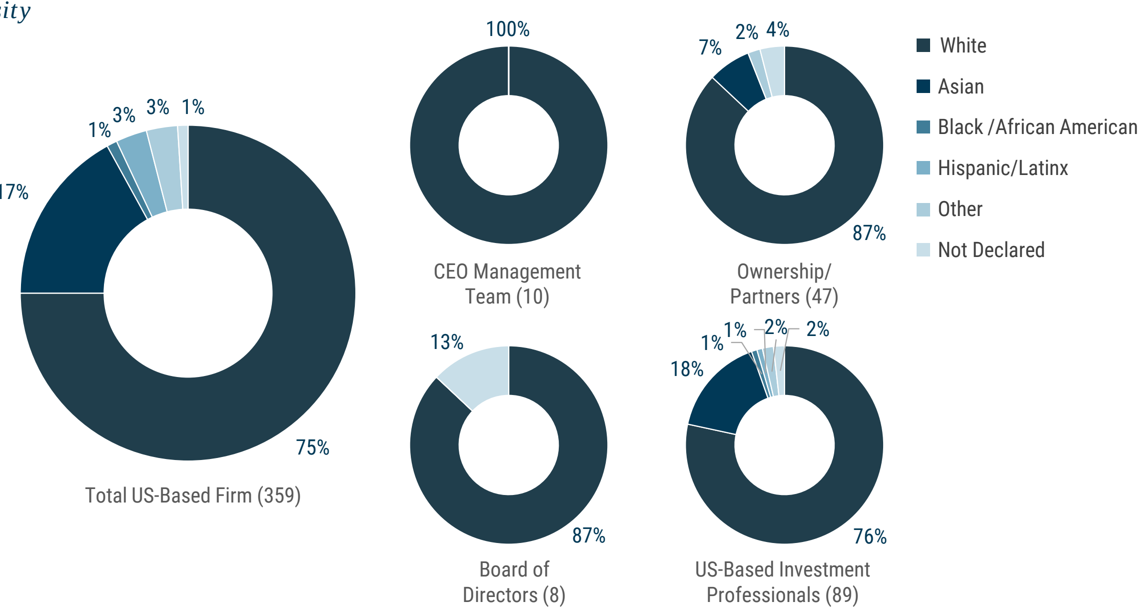
As of 31 December 2023
These statistics are self-reported by our U.S.-based employees and provision of these details is not compulsory. Where individuals have not specified race/ethnicity/gender, we have included that data under the category of "Not Declared." Figures may not sum to 100% due to rounding.

GMO U.S. DIVERSITY MEASUREMENT

Gender Diversity



Racial/Ethnic Diversity



As of 31 December 2023
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.
Ownership/Partner statistics are full global counts and include data for both our U.S. and Non-U.S.-based owners/partners

PRINCIPLE 3

CONFLICTS OF INTEREST

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

We are committed to treating our clients ethically, with the utmost care, transparency, and fairness. In practice, we recognize that conflicts of interest may arise as we conduct our business, including potential or actual conflicts between GMO and our clients, as well as conflicts between different clients. We have a range of robust policies and procedures in place to ensure that such conflicts of interest are identified, mitigated, and, where necessary, disclosed to clients.

All GMO compliance policies and related procedures are reviewed annually to confirm they continue to be reasonably designed and effectively implemented. GMO's Conflicts of Interest Committee, which meets at least quarterly, oversees the implementation of our Code of Ethics, Code of Conduct, and Gifts and Entertainment Policy, and additional practices and controls provide further ongoing assessments of potential conflicts. All GMO personnel receive appropriate training to ensure they are aware of their responsibilities and obligations.

These policies and procedures ensure that all GMO employees are aware of their obligations when it comes to underpinning our responsibility to act as good stewards of clients' capital.

In addition to the above, our approach to identifying, managing, and mitigating other potential stewardship-related conflicts includes the following:

- **Trade Allocation:** GMO's trade allocation procedures are designed to provide reasonable assurance that, over time, accounts pursuing the same trading strategy are not likely to be systematically advantaged or disadvantaged due to the order placement/execution process. These procedures may include blocking/aggregating orders or limiting the volume of subsequent orders. While there is a centralized trading function, certain instruments (e.g., fixed income securities) may be traded by the respective investment teams. We avoid or minimize conflicts of interest and place our clients' interests before our own so that we ensure we are treating all clients fairly and in their best interests. To accomplish this, our procedures provide that we seek to use block trades where practicable, allocate block trades according to procedures established prior to the trade, and allocate trades in accordance with disclosure provided to clients.
- **Proxy Voting:** Proxy voting is an integral right of security ownership. In cases where GMO has been delegated authority to vote proxies, we conduct the function with the degree of prudence and duty expected of us as a fiduciary. In these instances, in the event of a material conflict of interest (e.g., GMO has a material business relationship with an issuer), GMO will 1) vote such proxy according to the recommendation of GMO's proxy advisor, ISS, or pre-determined modifications to those recommendations as set forth in GMO's policy; 2) seek instructions from the relevant client or request that the client votes such proxy; or 3) abstain. Additionally, GMO requires ISS to identify and provide information regarding any material business changes or conflicts of interest on an ongoing basis. Where a conflict of interest may exist, GMO requires information on how said conflict is being addressed. Our proxy voting approach and monitoring of ISS as our proxy advisor are discussed in greater detail in Principles 8 and 12.
- **Code of Ethics/Proprietary Trading:** GMO has adopted a Code of Ethics that establishes personal trading procedures, including certain pre-clearance and reporting obligations. GMO's Code of Ethics is designed to prevent employees and access persons (as defined in our Code of Ethics) from engaging in personal securities transactions that may compete or interfere with the trading of client accounts. Additionally, we do not engage in proprietary trading for our own account except in limited circumstances (e.g., investment of operational cash in U.S. Treasury securities).
- **Pricing:** The appropriate valuation of securities held in client portfolios is critical not only for purposes of client transactions but also for the determination of fees paid to GMO and the performance records of funds under management. All GMO Funds are valued pursuant to the applicable, approved pricing policy for each GMO Fund. GMO's Operations team has adopted processes and procedures designed to verify the recording of correct GMO Fund valuations by their external service providers. Those internal controls are, to the extent determined relevant to GMO control objectives, subject to an external review and audit by an independent service auditor pursuant to the Service Organization Controls Report (SOC 1).
- **Management of Multiple Accounts:** Potential conflicts of interest can arise from the simultaneous management of multiple client accounts. For example, GMO's and/or an investment professional's economic interests may conflict with our fiduciary duty based on differing management fee structures (e.g., where GMO manages

one account for which GMO's management fee consists solely of an asset-based fee and another for which GMO's management fee may include a performance fee) or ownership interests (e.g., where GMO or an investment professional has a significant personal investment in one account but not in another). GMO has implemented policies and procedures that seek to ensure that no client account is given inappropriate preferential treatment over another client account. This includes a periodic review of performance dispersion among accounts employing similar investment strategies, such as those within the same Global Investment Performance Standards (GIPS) composite or variations of strategies managed by the same investment team, to ensure that any material divergence in expected performance across accounts is adequately understood.

- **Interactions with Issuers:** When an analyst meets with representatives of an issuer, GMO's Insider Trading Policy requires the logging of those interactions. Personal trading by the analyst in the issuer's securities is then prohibited for a period of time to avoid the potential that information learned in these interactions may be used for personal gain.

2023 Review Actions

In support of monitoring the above policies and procedures, provided below are several examples of how we have sought to identify and mitigate conflicts during 2023.

- We conducted a performance dispersion review as part of our adherence to GIPS.
- GMO's SOC1 Type II internal controls were reviewed and approved by PricewaterhouseCoopers, an independent auditor.
- All GMO employees had to complete an annual training course on our Code of Ethics, Code of Conduct, and Gifts and Entertainment Policy.
- All GMO employees reported relevant personal transactions and holdings on a quarterly basis, in addition to outside business activity, gifts and entertainment, and political contributions deemed reportable under GMO policy.

Conflict of Interest Examples

Ongoing, past, and hypothetical examples to show oversight functions include the following:

Board Seat: During 2022, when our Head of ESG and Sustainability, Deborah Ng, joined GMO, she already had a previous commitment to the board of a pension plan, which would continue during Deborah's employment at GMO. While the pension plan is not currently a GMO client, in accordance with our conflicts of interest policies and approach, Deborah disclosed her board position to GMO. All employees submit quarterly Code of Conduct confirmations and must also make certain off-cycle disclosures when their circumstances change and trigger a disclosure. Deborah's board role will be monitored in this way going forward, and in the future if GMO were being evaluated as a manager for the pension plan, Deborah would be required to notify GMO's compliance team and be recused from the pension plan's discussion and approval process.

Proxy Voting: We previously had a situation where GMO had a business relationship with a company in which we also owned shares and the relevant investment team's voting preference was inconsistent with the ISS voting recommendation. As per GMO's Proxy Voting Policy, due to the existence of a material conflict, the investment team was not permitted to override ISS' voting recommendation in this instance and abstained from exercising a vote.

Board Seat: GMO personnel are periodically offered positions on the boards of charitable organizations, educational institutions, and other organizations. In accordance with our conflicts of interest policies and approach, such roles are required to be approved in advance and disclosed. All employees submit quarterly Code of Conduct confirmations regarding these roles and must also make certain off-cycle disclosures when their circumstances change and trigger a disclosure. If GMO were being evaluated as a manager for the organization, the individual would typically be required to be recused from the organization's discussion and approval process.

Gifts and Entertainment: GMO has implemented a Gifts and Entertainment Policy that is designed to minimize and manage the conflicts of interest that may arise from the giving or receiving of potential gifts or entertainment, including in situations where GMO personnel's objectivity could be perceived to be impaired as a result of such gift or entertainment. Occasionally, GMO personnel are offered items of value by service providers to GMO and have been required to reject or return those items of value to the extent such gifts were inconsistent with GMO's policies.

PRINCIPLE 4

PROMOTING WELL-FUNCTIONING MARKETS

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

GMO considers and addresses numerous market-wide risks within the context of the investment strategies we implement. We also endeavor to bring attention to and address systemic risks facing the investment industry.

Investment Risk Management

GMO has a dedicated Risk Monitoring team led by our Head of Investment Risk and Trading, Roy Henriksson, who is a direct report of our CEO. This team leads our top-down oversight of investment risk.

Roy and the Risk Monitoring team continually assess potential macro and asymmetric sources of investment risk. As part of this process, the team monitors exposures and positions of all GMO portfolios, focusing on major changes within a strategy, and has ongoing conversations with the portfolio managers related to their exposures. Portfolios are evaluated across a wide range of risk metrics related to both absolute and relative performance, as well as liquidity and counterparty risk.

GMO has a regularly scheduled Risk Insights Forum (RIF), which brings together senior managers of the firm, including from each of our investment teams, to discuss market risks and longer-term macro trends that may lead to areas of future concern. Part of the RIF discussions includes a review of GMO strategy positioning, liquidity, and counterparty risks. When significant risks are identified, the Risk Monitoring team works closely with the relevant portfolio manager to ensure that the appropriate risk controls and limits are in place.

This centralized top-down approach complements the bottom-up risk management conducted by our investment teams in managing their portfolios. A key advantage of having this monitoring function is the ability to uncover concentrated or systemic risks that may have significant, organization-wide impacts to GMO across strategies and asset classes.

GMO investment team heads and portfolio managers have the primary responsibility for the bottom-up assessment of all potential and material investment risks in their portfolios, including ESG considerations. Generally, the teams undertake the following types of analysis:

- Value-based security analysis considering systematic, systemic, and idiosyncratic return opportunities and risks, using both quantitative and fundamental inputs, and
- Utilization of advanced portfolio construction methods that factor in expected return opportunities after accounting for material risks, systematic and systemic sources of absolute and relative risk, estimates of diversification and correlation, leverage, and liquidity.

The Investments sub-committee oversees ESG exposures at the fund level. The committee reviews the GMO's ESG Score at the portfolio and asset classes levels, and across each E, S, and G element to identify significant worsening of scores or concentrated exposures.

OUTCOME: In our assessment of the efficacy of our ESG risk management processes during 2023, we identified situations where we determined we needed additional controls, including 1) when severe ESG risks arise in systematic portfolios but our ability to influence is low and the cost of engaging with companies outweighs the benefit, and 2) where we see ESG risks that have a potential firm-wide impact that is greater than the impact to any one portfolio. As a result, in 2023 the Investments sub-committee introduced the Heightened Review process, which is an ongoing review of emerging severe controversies at portfolio companies. Companies with high ESG risks are placed on Heightened Review, and they subsequently require approval of the Investments sub-committee before trading.

Monitoring of Risk Controls

GMO also has a Risk and Controls team that assesses operational risk and helps maintain and enhance the internal control environment at GMO. The primary responsibilities of the Risk and Controls team include:

- Coordination and preparation of GMO's Type II AT-C 320/ ISAE 3402 Report summarizing our internal controls,
- Training and educating GMO teams on internal controls,
- Providing support on projects and initiatives to monitor operational risk and to enhance the internal control environment,
- Monitoring implementation of steps taken to prevent recurrence of errors,
- Overseeing vendor due diligence, and
- Management and coordination of certain regulatory report filings and related responsibilities.

The team is led by Tara Pari, who also leads our Fund Reporting and Proxy Voting teams, and is overseen by GMO's Chief Operating Officer, Dina Santoro.

Further, the GMO Board of Directors monitors firm-wide enterprise risk management. The Board is responsible for overseeing GMO's risk control environment, financial risk, operational control, legal and regulatory risk, investment risk, and compliance. The Board also has an Audit Committee, which is responsible for recommending to the Board the selection of GMO's independent auditor and overseeing such auditor's work with respect to the audit of GMO's financials and control environment. The Audit Committee reports periodically to the Board regarding such audit-related matters.

At the bottom of this page is an example of how we monitor non-investment ESG-related risks at the firm level, not specific to any one portfolio.

Internal and External Communication

Our Risk and Controls team meets regularly with teams that manage controls related to GMO's operational risk. In these meetings, managers discuss process improvements, errors, and changes to perceived risk levels since the last meeting. There is also a focus on new products, strategies, technology, and regulation to address new risks to the environment. These results are summarized and communicated upward at the RIF by the Risk and Controls team. The issues discussed at GMO's RIF are then cascaded back down throughout the organization as deemed relevant by the members in attendance.

As market and systemic risks emerge, we mobilize on them quickly and thoroughly, as necessary, in a variety of formal and informal forums. At times of extreme uncertainty, such as initially during Russia's invasion of Ukraine for example, we assemble crisis management teams that meet regularly to discuss potential impacts and mitigation strategies, including relevant senior leaders from around the firm. We also dedicate time for discussion of these risks on our weekly Markets Call, introduced in Principle 1, providing frequent opportunities for risk, trading, and investment professionals to share and debate viewpoints.

Externally, we hold conversations with our clients in forums such as portfolio review meetings, GMO investor webcasts, and our GMO Conference. Our client communication methods are described in Principle 6.

To communicate our views more broadly and raise awareness of systemic risks we believe are important (both to investors and other industry participants), we regularly publish research papers, speak at industry events, and conduct media interviews.

Identifying and Responding to Market-Wide and Systemic Risks in 2023

All of the groups mentioned above plus our investment and trading teams collaborate to monitor and respond to market-wide and systemic risks. These teams are constantly assessing market conditions to measure how well financial markets are functioning to spot potential risks to our investment portfolios.

We have assessed GMO's results in 2023 related to identifying and responding to market-wide and systemic risks, and we believe that we effectively identified and addressed both short- and long-term risks to our portfolios – and thus our clients – and responded to market-wide risks that appeared during the year that were relevant to the areas in which we invest. Several examples are provided below.

OUTCOME: Reflecting our belief that the current market environment has a heightened level of uncertainty, at the 2023 GMO Conference, titled "Dialing Into Dispersion," we

NON-INVESTMENT ESG RISKS

Threat	*Risk*	*Management*	*Status*
Disconnect between perception and actual ESG practices	• Loss of client trust and firm reputation • Litigation	Ensure we keep evidence, data to backup claims Consider third party verification Ensure ESG function appropriately resourced Top-down engagement and oversight on ESG	= (Medium risk)
Growing complexity of ESG and ESG standards	• Failure to adequately manage risk • Failure of data, models, and systems to keep pace	Develop specialized expertise Build knowledge and sharing across firm Formalize training program	= (Low risk)
Rising stakeholder expectations	• Loss of clients or outflows or inability to attract inflows • Poor ESG ratings from consultants • Difficulty attracting and retaining talent	Continually evolve practices Ensure sufficiently resourced: people, time, data Increase transparency in external reporting	⬇ (Low risk)

Low risk   Medium risk   High risk   = Unchanged from last review   ⬆ Risk has increased   ⬇ Risk has decreased focused several sessions on examining current market risks and how we are positioning portfolios to respond to them. For example, our Asset Allocation team presented a session on applying macro insights within a valuation-based investment framework. The team explained how the macro environment informs the fair value expectations for GMO's Asset Class Forecasts, as we quantify vulnerability and resilience for various asset classes across macro scenarios. They then discussed our current macroeconomic outlook, highlighting plausible downside risks and how we are improving our portfolios' resiliency against tail events.

U.S. REGIONAL BANKING CRISIS

In March 2023 the banking system came under pressure resulting in the collapse of a few U.S. regional banks, including Silicon Valley Bank (SVB) and Signature Bank. As the situation unfolded, GMO's Risk, Investment, Trading, Legal, and Operations teams monitored capital market conditions very closely, communicating continuously to analyze data and share insights. These teams also discussed analysis on multiple weekly GMO Markets Calls, including an ad hoc, off-cycle Markets Call at the height of the crisis.

GMO portfolios held no exposure to SVB or Signature Bank, which we communicated to clients to reassure them about potential risk in their investments with GMO. We responded to client inquiries as quickly and transparently as possible.

We believe that a strength of GMO's investment team structure is that we have specialists in many asset classes. This allows us to evaluate risks and attack investment challenges from multiple angles, and we endeavor to share our diverse insights with clients. In this case, we published three perspectives on banks in March and early April – one from our Focused Equity team, one from our Asset Allocation team, and one from our Emerging Country Debt team. Each looked at the crisis through its expert, differentiated lens. The Focused Equity team, for example, opined on risk levels in high-quality banks, concluding that they tend to have defensive characteristics that safeguard them against "train wrecks" (as the team put it) like SVB. The Asset Allocation team made the case that global systematically important banks were not at risk and, rather, offered attractively valued opportunities. Finally, the Emerging Country Debt team explained why they were not surprised by AT1 bond wipeouts even as equity shareholders retained residual value, having studied – and steered clear of – the instruments in the context of emerging markets debt for years.

With respect to the U.S. regional banking crisis, we believe we identified, responded to, monitored, and communicated about the relevant issues successfully and thoroughly, which helped minimize risk for our clients.

INFLATION AND INTEREST RATES

Significant interest rate hikes and persistently high inflation over the past few years have resulted in increased volatility in equity and bond markets, with general declines in 2022 followed by rising markets in 2023. We have analyzed interest rate and inflation risks thoroughly and discussed developments with our clients in meetings and portfolio reviews.

For example, on our GMO Markets Calls, our Trading team and various investment teams have frequently reviewed rate increases and subsequent impacts on various markets. In these collaborative discussions, our teams asked each other questions, often helping other teams test assumptions.

OUTCOME: At GMO's 2023 Conference, as discussed above and in Principle 6, we explored the impact of higher interest rates in several sessions, including one from Joe Auth and Tina Vandersteel, Heads of Developed Fixed Income and Emerging Country Debt, respectively. In their discussion, they examined the value proposition of U.S. fixed income markets from a global perspective, highlighting non-U.S. opportunities given the U.S. dollar's rich valuation, and they tackled the perplexing question of why spreads in most U.S. credit sectors have remained calm despite the mayhem surrounding government bonds and interest rates.

GROWTH EQUITY BUBBLE

Last year, we highlighted a bubble we had identified in growth equity within the U.S. and described our efforts to educate clients and industry practitioners about it as well as how we created an investment solution (GMO's Equity Dislocation Strategy) dedicated to trying to profit from this bubble deflating. When bubbles like this burst, markets tend to decline rapidly and investors suffer significant capital impairments.

After starting to correct in 2022, U.S. growth outperformed in 2023, but that outperformance was led by just a handful of mega cap stocks. We believe AI frenzy combined with expectations for rate cuts in 2024 renewed "bubbly" investor behavior during 2023. While we cannot predict when valuations will revert, we estimate that value globally still needs to outperform growth by 50-60% for relative valuations to return to long-term averages. In our view, this creates continued risk for investors who have large allocations to growth equity as well as opportunities for those interested in taking advantage of the mispricing.

We continue to manage our long value/short growth Equity Dislocation Strategy as a way for clients to invest around this theme. In addition, in 2023 we recognized that there is an attractive relative valuation opportunity within value itself – our Asset Allocation team believes that the most attractive

VALUE IS STILL EXTREMELY CHEAP

As of 31 December 2023
Stock valuations are calculated on a blend of Price/Sales, Price/Gross Profit, Price/Book, and Price/Economic Book.

U.S. stocks are those in the cheapest 20% (or "deep" value as we call it, as compared to "shallow" value, the next 30% of cheapest stocks). As a result, in keeping with our cultural values around offering investment solutions to clients where we see the greatest opportunity for them, we launched the U.S. Opportunistic Value Strategy, a long-only equity strategy designed to invest in this cohort of stocks. We then saw opportunity in the same cohort of stocks in non-U.S. markets, so we launched the International Opportunistic Value Strategy.

OUTCOME: In 2023 we published six papers and held four client events about value stocks to communicate our strong views externally, in addition to speaking frequently with media outlets and at industry events on the topic. Our continued goal is to raise awareness of the bubble with both investors and industry practitioners alike to try and influence investment decisions to reduce systemic risk levels.

RECESSION RISK

The potential for recession was an oft-discussed risk in 2023. While a recession did not arrive, putting together a few of the risks already discussed (higher interest rates, sustained inflation, and a growth bubble), we still felt the risk deserved our attention. For that reason, we have examined and re-examined a variety of recession scenarios as part of our investment analysis over the past couple of years. We evaluated how our broadest multi-asset portfolios' various exposures would fare in the case of a recession and adjusted some exposures to strengthen resiliency; we reconfirmed why high-quality equities tend to outperform in down markets; and, to stress test our view of the attractiveness of value, we researched how value stocks typically perform in recessionary environments (they "do just fine" as Ben Inker, Co-Head of Asset Allocation, concluded).

We have published research and discussed our findings on all these topics with our clients to help them understand the potential recession risk in their portfolios and better safeguard against it (if they decide to do so).

CLIMATE RISK

GMO's position and approach to climate change is grounded in science. The impact of a rising temperature poses long-term systemic risks to our planet, civilization, and investment markets.

Our ESG Oversight Committee discusses and prioritizes how we can respond to climate change. To manage the risks posed by climate change requires system change. One way that GMO has decided to act is by committing to achieve net-zero emissions by 2050. In line with this, we joined the Net Zero Asset Managers initiative, and in 2022 we developed and announced our net-zero targets and plan. Our progress made in 2023 is discussed in Principle 1.

We also aim to address climate risk through active engagement at an international, regional, and industry level to encourage clear, stable, and long-term policy making and regulations. Our support is detailed in Principles 1 and 10. Further, in our investment processes, for a number of years our issuer engagement focus has been on climate change, and so we prioritized engagements in this area, which is detailed in Principle 9.

Finally, as an asset manager, we orient investment portfolios around these risks and opportunities.

- Since 2011, we have managed the GMO Resources Strategy, which is designed to invest in companies that stand to benefit from the economic outcomes of resource scarcity. In 2022, we developed a variation of this portfolio, in partnership with a client, that excludes fossil fuels, called the Resource Transition Strategy, which we officially launched in early 2023.
- Since 2017, we have also managed the GMO Climate Change Strategy, which invests in companies helping the world to mitigate or adapt to the impacts of climate change. Similarly in 2022 we launched, in partnership with a client, a version of the strategy that excludes companies that violate Global Compact principles.
- In 2023 we built the GMO Horizons Strategy, which reflects our view that the world economy is transitioning to a lower carbon future and that this process will create secular opportunities for investors. This systematic and diversified solution provides materially lower total emissions and high levels of exposure to companies that sell green products and services.

Industry Collaboration to Manage Market-Wide and Systemic Risks

GMO engages across the industry to share and improve on best practices. In 2023, we worked to address climate and ESG risk by joining industry groups with the goal of improving data disclosure, quality, and standards. Examples of recent collaborations are listed below, and GMO's industry collaborations generally are described more in Principle 10.

International Financial Reporting Standards (IFRS) SASB Alliance

- What: The IFRS Sustainability Alliance works to develop global standards for the reporting of industry-specific sustainability metrics. Its materiality matrix is an input in our GMO ESG Score.
- How we work with them: GMO is a member of the Alliance, a group of asset managers and owners working together to further develop standards and encourage adoption of the standards in corporate reporting. Following a public consultation, the International Sustainability Standards Board (ISSB) issued its first reporting standards for ESG and climate change at the end of the second quarter in 2023.

Emerging Markets Investors Alliance (EMIA)

- What: The EMIA brings investors together with government and corporate leaders in emerging markets to jointly tackle global challenges.
- How we work with them: The GMO Emerging Country Debt team partners with the EMIA to facilitate engagements with emerging country sovereign issuers, share best practices, and discuss common challenges in ESG integration in emerging markets among its members. The ESG team recently also joined the newly formed Materials Working Group, which will share knowledge, promote best practices, and engage with companies on the use of hazardous chemicals.

Principles for Responsible Investing (PRI)

- What: GMO is a signatory to the PRI, a UN-supported network of investors who work to promote sustainable investment though the incorporation of ESG.
- How we work with them: GMO is a member of the PRI's Global Policy Reference Group. We regularly provide feedback to the PRI on various topics, such as measuring emissions in sovereign debt as part of the Assessing Sovereign Climate-Related Opportunities and Risks (ASCOR) Project.

PRINCIPLE 5

REVIEW AND ASSURANCE

Signatories review their policies, assure their processes, and assess the effectiveness of their activities.

Effective stewardship practices begin with our Board of Directors and CEO and flow through the organization.

Our ESG Oversight Committee reports to our CEO and is accountable for ensuring the firm has the appropriate processes and resources to effectively fulfill our stewardship responsibilities. The Committee's mandate was reviewed in 2022, which resulted in changes to the structure, responsibilities, and practices of the Committee and its sub-committees in 2023, all discussed in Principle 2. The Committee's mandate is designed to support GMO's ability to meet our annual ESG priorities, which are included in Principle 1, and is scheduled for review again during 2024.

Among other responsibilities, the ESG Oversight Committee sets and steers firm-level ESG priorities, has responsibility for reviewing, approving, and overseeing the ESG-related policies discussed below, and governs GMO's ESG commitments and communication. As detailed in Principle 2, the changes to the Committee are an example of GMO's continual commitment to reviewing our existing ESG processes and updating them where appropriate.

Internal Reviews of Policies and Processes

GMO has an established, extensive committee structure to oversee our ESG and stewardship activities. Introduced in Principle 2, our ESG sub-committees split responsibilities to maximize efficiency and ensure a relevant cross-section of employees from around the firm are included appropriately in discussions. One of the key responsibilities of our sub-committees is reviewing policies and processes related to stewardship activities in each focus area.

INVESTMENTS

The Investments sub-committee has a broad range of responsibilities, including the following:

1. Governs GMO's Responsible Investment Policy, detailed below,
2. Provides important input into our ESG research agenda and tool development,
3. Coordinates with the Stakeholder Strategy and Communications sub-committee to evolve our ESG integration frameworks, KPIs, and product strategies,
4. Oversees GMO's consideration of ESG-related risk,
5. Manages our exclusion framework and policy, including oversight of issuer ESG engagements and escalations,
6. Is responsible for governing GMO's initial net-zero targets, and
7. Provides perspective to help refine our firm-wide stance on topical ESG issues.

Investments

CHAIRS

- George Sakoulis
- Roy Henriksson

MEMBERS

- Joe Auth
- Anna Chetoukhina
- Warren Chiang
- Drew Edwards
- Jason Halliwell
- Tom Hancock
- Simon Harris
- John Thorndike
- Steve Nazzaro
- Deborah Ng
- Erin O'Keefe
- Tina Vandersteel
- Lucas White

MANDATE

- Govern the Responsible Investment Policy
- Oversee ESG Risk

2024 WORKING GROUPS

- ESG Research

STEWARDSHIP

The Stewardship sub-committee is responsible for overseeing proxy voting and engagement activities, which includes reviewing and updating our Proxy Voting Policy and Engagement Policy, both discussed below. It annually evaluates GMO's proxy voting advisor and reviews and approves GMO's annual Engagement Plan and stewardship-related commitments and reporting. As discussed in Principle 10, the sub-committee also recommends to the ESG Oversight Committee new stewardship-related industry collaboration initiatives and endorsements of relevant stewardship standards, including, but not limited to, the UK Stewardship Code.

Stewardship

CHAIRS

- Phil Zachos
- Deborah Ng

MEMBERS

- Brian Buoniconti
- Holly Carson
- Drew Edwards
- Tom Hancock
- Jason Harrison
- Michelle Morphew
- Anna Rainsford
- Dina Santoro

MANDATE

- Proxy voting and engagement, including governing related policies
- Stewardship-related commitments

2024 WORKING GROUPS

- Proxy Voting Guidelines

STAKEHOLDER STRATEGY AND COMMUNICATIONS

The Stakeholder Strategy and Communications sub-committee develops strategic, forward-looking responses to stakeholder reporting needs, evaluates new ESG-related KPIs and enhancements to ESG scoring and attribution, and provides input into new reporting processes. It reviews and helps to evolve existing reporting, such as the GMO Sustainability and Responsible Investing Report and ESG-related client reporting.

Stakeholder Strategy and Communications

CHAIRS

- George Sakoulis
- Holly Carson

MEMBERS

- Tommy Garvey
- Mandy Leung
- Andy Martin
- Michelle Morphew
- Deborah Ng
- Erin O'Keefe
- Tara Pari
- Steven Peck
- Melanie Rudoy
- Vineta Salale
- Mina Tomovska
- Cindy Tan

MANDATE

- Stakeholder reporting
- GMO ESG-related commitments

2024 WORKING GROUPS

- ESG Dashboard

STEWARDSHIP-RELATED POLICIES

The policies we believe to be most directly relevant to stewardship are maintained by the ESG Oversight Committee and include the Responsible Investment Policy, Engagement Policy, and Proxy Voting Policy. These were each reviewed in 2023, and changes were made as described below. The Investment and Stewardship sub-committees, in partnership with our ESG team, are responsible for ensuring the policies remain updated and relevant as our ESG approach evolves over time. When updates are recommended, the ESG Oversight Committee reviews and, where appropriate, approves the policies. These are also subject to final approval by the CEO, Scott Hayward.

Our Responsible Investment Policy outlines how we include ESG factors in many of our investment processes, engage with companies, vote security proxies, collaborate across the investment industry, and manage climate-related risk. Our 2023 review included updates to the policy to outline the governance structure and processes around our ESG approach, describe our three-pillar approach of integration, influence, and investment, as outlined in Principle 7, and discuss how integration manifests across different asset classes at GMO.

We also adhere to an Engagement Policy, which provides detail on our engagement, proxy voting, and collective engagement activities. This policy was updated in 2023. The updates outline our governance and oversight structure for proxy voting and engagement activities and define our engagement framework, including principles, governance, prioritization, objective setting process, progress milestones, and escalations. This framework and our new engagement plan are discussed further in Principle 9.

Our proxy voting activities are governed by GMO's Proxy Voting Policy, which outlines our corporate governance principles and proxy voting guidelines. The Policy establishes ISS as our current proxy voting advisor and adopts ISS' Sustainability Policy as our default recommendations. It also outlines our proxy voting procedures and how we identify and manage potential conflicts of interest in our proxy voting. On an ongoing basis, the Stewardship sub-committee reviews all updates to the ISS Sustainability Policy and reflects any changes required to our Proxy Voting Policy. We established the ISS Sustainability Policy as our default policy in 2017, among other non-material changes. The last update of our Proxy Voting Policy was in January 2022, when we removed legacy custom voting items, one of which (a direction to vote with management on incumbent director elections) had been putting some votes at odds with the ISS Sustainability Policy. The Policy is currently undergoing its regular review process.

We expect changes will be made to the Proxy Voting Policy in 2024 to include additional details on voting guidelines and to align it with the ISS Sustainability Policy. Proxy voting, including this policy, is discussed further in Principle 12.

We post voting outcomes for our mutual funds and funds that fall under the EU Shareholder Rights Directive II on our website. We are currently working on additional disclosure to cover all firm-wide votes, which we expect to complete in 2024. Our external reporting mirrors both U.S. (N-PX) and international (SRD II) requirements of disclosing 1) meeting details (company name, meeting date), 2) a description of the individual proposals voted on, 3) the issuer's management recommendation, and 4) our vote instruction. We provide additional reporting on our voting activities in our Sustainability and Responsible Investing Report.

Ensuring Complete, Fair, and Balanced Reporting

We actively engage our clients and consultant partners with regards to stewardship, and we use their feedback to ensure we continually improve our communications in a manner that supports their needs and objectives. We share this information via numerous reporting methods, including responses to due diligence questionnaires, client meetings, reports created to address client requests, standard periodic client reporting, and responses to individual inquiries regarding client-specific interests and concerns. In 2023, we responded to 880 due diligence questionnaires on general or specific investment and client issues, which often included stewardship-related topics.

In regular client engagements, we work to understand and meet reporting requirements, input that feeds the continual development and evolution of our stewardship and other reporting. We aim to provide reporting that is easily understandable. We are currently in the process of updating our quarterly ESG dashboards, an example of which is provided in Principle 6. We anticipate that the dashboards will include information on our engagement and voting activities, alongside other ESG and climate change KPIs. Our client reporting is discussed in full in Principle 6.

Our stewardship activities are externally assessed through reporting to the PRI and to the Financial Reporting Council (FRC) in this UK Stewardship Code report. We also engage with institutional consultants to share our ESG practices, as many incorporate these factors into their strategy and firm-level rating processes. We use any feedback received in these external assessments as an opportunity to review and enhance our practices. This structure is suited to GMO because we value listening to our clients and consultants and working to evolve our approaches to meet their expectations of us, as discussed in Principle 6.

As a signatory to the PRI since 2017, GMO provides annual information on how we have implemented the PRI principles. GMO's PRI reporting process incorporates input from across the organization. Responses to each item are assigned to specific GMO teams – including members of Investment, Legal, Compliance, ESG, Regulatory Reporting, and Operations teams – who are responsible for ensuring responses are true and correct. Reviewers receive a revised version of the report that includes their comments, and then the report is reviewed in its entirety by GMO's ESG, Legal, and Compliance teams. Following that review, the report is presented to the ESG Oversight Committee for their review and comment. After incorporating any comments from the Committee, the final draft report is submitted to GMO's CEO for final approval. Any feedback received is shared internally with relevant groups to consider how we can improve our best practices.

We have followed a similar process to develop and review this UK Stewardship Code report. Our response to each Principle was constructed and reviewed by relevant teams within GMO. We also consulted with industry experts outside of GMO to ensure our report aligns with FRC best practices. The final draft was reviewed and approved by the ESG Oversight Committee, Stewardship sub-committee, and members of GMO's Legal team, and the full report was also approved by GMO's CEO.

In these cases, we believe our review process ensured our reporting is complete and fairly presented.

PRINCIPLE 6

CLIENT AND BENEFICIARY NEEDS

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

Since our founding in 1977, our client base has evolved from primarily institutional investors in the U.S. to a global mix of institutional clients (e.g., endowments, foundations, employee benefit, pension, and defined contribution plans, and governmental and supranational entities), financial intermediaries (e.g., private banks and Registered Investment Advisors), sub-advisory relationships, and private individuals. While the majority of our clients are still based in North America, we have seen considerable growth from the UK, Europe, and Australia and are increasingly building new relationships in markets such as Asia and the Middle East.

We serve our clients from our headquarters in Boston and local offices around the globe as noted below. GMO assures consistency in the administration of client accounts by centralizing the management and oversight of all operational, reporting, legal, compliance, and client relationship management (CRM) functions in Boston. Our local offices include client relationship professionals who service clients within their respective local markets and liaise with our Boston-based teams on all client-related matters. In addition, GMO has a global CRM and proprietary performance databases that are shared across offices, ensuring consistency of reporting, communication, and overall client experience and account administration.

Breakdown of Assets under Management

GMO's assets under management are detailed in the charts provided below, broken down by asset class and investment geography, as well as by client type and client geography.

Broadly speaking, most GMO assets are invested in equities (about 60%, including equities held within multi-asset class strategies), in both developed and emerging markets. Based on this, for reporting in other relevant Principles, such as integration and proxy voting details and examples, we have focused primarily on equity activity.

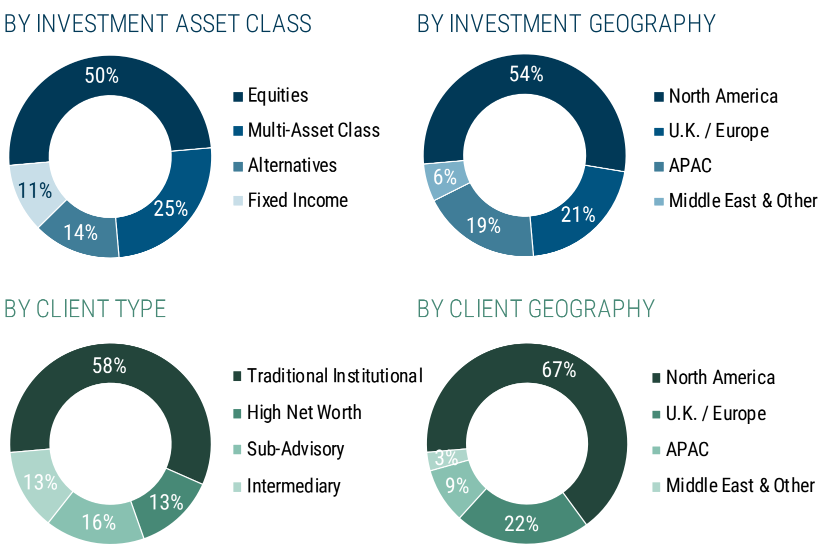
Global presence

- Boston (HQ)
- Amsterdam
- London
- San Francisco*
- Singapore
- Sydney
- Tokyo**

425+ Employees

125+ Investment professionals

Assets Under Management: $60 Billion



As of 31 December 2023 | Source: GMO | Assets: USD

*GMO's West Coast Hub is comprised of members of Investment, Global Client Relations, and other teams located in and around the Greater San Francisco area.

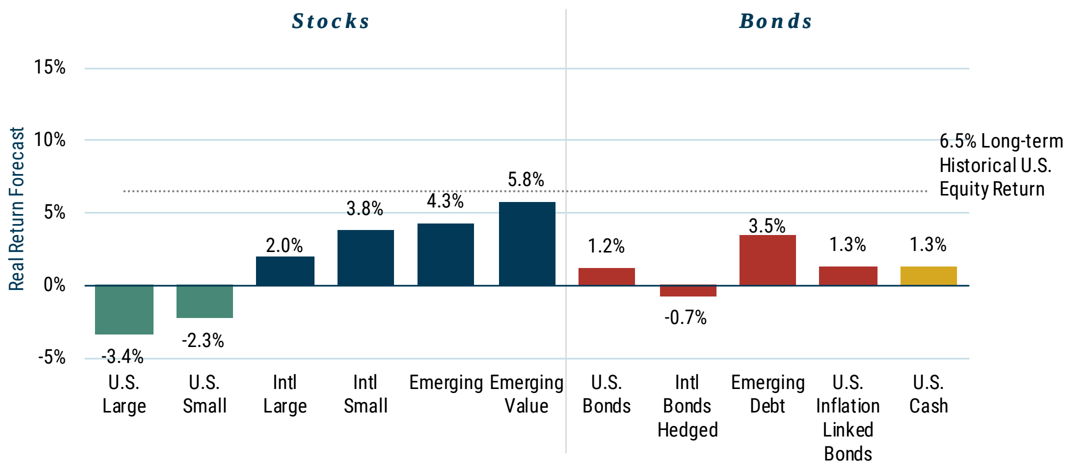
**Representative office.

Investment Time Horizon

We invest for our clients over the long term. "Long term" means different time periods for different investment teams at GMO, based on the dynamics of different investment theses and markets. Our investment philosophy across the firm centers on using valuation to find securities that we believe are mispriced and undervalued by the market, as discussed in Principle 1. However, it is uncertain exactly how long correction of misvaluations will take. We communicate clearly with our clients that we are long-term investors, and we listen to their feedback to make sure our time horizons are in alignment.

For example, our Asset Allocation team's strategies are grounded in the concept of mean reversion – that asset prices fluctuate over time but tend to revert to a stable, long-term fair value. This approach is anchored by our 7-Year Asset Class Forecasts (example below), a framework we use to assess the return opportunity embedded in different asset classes, which we have been modeling and providing to our clients in various formats since the early 1990s. The basic assumption behind our Forecasts, which we produce monthly, is that an asset class will mean revert toward its fair value 1/7th of the way each year, a reasonable timeframe based on our empirical analysis.

7-YEAR ASSET CLASS REAL RETURN FORECASTS*



As of 31 December 2023 | Source: GMO

*The chart represents local, real return forecasts for several asset classes and not for any GMO fund or strategy. These forecasts are forward-looking statements based upon the reasonable beliefs of GMO and are not a guarantee of future performance. Forward-looking statements speak only as of the date they are made, and GMO assumes no duty to and does not undertake to update forward-looking statements. Forward-looking statements are subject to numerous assumptions, risks, and uncertainties, which change over time. Actual results may differ materially from those anticipated in forward-looking statements. U.S. inflation is assumed to mean revert to long-term inflation of 2.3% over 15 years.

Other investment teams evaluate specific factors that we believe drive returns, sometimes over shorter time periods and sometimes longer. We use both quantitative methods and fundamental analysis to analyze considerations such as financial condition, governance and management quality, strength of institutions within countries, ability to adapt to environmental challenges, sector growth prospects, competitive positioning, and much more. We understand that these types of mispricings do not correct overnight, and so our teams invest with patience, holding securities with conviction. Details of how this is communicated to GMO's different client groups are outlined in the Client Communication section below.

One example of using a shorter time period is GMO's Opportunistic Income Strategy, which invests in structured products. In this strategy, we maintain a long-term perspective, but these investments can occasionally exhibit relatively short-term market dislocations that correct over a period of months rather than years. The team has encountered such opportunities amid the volatility in fixed income markets in 2023 and 2022. GMO's Resources Strategy, on the other hand, seeks to benefit from long-term increases in resource prices as demand exceeds finite supply. These imbalances could reach inflection points over the short to medium term, or could take many years in the case of certain resources.

GMO's private ownership structure is an important factor supporting our investment teams' focus on long-term investment horizons, as we are free from the short-term pressures that can result from public ownership. This independence allows our investment teams to hold high-conviction, long-term positions – even in the face of short-term market volatility.

Client Communication

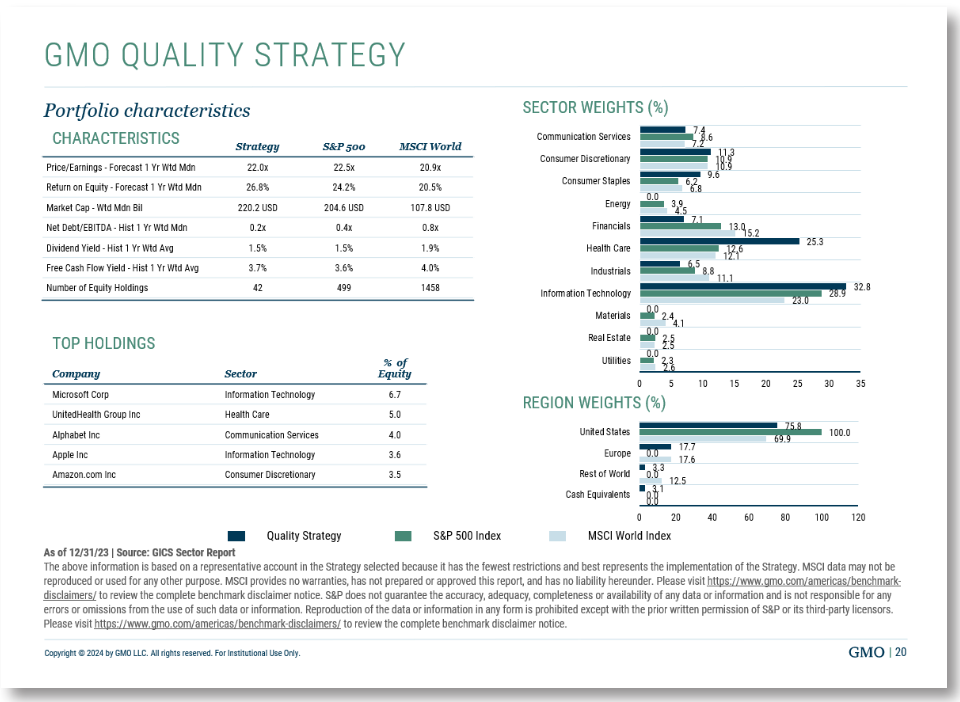
GMO's Global Client Relations team is responsible for engaging and cultivating long-term relationships with our clients and consultant partners. They provide investment and client account review meetings on a periodic basis, along with appropriate members of relevant investment and ESG teams and product strategists.

Client and consultant meetings typically include a summary of market conditions, investment objectives, investment process, and a portfolio and performance review. We may also meet with clients for ad hoc reviews, which could be triggered by changes in market or economic conditions, changes in information regarding particular issuers, new purchases and sales of securities, changes in the investment process or investment team personnel, and where changes in a client's needs have been communicated to GMO. We also discuss stewardship topics in these meetings, such as client expectations with respect to disclosures, for example.

Clients receive regular written and data reporting on their GMO investments, as described in the table below. Reports are made available in our password-protected client portal on GMO.com. Below the table is an example of a page from our quarterly client reports for our Quality Strategy.

Reporting Frequency	*Types of Reports Available*
Daily	Direct account holdings with market values and transactions for fund investors.
Monthly	Account performance reports versus relevant benchmarks.
	Direct account holdings with market values and transactions.
Quarterly	Standard report containing account performance versus relevant benchmarks, portfolio exposures and characteristics, and performance attribution.
	Performance commentary describing markets and portfolio outcomes.
	Direct account holdings with market values and transactions.
Annually	Year-end letters from investment teams summarizing the prior year's performance, market context, exposure changes, and outlook.

QUARTERLY REPORT EXAMPLE



GMO QUALITY STRATEGY

Portfolio characteristics

CHARACTERISTICS	*Strategy*	*S&P 500*	*MSCI World*
Price/Earnings - Forecast 1 Yr Wtd Mdn	22.0x	22.5x	20.9x
Return on Equity - Forecast 1 Yr Wtd Mdn	26.8%	24.2%	20.5%
Market Cap - Wtd Mdn Bil	220.2 USD	204.6 USD	107.8 USD
Net Debt/EBITDA - Hist 1 Yr Wtd Mdn	0.2x	0.4x	0.8x
Dividend Yield - Hist 1 Yr Wtd Avg	1.5%	1.5%	1.9%
Free Cash Flow Yield - Hist 1 Yr Wtd Avg	3.7%	3.6%	4.0%
Number of Equity Holdings	42	499	1458

TOP HOLDINGS

Company	*Sector*	*% of Equity*
Microsoft Corp	Information Technology	6.7
UnitedHealth Group Inc	Health Care	5.0
Alphabet Inc	Communication Services	4.0
Apple Inc	Information Technology	3.6
Amazon.com Inc	Consumer Discretionary	3.5

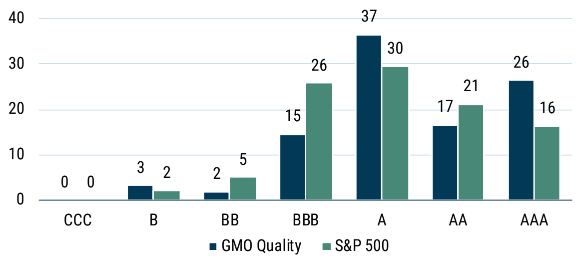
As of 12/31/23 | Source: GICS Sector Report
The above information is based on a representative account in the Strategy selected because it has the fewest restrictions and best represents the implementation of the Strategy. MSCI data may not be reproduced or used for any other purpose. MSCI provides no warranties, has not prepared or approved this report, and has no liability hereunder. Please visit https://www.gmo.com/americas/benchmark-disclaimers/ to review the complete benchmark disclaimer notice. S&P does not guarantee the accuracy, adequacy, completeness or availability of any data or information and is not responsible for any errors or omissions from the use of such data or information. Reproduction of the data or information in any form is prohibited except with the prior written permission of S&P or its third-party licensors. Please visit https://www.gmo.com/americas/benchmark-disclaimers/ to review the complete benchmark disclaimer notice.

GMO | 20

We have also created ESG dashboards to share related data with clients. The dashboards utilize third-party ESG data to profile GMO strategies against benchmarks on several appropriate dimensions. Details of how GMO selects and uses third-party data are discussed in Principle 8. Provided below is an example of a GMO ESG dashboard for our Quality Strategy. In 2024, a working group has been established to review and enhance our ESG dashboard reporting in response to client feedback we collected during 2023 as well as evolving ESG trends.

GMO ESG DASHBOARD: QUALITY STRATEGY

RATINGS (%)



TOP WEIGHTED ESG LEADERS

Name	Rating	Weight (%)
Microsoft Corp	AAA	6.5
Unitedhealth Group Inc	AA	4.9
Accenture Plc	AA	3.2
Texas Instruments Inc	AAA	3.1
SAP SE	AAA	2.9

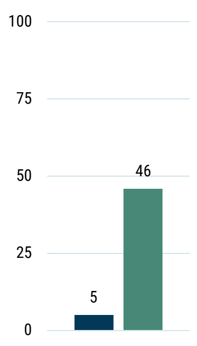
TOP WEIGHTED ESG LAGGARDS

Name	Rating	Weight (%)
Meta Platforms Inc	B	3.2

As of December 2023
ESG ratings are according to MSCI ESG Research data and ratings. The portfolio has 99.6% coverage as of December 2023. ESG Leaders have MSCI ESG Rating of AAA or AA, ESG Laggards have MSCI ESG Rating of B or CCC. Methodology for leaders and laggards represents the five largest holdings by weight 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.
S&P does not guarantee the accuracy, adequacy, completeness or availability of any data or information and is not responsible for any errors or omissions from the use of such data or information. Reproduction of the data or information in any form is prohibited except with the prior written permission of S&P or its third-party licensors. Please visit https://www.gmo.com/americas/benchmark-disclaimers/ to review the complete benchmark disclaimer notice. MSCI data may not be reproduced or used for any other purpose. MSCI provides no warranties, has not prepared or approved this report, and has no liability hereunder. Please visit https://www.gmo.com/americas/benchmark-disclaimers/ to review the complete benchmark disclaimer notice.

Topical ESG Metrics

Carbon Footprint



Weighted average carbon emissions of the portfolio per USD dollars invested.

UNGC Violation (%)

0.0%

Combined weight of holdings that are in violation of UN Global Compact principles covering the environment, customers, human rights, labor rights or governance. This % represents 0 fund holdings.

Controversial Weapons (%)

0.0%

Sum of the weights that have any involvement in landmines, cluster munitions or biological, chemical, depleted uranium, blinding laser weapons, incendiary weapons, and/or non-detectable fragments.

Tobacco (%)

0.0%

Sum of the weights that manufacture and supply key products necessary for the production of tobacco products and electronic cigarettes.

Alcohol (%)

4.0%

% of portfolio holdings that manufacture, distill alcohol or supply materials used specifically for manufacturing of alcoholic products.

Gambling (%)

0.0%

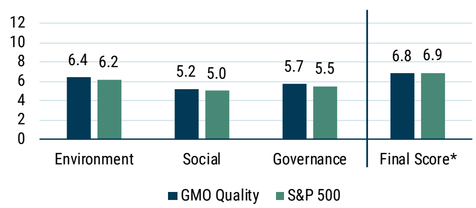
% of portfolio holdings that operate gambling facilities, betting establishments or provide key products and services fundamental to gambling operations.

Nuclear (%)

0.8%

% portfolio companies with an industry tie to nuclear power.

ESG SCORES



As of December 2023
* The Final ESG Score is calculated as the weighted average of the industry adjusted ESG Scores of a strategy's underlying holdings. 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.
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Stewardship Reporting

We report annually on our investment, voting, and engagement activities in our Sustainability and Responsible Investing Report, which is publicly available on GMO.com. Our next Report, a 2024 update, is scheduled to be published during 2Q 2024.

We also prepare detailed reports on voting and engagements, which may provide interim reporting at greater depth than what is shared in our broad Sustainability Report.

Addressing Client Input

We always endeavor to listen to feedback from our clients. The lead time to introducing new stewardship reporting standards can be significant, as we seek to identify and qualify the ESG data being used in the investment process and reported to our clients. One of the driving factors for creating the Stakeholder Strategy and Communications sub-committee, as discussed in Principle 2, was that it convenes investment and client relations team members to share external best practices on ESG reporting. The sub-committee meets monthly or more frequently to gauge progress and re-align plans when necessary and is co-developing our ESG communications strategy to be more proactive in evolving our client communications. In fact, redesigning and improving ESG collateral for client communications is a core 2024 ESG priority, as highlighted in Principle 1.

Based on recent client input and the evolving nature of GMO's overall ESG efforts, we improved our client communication outcomes in a couple areas in 2023.

OUTCOME: In 2023 GMO published our first Impact Report for our Climate Change Strategy, an outcome of a 2023 ESG priority, as discussed in Principle 1. Completion of the Impact Report improved our ability to communicate with our clients about our Climate Change Strategy. We identified this as an area of challenge for GMO in our 2023 UK Stewardship Code report.

Our newly launched Impact Report estimates the positive impacts being generated by portfolio companies within the strategy, complementing our standard ESG reporting. Please see the case study below for more details on the Climate Change Strategy Impact Report.

OUTCOME: Another 2023 ESG priority related to reporting that we made progress on during 2023 was our engagement activity reporting capabilities. Historically, we have provided clients with annual summarized reporting across all GMO engagements, using case studies to highlight a handful of examples. However, clients have requested more frequent reporting and more detail on engagement success and failure.

Our investment teams have traditionally tracked their own engagements. Two years ago, an effort was made to collate this data and combine all engagements on a centralized spreadsheet. Despite successfully aggregating engagement data, this format made it difficult to 1) monitor progress of a single engagement over time because every interaction was recorded as a separate row; 2) track engagement topics, as often engagements had more than one topic associated with them, creating challenges for sorting and tracking success; and 3) compare data across teams, as different teams tracked different metrics. As a result, it was difficult to provide useful reporting to clients in a timely and accurate way.

In 2022, recognizing the importance of engagement reporting, the ESG team developed a new engagement framework, which we describe in Principle 9. The framework standardizes how engagement objectives are defined and tracked. In 2023, we developed an engagement database to facilitate the tracking and reporting of engagements. This also helps us link our engagement activity to our proxy voting results. This was one of our 2023 ESG priorities, mentioned in Principle 1. In 2024, our ESG priorities include a focus on achieving wide adoption of the new system and then working to improve our engagement reporting.

CASE STUDY: GMO CLIMATE CHANGE STRATEGY IMPACT REPORT

GMO created our inaugural Impact Report in 2023 for our Climate Change Strategy, which is introduced in Principle 7. This advanced a 2023 key ESG priority.

While tools and data for investors to estimate portfolio carbon footprints are available, few have focused on estimating how companies contribute to climate mitigation by helping the world reduce, replace, and remove emissions. Our Impact Report aims to show the positive contributions generated by companies held by the Climate Change Strategy and complements our existing ESG dashboard reporting, introduced and shown above.

Examples of such positive impacts included in our Report's scope are:

- CO_2 emissions and renewable energy share
- Women's share of the labor force
- Infant mortality and primary education rates
- Voice and accountability levels
- Corruption perception index

None of these impacts are captured under current greenhouse gas emission reporting standards. By estimating and reporting these impacts, we aim to provide investors in our Climate Change Strategy with information to help them make more informed decisions on where to allocate capital to support sustainability.

Impact reporting is in a nascent stage and much of the data we need to make more precise estimates does not yet exist. As such, this is a work in progress, and we aim to continue improving and enhancing our Impact Report in coming years as data reporting improves.

In support of our efforts, in 2024 GMO joined the Avoided Emission Factor Database initiative (AEFDi) as a founding partner. This industry initiative is led by Robeco and Mirova to facilitate credible and widely accepted estimation of company-level avoided emissions. Other members include Lombard Odier, Rothschild, Natixis, and Caisse des Dépôts.

We have included below a page from our Impact Report.

WIND AND SOLAR

40x

more emissions avoided than produced[1]

Scope 1 + Scope 2 Emissions[2]	1,721,733 Mt CO_2e
Renewable Energy Potential Added[3]	129,680,082 MWh
Impact: Emissions Avoided[3]	69,119,501 Mt CO_2e
GMO Ownership Share of Impact	276,748 Mt CO_2e
Portfolio Coverage by MV	98%
No. of Companies	6 (out of 7)

sunrun Goldwind CanadianSolar

The emissions avoided by our investments is equivalent to 13,448,897 homes' electricity use for 1 year[4]

1 Derived from Emissions Avoided / Scope 1 & 2 emissions; 2 S&P Trucost; 3GMO Estimation. See References and Methodologies: Wind and Solar; 4 GMO estimation using emissions equivalencies the US Environmental Protection Agency

GMO Conference

GMO holds an annual Conference, where we invite clients from around the world to visit us so that we can share our research and market perspectives and garner feedback. Our annual Conference is held in both Boston and London, and it is supplemented throughout the year with regional client events in key geographic areas.

Our Conferences are well attended (in 2023, we had 129 in-person and 553 virtual attendees) and the content is made available to all clients after the event. The 2023 Conference showcased research related to topical geopolitical, economic, and market issues, including presentations relating specifically to ESG and stewardship themes. Examples of 2023 Conference sessions were:

- GMO Horizons: A Quantitative Solution for Sustainable Investing
- Quality…It Works in Credit Too
- Democracy and Energy Transition in the Developing World: Two New Solutions for Fixed Income Investors
- Turbulence on the Path to Transformation: Clean Energy Challenges Create Opportunities
- Quality in an Age of Innovation
- Harnessing Widespread Opportunities in the Secular Transition to a Green Economy
- Big Issues, Bigger Risks
- Tighter Policy and Tighter Spreads – What Does It All Mean for Your Fixed Income Portfolio?
- Systematic Investing in the Era of ChatGPT
- The Rise of the Machines: Historical and Psychological Perspectives on Technological Revolutions and Bubbles

OUTCOME: Prior to the Covid-19 pandemic, we only held our Conference in person. At the height of the pandemic, we adopted a virtual format. In 2023, we offered a hybrid virtual and in-person Conference, and we plan to do so going forward. Feedback from clients about the hybrid event has been positive – some enjoy the opportunity to visit our offices, while others appreciate being able to watch from afar. To us, after listening to their input, providing this flexibility to our clients is well worth the extra cost and complexity of operating a hybrid event. It also allows more clients to attend and hear our insights because a virtual option does not have capacity limitations.

Rationale for Communication Framework and Measuring Effectiveness

The way in which we communicate with clients has evolved over the years, as we respond to growing requests for insights from the changing make-up of GMO's client base. It is an ongoing process to balance what we can realistically and robustly provide to meet client expectations and demands. We have chosen the methods of communication discussed here – individual client meetings, standard reporting, and client events – because they balance multiple goals in support of our client partnerships.

Standard reporting provides the information and data our clients need to stay current on the status of their GMO investments. In the one-on-one meetings, we have focused, specialized discussions to truly understand a client's objectives and challenges. Meanwhile, the GMO events provide opportunities to present research across a broad swath of GMO expertise to multiple clients at once, allowing us to gauge client interest in a variety of topics and efficiently use our investment team resources.

At events, we ask clients to respond to formal surveys about the content and event experience. We discuss all feedback internally to determine how best to evolve our client communication in the future.

OUTCOME: As an example of responding to client input, in 2022 clients told us they especially appreciated hearing our perspectives on China – for example, in a GMO Conference session titled "Ubiquitous China: Latest Views and Impacts of the Aspirant Superpower on EM Debt and Equity Markets." Listening to this feedback, which was consistent with input from prior years as well, we decided to include a session called "Beyond China" in our 2023 Conference, which discussed the underlying forces that may indicate a secular trend as corporations look to diversify supply chains away from China for political and economic reasons.

Collaborating with Clients on Tailored Investment Solutions

Most GMO clients are invested in pooled vehicles, where they do not receive custom portfolios based on their own stewardship and investment policies.

We offer custom portfolios to clients in separately managed accounts, where we have flexibility to agree with the specific client on account parameters to meet their investment policy needs, such as bespoke exclusion lists, for example. In these portfolios, contractual investment guideline restrictions are actively monitored (systematically or otherwise, including on a pre-trade basis where practicable) to ensure that assets are managed in line with the client's expectations. Approximately 40% of GMO's assets are managed in separately managed accounts.

In 2022, GMO implemented BlackRock's Aladdin operating system for investment managers. It has replaced several applications previously used by GMO, combining those workflows and controls into a single platform, harmonizing the portfolio management and trading process, and allowing us to provide enhanced customizations of our investment solutions.

CASE STUDY: 2024 UPDATE – BUILDING A NEW INVESTMENT STRATEGY TO MEET CLIENT IMPACT ASPIRATIONS

As we introduced in last year's report, in 2022 our Emerging Country Debt team held several discussions with a client about their desire to earn strong risk-adjusted returns while aiming for positive impact. Team members worked with the client and conducted focused research and analytics to build a custom engagement-driven strategy investing in emerging country distressed debt.

This new strategy launched in late 2023 and focuses on achieving strong risk-adjusted returns while also seeking improvements in one or more key ESG topics that we believe drive long-term country success.

Key principles driving our inclusion criteria in the strategy are outlined below:

- Severity: Countries in this investment universe often face and manage ESG risks as part of their position in the global growth spectrum. We choose to identify those metrics that are especially in need of improvement relative to others within the opportunity set.
- Feasibility: Certain KPIs (i.e., freedom of press) may be outside the purview of realistic engagement, and we focus on those that might feasibly offer opportunities for impact.
- Measurability: ESG metrics by nature are slow moving and prone to mismeasurement. We monitor these items with the best tools available and evolve as data quality and reporting improve.

Our methodology:

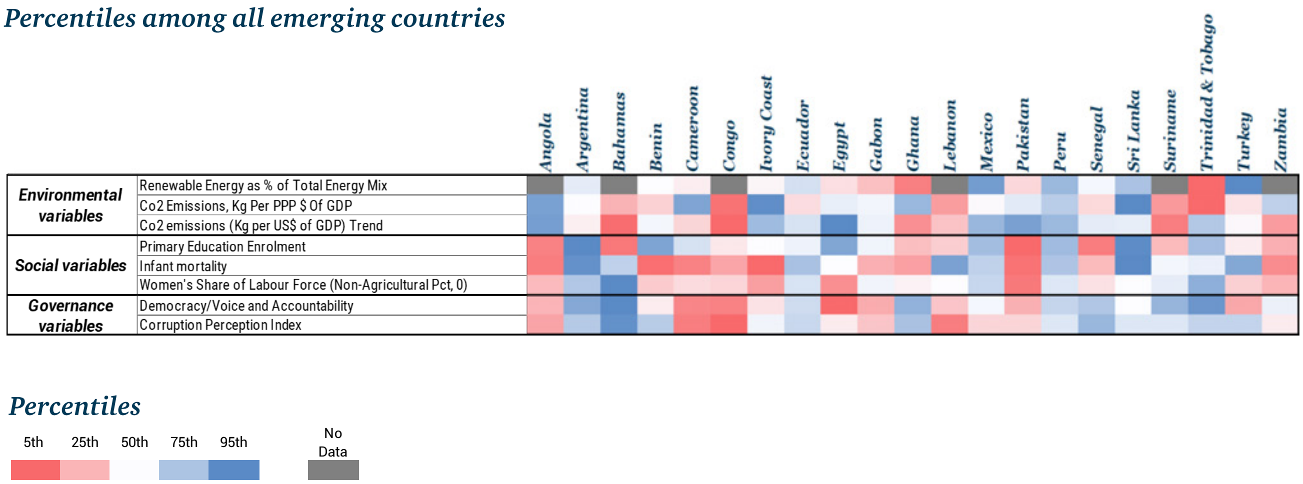
- Maintain a heat map to represent relative strength of ESG metrics across the investible universe.
- Using the principles above, focus on a few key metrics per country. Allow for countries to have different KPIs that are more or less relevant if KPI-linked investment or engagement opportunities arise.

The Emerging Country Debt team is currently working with the ESG team to initiate an engagement with one of the issuers in the portfolio, with the objective of enshrining the country's net-zero commitment into law or policy.

The heatmap below shows the key ESG topics we monitor.

ESG HEAT MAP OF 8 KPIS

Percentiles among all emerging countries



PRINCIPLE 7

STEWARDSHIP, INVESTMENT, AND ESG INTEGRATION

Signatories systematically integrate stewardship and investment, including material environmental, social, and governance issues, and climate change, to fulfill their responsibilities.

We believe that material ESG issues are crucial drivers of long-term success that demand consideration in our investment strategy and process. As such, we do not have any single team exclusively dedicated to ESG investing, but we instead boast a multi-disciplinary ESG framework that promotes responsible investing, stewardship, and accountability across all areas of the firm.

There are three main pillars to how we approach integrating ESG considerations. We aim to:

1. Integrate ESG factors in our investment processes where we see benefit in doing so,
2. Influence companies to adopt sound ESG practices and partner with industry, policymakers, and regulators to foster a better environment for our investments, and
3. Invest in opportunities for long-term growth through an ESG lens.

As noted in Principle 2, our ESG Oversight Committee sets our overall vision and strategy for responsible investing, ensures that GMO investment teams are giving due consideration to ESG risks and opportunities and that they have the data, reporting, and tools needed to support those efforts, and continually enhances our practices by encouraging rigorous research, innovation, and thought leadership.

Each of our individual investment teams is responsible for identifying and managing how ESG factors can be included in its asset class- and market-specific analysis. The ways in which any team integrates ESG issues will inherently vary, and as such we take a differentiated approach to ESG integration that is tailored to each team's asset class, strategy, and process. GMO's ESG team supports all investment teams through the provision of subject-matter expertise, centralized ESG issue monitoring, and engagement support. GMO's Proxy Voting team provides voting and corporate governance guidance.

As GMO teams identify and apply ESG in their processes, these changes are communicated to clients as described in Principle 6 and then continually monitored.

There are some GMO strategies that do not systematically integrate ESG, including those invested in long/short portfolios, foreign exchange, and rates. We do not find material benefit from managing ESG factors in these areas. Theoretically, ESG could be implemented in long/short portfolios, but the holdings may be transient and the benefits outweighed by the cost of integration. The concept of stewardship is also difficult to apply in the massive foreign exchange and rates markets. However, we continue to assess this conclusion and will integrate ESG considerations if deemed appropriate in the future.

GMO employs a variety of investment strategies, which can be categorized by asset class, as shown in Principle 6.

- Equity
- Fixed Income
- Multi-Asset Class
- Alternatives

Teams use quantitative tools, fundamental analysis, and often a combination of quantitative and fundamental approaches in their investment processes. Each team may apply different ESG considerations and integration processes, may apply its own weights to ESG factors and may use different selection, retention, realization, and engagement strategies. Below are examples of how we have integrated ESG into our investment processes in each asset class.

Equity

Equity-oriented investment teams that primarily use fundamental tools to analyze investment opportunities – including GMO's Focused Equity and Usonian Japan Equity teams – employ a long-term investment horizon and deep bottom-up assessments of companies' expected financial performance, using relevant accounting and ESG measures. ESG considerations naturally play a role in the investment vetting. Unsustainable practices represent a real risk to the level and duration of future profitability, both from the perspective of tangible impact (e.g., regulatory impact on underlying economics) and in terms of perception (e.g., reputation risk on end customer demand). These teams also generally employ quantitative screens to aid their analysis, and they may include proprietary ESG scoring in those tools as well to uncover material risks. The GMO ESG Score (introduced in Principle 8) can be employed as an additional measure for evaluating ESG considerations.

Engagement with issuers can also be a powerful tool for these teams. Our ESG team assists with facilitating company engagement and monitoring portfolios for emerging risks.

We also have a Systematic Equity team that primarily leverages quantitative investment approaches, and ESG is incorporated in this team's risk analysis and portfolio construction processes.

Corporate governance has always been at the forefront of the team's analysis, and we utilize an Alerts model that combines market- and financial-based metrics to indicate potential red flags. Factors such as profit warnings, excessive growth, equity dilution, significant merger and acquisition activity, failure to meet regulatory requirements, and rapid changes in a balance sheet or income statement may all assist in the assessment of a company.

The team also incorporates material, non-financial data to reduce our exposure to uncompensated risk not reflected in our alpha models, leveraging the GMO ESG Score to systematically capture risk factors across companies in our investment universe. We believe the risk factors we are identifying may materially impact companies' future profitability and therefore warrant careful consideration.

Each portfolio's weighted average carbon intensity is also considered, as we believe there are likely future costs to companies not reflected in their historical data, though the timing and magnitude of impacts remain uncertain.

The Horizons Strategy and Climate Change Strategy case studies that follow showcase ESG integration in GMO equity products.

OUTCOME: Last year we reported that we had completed the GMO Indirect Emissions model, which estimates all direct and indirect emission flows between companies within value chains. In 2023, we put the model into practice, creating our Horizons Strategy, which leverages the model to constrain total portfolio emissions to half that of the benchmark, MSCI ACWI. More details are provided in the Horizons case study.

EQUITY CASE STUDY: HORIZONS STRATEGY

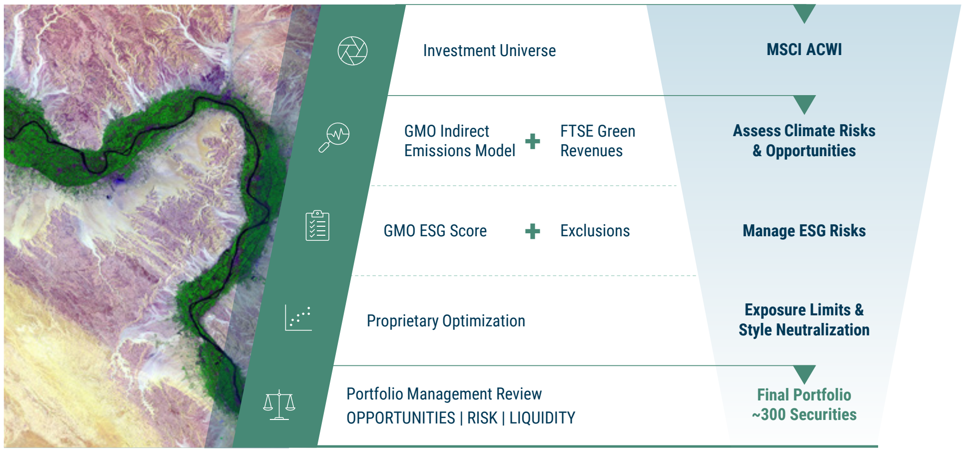
GMO created our Horizons Strategy in 2023, a global strategy reflecting the view that the world economy is transitioning to a lower carbon future and that this process will create secular growth opportunities for investors to seek excess returns. We believe the strategy is well suited to clients looking to increase their exposure to sustainable investments and to make progress on net-zero goals, delivering higher-than-benchmark (MSCI ACWI Index, though the strategy can be managed to a client-specified benchmark in a separate account) exposure to climate solutions as well as lower-than-benchmark carbon emissions by using a rigorous, style neutral approach that incorporates both direct and indirect emissions. We expect to launch the strategy in 2024.

GMO Horizons manages total emissions risk using reported Scope 1 direct emissions and the GMO Indirect Emissions model. Other available sustainable solutions focus on managing risk from only Scope 1 and Scope 2 emissions, which misses emissions risks embodied in company value chains that account for approximately 80% of total company emissions. This is particularly critical when constructing portfolios on the basis of emissions. Without considering the total emissions footprint, investors may end up selecting companies that have lower Scope 1 and Scope 2 footprints but higher total emissions footprints, as could be the case with a company that outsources all its production and/or marketing. The GMO Indirect Emissions model is a proprietary model that integrates bottom-up and top-down data in a global company supply chain network to estimate flows between companies based on specific combinations of reported revenue segments. This enables us to distinguish company value chains from peers using reported supply chain relationships.

Strategies that focus on just one facet of climate change, such as emissions, may miss out on opportunities among "green" business activities – for example, companies that enable the emissions reductions. Climate solutions are often thought of as pureplay renewable energy and electric vehicles. In reality, however, sustainable opportunities span a diverse range of activities across value chains. For instance, energy management and efficiency have constituted at least a third of the green economy since 2016, driven by building and industry energy efficiency measures. The green revenues in Horizons are derived from activities such as renewable and low-carbon energy, energy storage, material inputs for climate technologies, energy efficiency, and climate technologies, as well as in industries such as sustainable agriculture, water, and circular economy. To measure our portfolio's exposure to green revenues, we aggregate them by multiplying the

GMO HORIZONS INVESTMENT PROCESS

Yields a core global equity portfolio with low total emissions and high exposure to green revenues



GMO's Indirect Emissions Model is used to manage total portfolio emissions relative to the benchmark

proportion of a company's green revenues by its portfolio weight. (We chose to define green companies using weighted average green revenue, or "WAGR," rather than an arbitrary green revenue threshold.)

Traditional climate strategies may suffer from a number of other shortcomings as well. There is an inherent tradeoff between maximizing green opportunities and minimizing emissions risks. Tracking error, style biases (e.g., growth), and sector concentrations (e.g., IT), tend to get traded off from the magnitude of climate impact. Through our Systematic Equity team's optimization program, we are able to achieve very high levels of exposure to green revenues and very low exposure to total emissions, while remaining country, sector, and style neutral, to deliver a solution that has an index-like risk-return profile, low turnover, and low tracking error.

In 2023, we introduced our research related to weighted average green revenue and the development of GMO's Indirect Emissions model. During 2024, we have published two papers discussing how we are applying this research in our Horizons Strategy. The first discusses measurement of emissions, titled Scope 1 and Scope 2 Account for Only 18% of GHG Emissions, while the second examines how investors Employ Green Revenues in the Pursuit of Net-Zero Objectives.

EQUITY CASE STUDY: CLIMATE CHANGE STRATEGY

The Climate Change Strategy was launched in 2017, designed to capitalize on opportunities relating to climate change mitigation and adaptation efforts. The Strategy invests in sectors such as renewable and low-carbon energy, energy storage, electric vehicles, electric grids, climate technologies, energy efficiency solutions, and the resulting supply chains to each of these areas, as well as in industries such as sustainable agriculture, timber, and water.

Our Focused Equity team uses both quantitative and fundamental analysis to identify higher-quality, attractively valued companies with robust management of risks. Many of the technologies and materials that are vitally needed to support the transition are in high-impact sectors, and careful ESG assessment and engagement with companies are core to the investment process.

The Climate Change Strategy invests in companies that we expect to benefit significantly, either directly or indirectly, in a world increasingly impacted by climate change.

MITIGATION	ADAPTATION
Clean Energy	Agriculture
Batteries & Storage	Water Treatment, Efficiency & Recycling
Electric Grid	Energy-efficient Air Conditioning
Energy Efficiency	
Technology & Materials	

Fixed Income

GMO's Emerging Country Debt team has integrated ESG considerations into its investment process, as presented in the case study below.

Our Structured Products team includes ESG factors in its overall risk assessments. For example, material environmental risks are considered in our commercial mortgage-backed security risk evaluation process. Some properties that serve as underlying collateral in structured asset-backed security pools may have exposure to environmental risks such as earthquakes and flooding. We work to ensure buildings have proper insurance or a specific exemption and look at the energy efficiency measures and/or green building certifications.

FIXED INCOME CASE STUDY: EMERGING COUNTRY DEBT STRATEGY

GMO's Emerging Country Debt team has integrated ESG analysis in both its sovereign and quasi-sovereign assessments. The team launched its proprietary ESG sovereign integration process in 2021 and quasi-sovereign process in 2022. Today, the team includes ESG factors in its models to evaluate creditworthiness and assess risk, alongside more traditional financial measures of economic structure, financial stability, and liquidity. The factors our team considers, including ESG, are laid out below.

OUTCOME: We leverage our interactions with clients and investment consultants to inform our ESG integration practices, as discussed in Principle 6. Often as we are developing new ESG integration techniques, we will present our research and findings to client and consultant partners, seeking their feedback. We will also publish research papers communicating our new methodologies, after refining them by discussing with those audiences. Two such examples come from our Emerging Country Debt team. The team published a paper in 2023 called Does Democracy Matter for Emerging Sovereign Debt that examined how to deal with illiberal and autocratic countries in EM, ultimately proposing an approach that prioritizes freedom and democracy while preserving the key characteristics of the asset class. In 2024, the team wrote another paper titled Emerging Debt Energy Transition, introducing our work on a novel way to finance emerging countries' transitions toward cleaner energy production. These papers were the result of collaborative discussions with clients and consultants and are publicly available on GMO.com.

GMO EMERGING COUNTRY DEBT RISK ASSESSMENT PROCESS: SOVEREIGN

In 2020, we enhanced our econometric sovereign risk assessment process with ESG factors and engagement

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
- Sanctions Risk

GMO EMERGING COUNTRY DEBT RISK ASSESSMENT PROCESS: QUASI-SOVEREIGN

We assess quasi-sovereign companies based on financials, strategic role, and issue-specific documentation

FINANCIAL & STRATEGIC FACTORS

STANDALONE CREDIT QUALITY
- Solvency
- Liquidity
- ESG

SOVEREIGN'S WILLINGNESS TO SUPPORT
- Ownership Structure
- Role in the Economy

SOVEREIGN'S ABILITY TO SUPPORT
- Economic Structure
- Fiscal Sustainability
- External Liquidity
- ESG

ISSUE CHARACTERISTICS
- Issuer Ability to Change Terms
- Creditor Rights and Enforcement Features
- Additional Support, If Any
- ESG Elements (labeled/linked issues)

Multi-Asset Class

GMO's Asset Allocation team has integrated bottom-up GMO ESG Scores into its 7-Year Asset Class Forecast methodology. The Forecasts form the foundation of how the team allocates capital within its multi-asset strategies. To integrate the ESG Score, the team uses quantitative methods to allow the required rates of return for various equity groups to dynamically change in lockstep with their relative ESG Scores. More information on the Asset Allocation process and our Forecasts is provided in Principle 6.

When creating its multi-asset portfolios, the team invests in market-specific GMO strategies that implement exposures directly. These strategies incorporate ESG in their own ways, as discussed earlier.

Alternatives

GMO teams who manage alternative strategies include those managing merger arbitrage, global macro, and long/short portfolios. In these strategies, we have not generally found significant value for our clients in incorporating ESG factors.

New Integration Research

As we have gathered information about ESG integration through our various research projects, we have continued to prioritize work to further advance our progress. Positive client discussions reinforce our commitment, and we believe this work is in the best interests of our investors. GMO is committed to continuing to prioritize ESG research, especially as improvements are made in ESG data availability, consistency, constancy, and accuracy.

External Data Usage and Service Providers

GMO is a data-driven investment manager. We rely on third-party service providers for the data that serves as the foundation of our investment analysis, and we use proprietary tools and techniques to interpret and augment the data for inclusion in our processes. We fully detail in Principle 8 how we monitor data service providers and the importance of why we do not just rely on one data provider.

PRINCIPLE 8

MONITORING MANAGERS AND SERVICE PROVIDERS

Signatories monitor and hold to account managers and/or service providers.

GMO relies on both quantitative tools and fundamental analysis in our investment processes, as discussed in Principle 7. Data is key to success in both areas because our techniques are only as good as the data they are designed to analyze. For that reason, our investment teams undertake rigorous analysis and testing of potential new data sources, including vetting data service providers and leveraging GMO's vendor risk management process, which is described below. We evaluate not only data coverage and potential gaps but also data quality. This is important so that we can understand all the facets of the data (e.g., what it is measuring, how it is measured and/or calculated) before making a procurement decision.

Monitoring Service Providers

GMO has developed and implemented a comprehensive vendor risk management program that provides oversight of critical external service providers. Critical vendors are defined as having an impact on GMO's overall operations and/or access to sensitive data. We communicate and meet regularly with many of them and review their relevant internal controls reports (if available). A variety of teams at GMO perform oversight procedures on external service providers.

We conduct due diligence reviews, which focus on security, data privacy, business continuity, disaster recovery practices, and operational controls established at the vendor. We utilize a third-party vendor management system that allows cross-functional collaboration and central information management related to each vendor's assessment.

The Information Security, Business Continuity, Risk and Controls, and Compliance teams hold regular meetings to review, categorize, and discuss critical vendors. Finance, Legal, and Compliance teams globally have also been incorporated into the vendor risk management process utilizing vendor information from Finance and integrating with anti-money laundering oversight and contract management in Legal. GMO seeks to include data privacy and cybersecurity risk requirements in contracts with vendors and business partners based on the criticality and perceived vulnerabilities of the vendor relationship.

CASE STUDY: HYPOTHETICAL PROXY ADVISOR RE-EVALUATION AND SELECTION

GMO's Proxy Voting Policy outlines the considerations we use to evaluate and select a third-party proxy advisor. We have not recently undertaken a search, but any future search would assess candidates based on the considerations below. Results would be discussed and approved by the Stewardship sub-committee.

As discussed in Principle 12, ISS is our current proxy advisor. If we were to re-evaluate our advisor, GMO would consider the following factors. ISS currently meets all of the criteria below.

- The capacity and competency of the advisor to adequately analyze the matters up for a vote,
- Information from the advisor supporting its recommendations, provided in a timely manner,
- The advisor's ability to respond to ad hoc requests from GMO,
- Whether the advisor has an effective process for obtaining current and accurate information including from issuers and clients (e.g., engagement with issuers, efforts to correct deficiencies, disclosure about sources of information and methodologies, etc.),
- How the advisor incorporates appropriate input in formulating its methodologies and construction of issuer peer groups, including unique characteristics regarding an issuer,
- Whether the advisor has adequately disclosed its methodologies and application in formulating specific voting recommendations,
- The nature of third-party information sources used as a basis for voting recommendations,
- When and how the advisor would expect to engage with issuers and other third parties,
- Whether the advisor has established adequate policies and procedures on how it identifies, discloses, and addresses conflicts of interest that arise from providing proxy voting recommendations and related services from activities other than providing proxy voting recommendations and services, and from its affiliations,
- Whether the advisor has established adequate diversity and inclusion practices,
- Information regarding any errors, deficiencies, or

weaknesses that may materially affect the advisor's research or ultimate recommendations,

- Whether the advisor appropriately and regularly updates methodologies, guidelines, and recommendations, including in response to feedback from issuers and their shareholders, and
- Whether the advisor adequately discloses any material business changes taking into account any potential conflicts of interests that may arise from such changes.

We would discuss the above in interviews with the advisor and ask for written responses and supporting data about these issues.

GMO's Proxy Voting team undertakes periodic sampling of proxy votes as part of its assessment of ISS's current performance and to reasonably determine that proxy votes are being cast on behalf of our clients consistent with our Policy. This is discussed in Principle 12.

Our next fulsome re-evaluation of ISS proxy advisor services will be in 2025. Until then, we will conduct annual due diligence on ISS as part of our vendor risk management process described earlier.

ESG Data, Systems, and Providers

GMO leverages a variety of ESG service and data providers to inform our investment research and analysis. Through our due diligence, we have found inconsistent, non-standardized reporting of ESG information across companies and vendors, which results in significant raw data gaps. Another common challenge is disagreement among data providers.

While there has been no shortage of ESG-oriented data vendors, each comes with its own methodology, taxonomy, metrics, and measurements. Thus, we seek to use multiple data sources and build our own data tools to leverage and analyze combined data. In the chart below, we describe how we utilize several data sources.

Other non-subscription or public datasets used include: Transition Pathway Initiative, Science-based Targets Initiative, IEA and NGFS for scenario analysis; OECD and World Bank for indirect emissions, scenario analysis, and company, industry, and NGO reports for engagement; and EPA and other datasets for impact measurement.

We continually evaluate our existing data sources for relevance, accuracy, quality, and coverage. As new vendors emerge and the available ESG information and data expands across asset classes, we will enhance our ability to differentiate across asset classes based on existing and new measures.

OUTCOME: Our original GMO ESG Score framework, introduced in the case study below, combined data from three ESG data vendors.

In 2023 we revised the GMO ESG Score to remove one of the three data vendors. Based on our experience running the ESG Score framework the last few years, we found that this vendor's data was not adding sufficient additional value to our process. GMO's Systematic Equity team conducted comprehensive analysis ahead of this change and confirmed that removing the data source would have marginal impact on our Scores.

ESG Data Source	*GMO Use*
MSCI ESG Manager	▪ Input into GMO ESG Score and assessments of severe ESG risks for portfolio monitoring, engagement, and exclusions ▪ Fundamental ESG research, ESG scores, and data used in risk assessments and engagement
Refinitiv's Asset4	▪ Raw unscored ESG data used as input into the GMO ESG Score
S&P Trucost	▪ Primary provider of carbon emissions data for use in measuring portfolio carbon footprint and weighted average carbon intensity used for net zero commitment and indirect emissions model
FTSE Green Revenue	▪ Data on companies' exposure to green revenues as defined by the FTSE Green Revenue Taxonomy, which is aligned to the EU Taxonomy ▪ Used in our research to build the GMO Horizons Strategy ▪ Aids our understanding and reporting on portfolios' exposure to green revenue
CDP	▪ Data from CDP is used as input into assessing companies' management of climate change risks and opportunities, to help us identify targets, and conduct research for engagement
Sustainalytics	▪ Support for assessing ESG controversies for portfolio monitoring, engagement, and exclusions

We found challenges with the state of the vendor's AI-driven data using natural language processes. Examples of challenges included:

- Issuers being incorrectly linked to media or other external reports, and issuers being incorrectly assessed. For example, an issuer was penalized for being mentioned in a negative report when they were not an offender.
- The data had a positive skew and positive median, meaning that there were more positive company mentions than negative.

These types of challenges would be surmountable in a fundamental, bottom-up approach, but they made the data source unsuitable for a quantitative methodology, which many of our teams use. It is still early days for AI, and we believe AI-generated data still requires manual tweaking and judgment to be applied successfully, but we are keen to reevaluate this as technology improves.

CASE STUDY: DATA PROVIDERS FOR 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 developed a proprietary GMO ESG Score in 2021 that can be used by our investment teams.

To achieve a multi-faceted picture of companies' exposures to ESG risks, we combine data from two ESG data vendors, MSCI and Refinitiv, to create our ESG Score. As discussed above, we previously utilized three data vendors but made a change in 2023. Our framework considers the historical management of ESG, outcomes, and real-time events.

The ESG Score is weighted using the Sustainability Accounting Standards Board's (SASB) materiality weighting and GMO's own expertise to achieve a more well-rounded fundamental and statistical picture of the variables at play. This provides stronger conclusions than could be generated from any individual source.

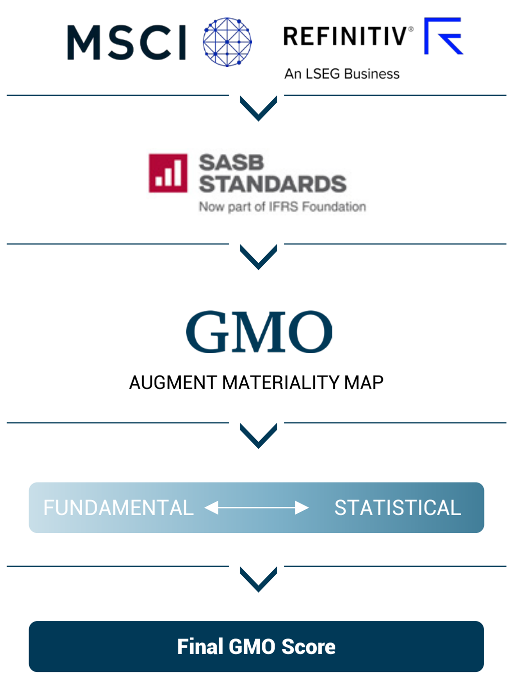
The materiality of an ESG issue for an industry is determined by SASB and augmented through the following insights:

- GMO's subject-matter expertise – our own industry research and judgment,
- Current and upcoming regulations (e.g., Modern Slavery Act, Paris Climate Agreement, G7 tax deal),
- Assessment of impact due to ESG controversies (e.g., data breaches, dam collapses, physical climate risks), and
- Third-party ESG research (e.g., insights from MSCI, Sustainalytics, etc.).

For each SASB industry, we give more weight to ESG issues that relate to quality:

- For each industry we quantify the relationship between each material issue and the quality of companies.
- We shrink the statistical materiality towards the fundamental materiality to obtain a more robust, but still dynamic, materiality.

The ESG Score is recalibrated annually to ensure that the model captures evolving ESG materiality and incorporates insights we have gained from our use of the tool. We will continue to assess and refine our GMO ESG Score regularly.



PRINCIPLE 9

ENGAGEMENT

Signatories engage with issuers to maintain or enhance the value of assets.

GMO believes that engagement with issuers can be a primary tool to protect, add, and create value in investments. As outlined in Principle 1, we believe countries and companies that are well governed make sound decisions and are better equipped to address risks, including environmental risks, and achieve higher long-term profitability. Thus, we often engage on governance, environmental, and social issues.

We have established the following seven principles that guide our overall engagement approach.

- We take a collaborative approach to engagements and seek to include all relevant (impacted) GMO stakeholders in the conversation. Portfolio managers should always be consulted before any engagement.
- We generally prefer to keep our engagements with companies confidential unless it is a public collaborative engagement, e.g., Climate Action 100+.
- Engagement has a cost, so we must weigh the cost and likelihood of success against the expected benefits to our clients considering the size of our holding and the nature and magnitude of the risk.
- We aim to engage at the board level as engagements will be more effective if conducted at a senior level.
- We set clearly defined, specific, measurable, achievable, relevant, and timebound objectives for the engagement target before starting an engagement and track achievement of milestones.
- We align our voting decisions with engagement outcomes.
- We measure and report on the effectiveness of our engagements.

Oversight by Stewardship Sub-Committee

As discussed in Principles 2 and 5, the Stewardship sub-committee is responsible for overseeing GMO's stewardship activities, including engagement. The sub-committee maintains GMO's Engagement Policy, which was established in 2021 and last updated in 2024. The Policy describes our engagement philosophies and practices.

The sub-committee updates the ESG Oversight Committee and relevant investment teams on our firm-wide engagement progress, participation in collective action initiatives, and other matters related to our investment stewardship. To support the Engagement Policy, the sub-committee established an annual Engagement Plan that sets out GMO's focus areas for engagement and complements and supports the individual efforts made by our investment teams.

With respect to our firm-wide engagement program, the sub-committee:

- Approves engagement objectives,
- Receives and reviews progress reports,
- Approves and facilitates escalations (in consultation with investment teams), and
- Resolves conflicts of interest.

Selecting and Prioritizing Engagements

In keeping with our investment-driven ESG approach, GMO investment teams undertake their own engagements on a case-by-case basis with equity or debt issuers to address ESG issues in their portfolios. Most of our assets are invested in equities, referenced in Principle 6, consequently the majority of our engagements have been conducted with company management or the board as an equity shareholder (approximately 94% of engagements in 2023).

Issues that are potentially material to investments may initiate an engagement. Investment teams select and prioritize engagement based on factors such as severity of the risk, likely impact on company's valuations, ability to influence, and size of the holdings. In doing so, they consider their own fundamental analysis, GMO's ESG Scores at the country and company level, and/or controversial events that arise. Additional factors that teams may consider are listed under "Engagement Catalysts" in this Principle.

In addition, investment teams emphasize issues that align with strategically important themes identified by our annual Engagement Plan, introduced below. The Stewardship sub-committee has currently set a firm-wide engagement theme of climate issues, which is further explained in the "Climate Change-Focused Engagement" section in this Principle. The annual Engagement Plan does not preclude the firm from engaging on other topics.

The below describes in more detail how our investment teams select and prioritize equity and debt engagements in three categories of engagements.

ENGAGEMENT CATALYSTS

	1 *Issuer-driven*	2 *Event-driven*	3 *Theme-driven*
WHAT	▪ Tailored engagement aimed at addressing risks and value creation opportunities	▪ Engagement aimed at addressing material events that pose financial and / or reputation risks	▪ Engagement on thematic issues prioritized by GMO aimed at promoting specific strategic outcomes
WHEN	▪ Identified by investment teams as part of investment strategy and / or process ▪ Low GMO ESG Score ▪ Material findings uncovered during due diligence or arising during ownership ▪ Part of strategy to improve issuer decision-making and practices	▪ Controversies arising during ownership ▪ Potential Global Compact and OECD Multinational Enterprise Guidelines violation flags	▪ Climate change ▪ Cross shareholdings (cross shareholdings occur when listed companies have significant holdings of other listed companies)
WHO	▪ Investment team led with support from ESG team	▪ ESG team monitors entire GMO portfolio and advises investment teams when material issues arise ▪ Engagement conducted by investment teams or jointly with investment and ESG teams	▪ ESG team identifies targets based on materiality of issue, size of holdings, and ability to influence ▪ Engagement conducted by investment teams or jointly with investment and ESG teams
EXAMPLE	▪ We have initiated an engagement with an emerging country issuer to get concrete details on its long-term plan to industrialize the economy and shift away from fossil fuel-based power.	▪ A company was put on the Global Compact Watchlist by a vendor due to a reassessment of the scales of impact resulting from an alleged failure to obtain free and prior informed consent for a mining project. The company maintains dialogue with the NGO that brought the allegation and confirmed that there are no uncontacted groups.	▪ We met with a company to discuss the newly released Science-Based Target initiative (SBTi) guidance for forest, land, and agriculture. The company explained that they are still working on this issue. In our follow-up a year later, the company announced initial emissions reduction targets.

Engagement Objectives and Tracking Progress

Core to our process is the establishment of engagement objectives and the tracking of company progress against those objectives. We aim to establish goals that are specific, measurable, achievable, relevant, and timebound. We believe engagement is an iterative process that can sometimes take years to achieve an objective, so it is important to track our progress, and we track the achievement of engagement milestones in a centralized database.

To further our engagement efforts, in 2023 we created a new dedicated corporate engagement role at GMO, a position we are currently recruiting to fill. Reporting to the Head of ESG and Sustainability, the Corporate Engagement Lead will spearhead our engagement efforts, liaising with the Proxy Voting and Investment teams, managing our alerts review process, engaging collaboratively with like-minded peers, and participating in the Stewardship sub-committee.

In 2022 we made changes to improve our engagement program. We aimed to add structure and enhance our objective setting and progress tracking processes. Improvements included launching the centralized progress tracking database mentioned above.

Three important aspects of this revamped strategy include:

1. An annual Engagement Plan cycle,
2. Established thematic engagement objectives, and
3. Centralized, bi-weekly portfolio monitoring for emerging issues, events, and downgrades.

In 2023, we augmented our portfolio monitoring with the Heightened Review process described in Principle 4. We continue to prioritize climate change issues in our Engagement Plan, aligning with GMO's net-zero commitment and overall focus on environmental issues, as discussed in Principle 1.

Methods of Engagement

We prefer to take a constructive approach to our engagements. We aim to build long-term relationships with issuers of equity and debt, working with, not against, them to address key risks and create long-term value for all stakeholders. This is a key tenet of being an active and engaged steward of our investments.

We engage 1) directly with issuers, 2) collectively with peers, or 3) through advocacy at the industry level. Our teams engage in open and constructive dialogue, utilizing both written communications and virtual or in-person meetings.

When engaging with equity issuers, we seek to communicate with senior management or members of the board. In the case of engagements with fixed income issuers, we have dealt with both government officials representing sovereign debt issuers and investor relations teams at the corporate level.

The diagram below details our typical method of engagement. This approach does not vary across asset class or geography.

CONDUCTING ENGAGEMENTS

Engagement is an iterative process that may last years

IDENTIFY TARGET
- Holding size
- Holding period
- Ability to influence
- Severity
- Likelihood of success

DESKTOP RESEARCH
- Confirm triage
- Understand approach
- Assess performance relative to best practices

SET OBJECTIVES
- Specific
- Measurable
- Achievable
- Relevant
- Timebound

OUTREACH
- Letter or email
- Request meeting/call

MEETING
- Develop relationship
- Outline concerns
- Communicate expectations

MONITOR
- Assess progress
- Reengage
- Abandon
- Escalate

REPORT
- Track and report milestones achieved

SPOTLIGHT: *GMO Usonian Japan Equity Engagement Approach*

Influencing positive outcomes through engagement has always been an integral facet of the GMO Usonian Japan Equity team's investment approach. The team believes there are significant engagement opportunities in Japan, where management teams tend to be receptive to collaborative and constructive feedback.

As long-term investors, the team works as collaboratively as is practical with Japanese companies to unlock value. With each company, they identify several ways they think management can increase the value of the firm.

Usonian continues to be at the forefront of GMO's engagement activities, accounting for about 53% of total engagements in this reporting period. They epitomize engagement best practices at GMO.

Engaging on shareholder rights and capital allocation

A significant corporate governance issue in Japan is the propensity for firms to hold significant numbers of shares in related companies. We refer to this as "cross shareholdings" and it is an issue because cross-held companies frequently have interests that conflict with the interests of minority shareholders. This dynamic can also make it difficult for management of listed subsidiaries to stand up to their parent company. At times, this has led to the perverse outcome where the valuation of the parent company is worth less than the value of the shares it holds in its listed subsidiaries.

In February 2021, the Usonian Japan Equity team sent letters to companies to provide notice of a change in our proxy voting policy. We informed companies that we would be withholding support for top management that does not commit to and execute on plans to reduce or unwind cross shareholdings. This was followed in June 2021 with a letter ahead of companies' annual general meetings previewing our voting decisions. Throughout 2022 and 2023, Usonian continued to engage with companies on this issue through one-on-one meetings with board members and executive teams, written letters, and voting decisions.

To date, the Usonian Japan Equity team has engaged with 38 companies with the objective of reducing and eventually eliminating all cross shareholdings. As of 31 December 2023, we voted against directors in five companies for having a strategic holding ratio over 10%. Five companies announced reductions in cross shareholdings, while another one has committed to do so in 2024. Twenty companies remain in active engagement.

CORPORATE ENGAGEMENT TOOL KIT

We think about our engagement in four categories of objectives, each of which we believe enhances our investment returns over the long term.

UNDERSTANDING

Early engagement to understand how management thinks about specific strategic issues

RELATING

Constructive, value-added engagement to deepen relationships and trust with management teams, which can be critical in Japan and important in influencing management later

SUPPORTING

Providing value-added support initiatives to companies, which can include:

- providing global competitive benchmarking
- helping with IR activities
- introducing potential director and/or corporate allegiance candidates
- explaining "the investor perspective"

INFLUENCING OUTCOME

Spurring performance improvement by submitting formal written suggestions to corporate boards highlighting corporate governance shortcomings, leveraging relationships with other market participants and lobbying proxy advisors

CASE STUDY: TOYOTA INDUSTRIES CORPORATION

The impact of cross shareholdings on shareholder value is exemplified by the case of Toyota Industries Corporation (TIC), the world's largest manufacturer of forklift trucks and a producer of cars, textiles, and electronics. As value investors, we are attracted by the company's compelling valuation, operational strength, and return potential, with opportunities to unlock further value through engagement. The company illustrates the nuanced difficulties with ESG matters – despite the governance shortcomings and emissions scandals, the company has done well for shareholders, and we have conviction that it is a great company that will continue to contribute to long-term returns. We believe that if it were to improve its governance, it would perform even better.

Following the latest series of the group's data scandals, we decided to make the first public expression of our concern over the portfolio company. While our engagement policy is generally to not comment publicly on companies with whom we are engaging, we felt that the lack of progress over Usonian's 13+ year investment in the company warranted an extraordinary response. In February 2024, the team issued a letter to explain our position and contributed to an article on the topic in the Financial Times. We view the scandal as just one symptom of a larger problem of its broken corporate governance. The letter is available to read here.

At the end of January, TIC released an investigation report, by the special investigating committee composed of outside experts, which documented that TIC personnel repeatedly altered and manipulated data to certify that TIC-manufactured engines met emissions standards. This followed earlier reports of the same kind of misconduct by Toyota Group members Hino Motors and Daihatsu.

The day after the TIC report, Akio Toyoda, Chairman of Toyota Motor Corporation (TMC), set out the Toyota Group's corporate governance challenges with admirable honesty. He candidly described the Toyota Group as a "weird hierarchy" of companies without clear direction, vision, or lines of authority.

Between TMC and TIC, the "weird hierarchy" takes the form of cross shareholdings in which TIC owns 7.3% of TMC, and TMC and other Toyota Group member companies own over 45% of TIC. The same cross-shareholding pattern appears across the eleven publicly listed member companies comprising the Toyota Group.

A closer look at TIC's portfolio reveals a web of allegiant shareholdings that is even more expansive than shares directly cross-held within the Toyota Group. Logistics companies, financial services firms, and other transaction counterparties shield TIC management from general shareholders utilizing a network of allegiant holdings. The shield's effectiveness was evident at TIC's most recent annual meeting, where a majority of general shareholders (i.e., those who were neither Toyota family members nor allegiant transaction counterparties) voted against TIC top management. Nonetheless, TIC's allegiant shareholders protected TIC management to preserve allegiant shareholders' conflicted commercial interests.

Below shows the non-supporting ratio for TIC's Chairman and President in the most recent AGM. "Against" votes exceeded "For" in both cases, excluding large allegiant shareholders mentioned in TIC's annual filing. Note: our calculation of large allegiant shareholders underestimates the true magnitude of actual allegiant holdings, as smaller allegiant holders are too small to detect in regulatory filings.

Over the years of our investment in TIC, we have regularly engaged with management on various governance topics. On behalf of our clients, we will continue to do so, with a particular focus on progressing our recommendations on the following topics. Specifically, we continue to focus on advancing our existing engagement objectives with the company with a greater sense of urgency on three fronts: 1) unwinding of tangled cross shareholdings within the group, 2) urgent establishment of an independent and diverse leadership team and board of directors, and 3) honestly accounting for, and addressing, past failures.

AGM (6/2023)

	Supporting Ratio	For (excluding allegiant shareholders)	Against
Tetsuro Toyoda, Chairman	74.9%	23.0%	25.1%
Akira Onishi, President	74.2%	22.3%	25.8%

Allegiant Shareholders**	51.9%
Non Allegiant Shareholders	48.1%

** Toyota group + policy holding stocks

Climate Change-Focused Engagement

As discussed, our 2024 Engagement Plan continues our climate-focused work from 2022 and 2023. We are focused on the largest contributors to our net-zero portfolio carbon footprint to encourage them to report Scope 1, Scope 2, and Scope 3 greenhouse gas emissions, adopt climate change risk reporting following the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD), and set science-based targets that are aligned with keeping global warming to 1.5 degrees Celsius at most.

In general, we vote against the board chair or responsible incumbent director of high-risk companies where we feel the company is not taking minimum steps toward managing climate risks. In 2023, we voted against the directors of 33 such companies and had 30 engagements where climate change was a topic.

For more on our net-zero commitment, please refer to Principle 1.

WHAT ARE WE ASKING?

Phased approach depending on where the company is at

1. Report Scope 1, 2, and material Scope 3 emissions
2. Adopt TCFD-aligned reporting
3. Set science-based target aligned with 1.5C or net zero

WHY WOULD WE DO THIS?

- Addresses systemic risk from physical impacts
- Regulations are moving in this direction, increasing transition risk
- Supports GMO's net-zero commitment
- Supports GMO Proxy Voting Guidelines

Voting Policy on Climate Accountability

Vote against the board chair, or the responsible incumbent director(s), where company is not taking the minimum steps:

- Detailed disclosure of climate-related risks, such as TCFD
- Well-defined GHG emissions reduction targets

INDICATORS

1. Comprehensive CDP- or TCFD-aligned disclosures
2. Science-based or net-zero targets set

METRICS

1. Scope 1, 2, and material Scope 3 emissions

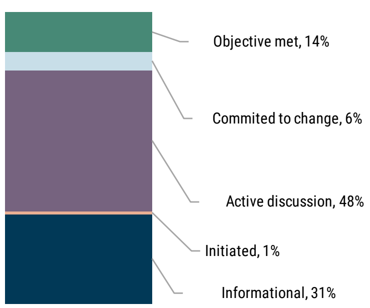
OUTCOMES

1. Science-Based Targets initiative (SBTi) certification
2. Reduction in emissions in line with sector decarbonization pathways
3. Level 4 Transition Pathway Initiative assessment of management

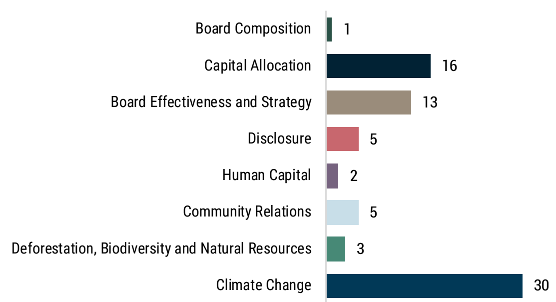
2023 Engagement Case Studies

In 2023, investment teams conducted 205 interactions with 110 companies. Going into 2024, 118 engagements remained open. The breakdowns below show the number of engagements by milestone, by topic, and by E, S, and G category. Provided below the charts are a sampling of case studies of equity and fixed income engagements that had activity in 2023.

Engagement progress



Number of engagements on specific topics



EQUITY ENGAGEMENTS

Company	*Graphite electrodes and petroleum coke manufacturer*
Initiation Date	5 Dec 2023
Last Contact Date	12 Dec 2023
Issue	ESG and climate disclosures
Format	Video call
Company Attendees	Vice President, Investor Relations and Corporate Communications
GMO Attendees	ESG Team (Deborah Ng, Mandy Leung)
Objective	Provide more comprehensive disclosures to CDP
Actions	Discussed the company's climate-related disclosures, conferred about fossil-fuel based raw material and stranded asset risks, and encouraged more comprehensive reporting, including articulating the board's oversight on climate risks and publicly disclosing emission reduction targets.
Outcomes	Company will take our comments into consideration and look to publish their first CDP report in 2024.
Status and Next Steps	We will check back after reporting season to see if they adopted our suggestions.

Company	*Mining company*
Initiation Date	14 Sep 2022
Last Contact Date	12 Feb 2023
Issue	Governance issues around standstill agreement
Format	Site visit
Company Attendees	Various
GMO Attendees	Focused Equity (Alex Fak)
Objective	Acquire first-hand information on working conditions, environmental impact, and expiration of standstill agreement
Actions	We made site visits to assets in the Congo and South Africa to obtain information regarding working conditions, environmental footprint, and governance considerations surrounding the expiration of the standstill agreement with Chinese shareholders.
Outcomes	We gained confidence that the company was managing critical ESG risks well.
Status and Next Steps	Closed.

Company	*Nickel and green technology company*
Initiation Date	11 Nov 2022
Last Contact Date	27 Feb 2023
Issue	Community impacts
Format	In-person and video meetings
Company Attendees	CEO, CFO, COO
GMO Attendees	Focused Equity (Lucas White, Alex Fak)
Objective	Ensure fair treatment of inhabitants around mining project
Actions	We met with company executives on a couple occasions to discuss the relocation program for inhabitants in the vicinity of the Kabanga project and stressed that they need to be treated fairly. We have encouraged the company to keep the market abreast of developments.
Outcomes	Management explained their process, which we assessed as robust. We believe that this will carry forward following the company's partnership with a large, well-regarded, A-rated operator.
Status and Next Steps	Closed. We believe that this partnership will ensure a continuation of responsible mining practices.

EQUITY ENGAGEMENTS (CON'T)

Company	*Insurance company*
Initiation Date	12 Sep 2023
Last Contact Date	12 Sep 2023
Issue	Transparency
Format	In-person meeting
Company Attendees	CFO, Investor Relations
GMO Attendees	Focused Equity (Tom Hancock)
Objective	Encourage a more transparent business model
Actions	We met with the company to discuss transparency and the Pharmacy Benefits Model (PBM). PBMs are generally regarded poorly due to the complexity of the structure and lack of transparency about how various parties in the drug supply channel get paid and by whom. We encouraged the company to adopt a more transparent model, the costs of which would be outweighed by a high valuation of the company.
Outcomes	None yet
Status and Next Steps	Open

Company	*Insurance services company*
Initiation Date	1 Jul 2021
Last Contact Date	2 Mar 2022
Issue	ESG management
Format	Email, in-person meeting
Company Attendees	Investor Relations
GMO Attendees	Usonian Japan Equity (Takeo Asahara, Fumie Kikuchi)
Objective	Improve ESG disclosures and management practices
Actions	We met with the company to press for better disclosures on the management of ESG factors and provided advice on their investor relations activities.
Outcomes	In May 2023, MSCI upgraded the company's ESG score from BB to BBB.
Status and Next Steps	Closed. While we consider this matter closed, we continue to engage on other matters.

Company	*Financial services company*
Initiation Date	23 Jun 2023
Last Contact Date	18 Dec 2023
Issue	Board composition
Format	In-person meeting and phone calls
Company Attendees	Directors, CEO, CFO
GMO Attendees	Usonian Japan Equity (Takeo Asahara, Fumie Kikuchi)
Objective	Enhance board composition
Actions	We have had a number of interactions with the company regarding better board composition so that the board can manage the company more strategically. Ahead of our vote against the chair and another director, the board responded by introducing an independent board candidate.
Outcomes	Board introduced an independent board candidate.
Status and Next Steps	Open. We will continue to monitor and engage.

EQUITY ENGAGEMENTS (CON'T)

Company	*Health care company*
Initiation Date	16 Jun 2023
Last Contact Date	2 Feb 2024
Issue	Board composition
Format	In-person meeting and phone calls
Company Attendees	Directors, CEO, CFO
GMO Attendees	Usonian Japan Equity (Takeo Asahara, Fumie Kikuchi)
Objective	CEO succession plan
Actions	We have sent several letters to the board and met with directors a number of times to discuss the company's succession planning, as the CEO has served for 18 years. In February 2024, the company announced that the CEO will be retiring in April and they will appoint a new CEO.
Outcomes	Board renewed CEO
Status and Next Steps	Closed

FIXED INCOME ENGAGEMENTS

Issuer	*Republic of Suriname*
Initiation Date	31 Mar 2022
Last Contact Date	7 Feb 2024
Issue	Governance and social stability
Format	Multiple in-person meetings
Government Attendees	Minister of Finance, Minister of Foreign Affairs
GMO Attendees	Emerging Country Debt (Eamon Aghdasi, Carl Ross)
Objective	Restructure debt using value recovery mechanism linked to oil production that would reduce the opportunity for corruption and improve governance
Actions	We traveled to Suriname for debt restructuring discussions with officials. We proposed a governance structure for a value recovery mechanism linked to oil production that would reduce the opportunity for corruption and improve governance, allowing maximum financial resources for social welfare and development objectives. We also sought to achieve a restructuring arrangement that avoided adverse social consequences and maintained the current administration's ability to govern amid political pressure.
Outcomes	Issuer added transparency clauses relating to the release of consolidated information on indebtedness and made a commitment to hold quarterly macroeconomic and financial updates.
Status and Next Steps	Closed

Issuer	*Government of Bolivia*
Initiation Date	12 Apr 2023
Last Contact Date	12 Apr 2023
Issue	Climate change
Format	In-person meetings
Company Attendees	Bolivian Finance Ministry
GMO Attendees	Emerging Country Debt (Eamon Aghdasi)
Objective	Disclosure of long-term plans to industrialize economy and shift away from natural gas
Actions	We met with ministers to discuss economic policies, as well as the government's long-term plan to industrialize the economy and shift concentration away from natural gas.
Outcomes	Details on this were sparse. Further engagement is necessary to flesh out the government's plan for decarbonization.
Status and Next Steps	Open

PRINCIPLE 10

COLLABORATION

Signatories, where necessary, participate in collaborative engagement to influence issuers.

GMO believes in the power of meaningful dialogue about ESG issues between asset owners, investment managers, and companies. We have added our voice as a member, supporter, and/or signatory to many groups that share our views regarding the importance of ESG factors. To magnify the impact of our engagement efforts, we participate in collective action through initiatives that bring together like-minded asset owners and asset managers. We seek to collaborate where objectives are aligned with ours and we can increase our likelihood of effecting change. Our approach to collaboration does not differ across asset classes or geographies.

Collaborations can be highly beneficial to GMO, allowing us to leverage our influence combined with the influence of others to achieve greater impact than we would by engaging one-on-one. Professionals across GMO are encouraged to seek new opportunities to engage in initiatives to further our stewardship objectives, and indeed many of the groups we have joined to date have been as a result of a suggestion from a member of a GMO investment team (as opposed to our ESG team). We believe this model encourages buy-in from our teams to participate actively with the initiatives.

Role of ESG Oversight Committee

While suggestions can come from any GMO employee, our ESG Oversight Committee evaluates opportunities and must approve joining collective action initiatives. With myriad opportunities and limited resources to collaborate, we weigh the benefits and costs of joining any initiative. The ESG Oversight Committee considers such factors as:

- The initiative's goals and their alignment to GMO's priorities,
- Consideration of and comparison against other initiatives with a similar expected outcome,
- The scope of impact or influence to change,
- GMO's expected commitment and our ability to meet that commitment, and
- Legal, operational, and reputational implications.

2023 Collaborative Initiative Highlights

GMO participates in a wide range of collaborative initiatives, which are summarized at the end of this section. Some of our collaborative focus areas in 2023 included the following examples.

COLLABORATING FOR SUSTAINABILITY

Initiative	*CDP Non-Disclosure Campaign (NDC)*
Issue	Transparency around companies' management of climate change-related exposures
GMO Participants	Systematic Equity: Michelle Morphew; ESG: Deborah Ng; Usonian Japan Equity: Fumie Kikuchi
Objective	GMO participates in the NDC, a collaborative initiative that enables investment managers to drive corporate transparency around companies' management of climate change-related exposures. This complements our involvement in the CDP Science-Based Targets initiative (SBTi). Through our participation, GMO investment teams encourage improved environmental risk disclosure from companies held in our portfolios.
Action	In 2023, via letters and phone calls, we led engagements with 11 non-disclosing companies, one to which we had previously sent a letter in 2022.
Outcome	As of 31 December 2023, four companies had submitted their CDP questionnaires and two had accessed the portal.

Initiative	*Investors Alliance Against Slavery and Trafficking, Asia Pacific*
Issue	Effective action in finding, fixing, and preventing modern slavery in operations and supply chains
GMO Participants	ESG: Mandy Leung
Objective	To improve companies' management of modern slavery in their supply chains.
Action	We have been engaging with a company since 2021 to no avail. In 2023, the company finally agreed to meet, but bi-laterally with each participant rather than the consortium. Prior to meeting with the company, the group agreed on the key messages we would deliver.
Outcome	The company has made progress in setting up supplier tracking systems to identify cases of slavery and trafficking, but the group is concerned about the unrealistically high compliance rate and will focus subsequent engagement on board oversight and understanding the depth of the supply chain management.

Initiative	*Emerging Markets Investor Alliance (EMIA)*
Issue	Lack of transparency
GMO Participants	Emerging Country Debt: Eamon Aghdasi
Objective	To include transparency clauses in bond contracts coming out of debt restructuring.
Action	GMO serves on a small working group of investor firms being organized by the Emerging Markets Investors Alliance that is seeking to insert transparency clauses into the bond contracts coming out of the current debt restructuring. It is hoped that these clauses could become the norm going forward. The clauses relate to investor relations initiatives and debt transparency.
Outcome	This engagement is still in the Active Discussion stage (Milestone 3)

POLICY AND REGULATORY ADVOCACY

When advocating for policy change, we recognize that it is not usual to achieve immediate concrete outcomes in a particular year. Our collaborations focus on joining others in advocating for long-term change that takes time to realize.

Initiative	*Asian Corporate Governance Association (ACGA)*
Issue	Corporate governance in Japan
GMO Participants	Usonian Japan Equity: Fumie Kikuchi
Objective	We promoted issues we believe would improve corporate governance.
Action	GMO joined an ACGA delegation to meet with two Japanese officials from the Tokyo Stock Exchange (TSE) and Financial Services Agency (FSA). We discussed with the TSE cost of capital practices among Japanese corporations, and we covered with the FSA how to organize better market control in Japan. We requested they publish more detailed information, including best practices.
Outcome	TSE announced best practices and sample case studies in February, along with an investors' perspective presentation. FSA revised a large shareholding reporting system in December 2023 to clearly define collaborative engagement. We look forward to another opportunity to discuss and promote these issues.

Diversity, Equity, and Inclusion

Consistent with our focus on DEI as outlined in Principle 1, in 2022 GMO became one of 15 early signatories of the CFA Institute's new Diversity, Equity, and Inclusion Code. Signatories of the Code must demonstrate ongoing commitment to six key Principles in the areas of Pipeline, Talent Acquisition, Promotion and Retention, Leadership, Influence, and Measurement. Through our commitment to the Code, we believe we can further amplify our efforts to continue to improve diversity and social awareness both within GMO's walls and more broadly in our industry, as well as across our clients, partners, portfolio companies (in the context of our risk/return objectives), and suppliers. In 2023, we completed our inaugural CFA DEI Signatory Response, sharing details of our ongoing commitment to the six key Principles, which is described in a case study in Principle 1. Highlights of our approach are discussed in Principle 2.

Following our CFA DEI Code commitment, Cindy Tan, our Singapore CEO, worked with the CFA Institute and the CFA Society Singapore to organize and help host a CFA DEI Code Singapore Adaptation Event.

GMO Participation in Collaborative Initiatives

Below is additional detail on GMO's participation in collaborative ESG-related initiatives.

	Initiative	*Purpose*	*How GMO Participates*
MEMBERSHIPS			
PRI Principles for Responsible Investment	UN-supported Principles for Responsible Investment Signatory since May 2017	To incorporate ESG issues into investment practice	Report annually on responsible investing activities; member of the PRI Global Policy Reference Group, which promotes engagement and alignment of public policy with the goals of signatories
IFRS Sustainability Alliance	IFRS Sustainability Alliance Member since February 2021	To promote standardized sustainability reporting by companies	Attend the annual Sustainability Alliance meeting; IFRS materiality matrix is an input in GMO ESG Score
ACGA	Asian Corporate Governance Association Member since August 2021	To promote effective corporate governance practices throughout Asia	Member of the Japan Working Group
The Net Zero Asset Managers initiative	Net Zero Asset Managers initiative Signatory since October 2021	To manage portfolio risk and support the global goal of net-zero greenhouse gas emissions by 2050	Set initial emission reduction and AUM coverage targets of -65% and 60%, respectively; report annually on our progress
Emerging Markets Investors Alliance	Emerging Markets Investors Alliance Member since February 2022	To work with other investors to tackle ESG challenges in emerging markets	Participate in working groups, collaborative engagements, and webinars; participate on the Materials Working Group to engage with emerging markets companies on toxic chemical use
COMMITMENTS			
UK STEWARDSHIP CODE	UK Stewardship Code Signatory since October 2023	To promote stewardship activities that meet the needs of clients and beneficiaries	Annually report on how we meet the Stewardship Principles though our actions and outcomes
Financial Services Agency	Japan Stewardship Code Endorsed 2017	To promote sustainable growth of companies and enhance the medium- and long-term investment return of beneficiaries	Apply the principles in our stewardship activities
STEWARDSHIP ASIA	Singapore Stewardship Principles for Responsible Investors Endorsed October 2018	To foster good stewardship in discharging our responsibilities and creating sustainable long-term value for all investors	Apply the principles in our stewardship activities
ENDORSEMENTS			
TCFD	Taskforce on Climate-related Financial Disclosures Endorsed December 2019	To foster good stewardship in discharging our responsibilities and creating sustainable long-term value for all investors To provide relevant, complete, comparable disclosures on management of climate-related financial risks	In engagements, recommended that companies adopt TCFD disclosure; report on our management of climate-related financial risk and opportunity following the TCFD Recommendations; initial report prepared in 2023
Transition Pathway Initiative	Transition Pathway Initiative Endorsed December 2020	To assess companies' management of climate-related risks	Committed to support TPI; TPI tool was one input into the 2022 prioritization and objective setting of our corporate engagements

GMO Participation in Collaborative Initiatives (Con't)

	Initiative	*Purpose*	*How GMO Participates*
ENDOREMSENTS (CON'T)			
	2022 Global Investor Statement to Governments on the Climate Crisis	Joint statement to all world governments urging them to implement policies consistent with a just transition that limits global temperature rise to no more than 1.5C	Signed the statement along with 531 other institutional investors representing US$39 trillion in AUM
COLLABORATIVE ENGAGEMENTS			
	CDP (formerly Carbon Disclosure Project) Signatory and member since January 2017	To manage climate risk by providing a platform for companies to report their practices in three core areas: climate, water, and forests Provides opportunities for us to influence companies to disclose to CDP	Lead or participate in CDP collaborative engagement campaigns, such as Non-Disclosure and Science-Based Targets 2023 NDC examples detailed above
	Climate Action 100+ Joined January 2018	To engage with public companies that are the largest emitters of greenhouse gases	We signed onto Phase 2 in 2024
	Investors Alliance Against Slavery and Trafficking, Asia Pacific Joined in October 2020	To influence Asia-Pacific companies on effective action in finding, fixing, and preventing modern slavery in operations and supply chains	Involved in one on-going collaborative engagement as support investor, provided research input on engagement topics to be raised with the company
	CFA Diversity, Equity, and Inclusion Code (USA and Canada) Joined 2022	To commit to improving DEI programs within the organization and across the investment industry	GMO commits to implement the DEI Code by adopting a DEI policy and statement, have senior leadership ownership, establish oversight governance practices, and implement a plan to integrate DEI in our people processes and policies

PRINCIPLE 11

ESCALATION

Signatories, where necessary, escalate stewardship activities to influence issuers.

We undertake engagements for many reasons, including building trust and good relationships with investee companies, asking questions and obtaining information from management, and encouraging better practices. We believe that holding companies to account through engagement and possible escalation is additive to our ability to steward our clients' investments.

Where we are seeking change through better practices, we establish objectives that are specific, measurable, achievable, relevant, and timebound. We believe that creating an objective-oriented framework will lead to more meaningful and impactful engagements, more opportunities for our teams to escalate activity for a defined purpose, and better measurements of success. For these engagements, we track our progress through a milestone system, which looks at engagement from initiation and objective-setting through to a successful or unsuccessful close. If the issuer's response is unsatisfactory, we may escalate our engagement in a number ways, including attending sell-side events, collaborating with peers, voting proxies, advocating for policy and regulation, attending annual general meetings, writing open letters, or deciding to disinvest, potentially fully.

CONDUCTING ENGAGEMENTS

Engagement is an iterative process that may last years

IDENTIFY TARGET
- Holding size
- Holding period
- Ability to influence
- Severity
- Likelihood of success

DESKTOP RESEARCH
- Confirm triage
- Understand approach
- Assess performance relative to best practices

SET OBJECTIVES
- Specific
- Measurable
- Achievable
- Relevant
- Timebound

OUTREACH
- Letter or email
- Request meeting/call

MEETING
- Develop relationship
- Outline concerns
- Communicate expectations

MONITOR
- Assess progress
- Reengage
- Abandon
- **ESCALATE**

REPORT
- Track and report milestones achieved

ESCALATION TACTICS

- Attending Sell-Side Events: Our investment teams regularly attend sell-side events where we can request one-on-one meetings with senior representatives from issuers to make our views known. As GMO is typically a relatively small investor, this is an effective way to gain access to management who may not otherwise engage with us.

- Collaborating with Peers: By working in greater numbers with groups such as CDP and the IAST-APAC or through associations such as the ACGA, as discussed in Principle 10, we can increase our chances of obtaining a response from engagement targets.

- Voting Proxies: We may use our vote to convey a message to management on topics we have raised that have not gained traction or when they have been unresponsive to our communications. Our engagement and proxy voting activities are linked within our more fundamental process-oriented equity approaches used by GMO's Focused Equity and Usonian Japan Equity teams. To strengthen these links for the benefit of our top-down engagement framework, we now add our proxy voting decisions to our engagement database.

- Advocating for Policy and Regulation: For more systemic ESG issues, such as climate change, diversity, and shareholder rights, advocating for change at the policy or regulatory level is a slower but potentially more effective route to impact. For example, GMO has been involved with the Sustainability Standards Board for a number years and has seen it evolve from a small, investor-driven initiative into today's International Sustainability Standards Board. The ISSB issued global standards for sustainability and climate change reporting in 2023 that are being considered by regulators.

- Attending Annual General Meetings (AGMs): With its focus on a relatively small region, the Usonian Japan Equity team uses attendance at AGMs of investee companies as an integral part of its engagement escalation process.
- Writing Open Letters: In early 2024, GMO made its first use of this escalation tactic with an individual company, as Usonian Japan Equity wrote an open letter expressing our position and actions regarding a long-held portfolio company. Our case study on Toyota Industries Corporation in Principle 9 details this escalation.
- Deciding to Divest: In a number of cases, GMO has decided to reduce our position or divest entirely from companies as an escalation result. This is rarely an outcome of a single engagement activity. More often it occurs after consideration of a number of factors, including the cost of engagement relative to the benefit and whether there are other ways to gain desired exposure. For example, we previously held a company as part of our desired exposure to copper resources. We engaged with that company on community issues but were not satisfied with management's response, so we shifted our investment to what we deemed a more responsible company.

GMO has not launched any shareholder proposals nor litigation, but those options may be used by our investment teams if needed.

We do not have a defined escalation policy, though we worked during 2023 to formalize some of our escalation process. Our escalations are currently done on a case-by-case basis, and asset class and geography may impact our escalation responses. For example, company management in certain jurisdictions (e.g., China and India) are often non-responsive to engagement requests, even when conducted in the local language, so we may choose to escalate more quickly in those situations. On the other hand, when we engage as an investor in a country's sovereign debt, because of the critical need for investor capital, we typically find we have greater access to government officials and more influence. In these situations, escalation may not be needed as actively.

We typically allow engagement targets time to implement changes before we escalate. That said, we use our judgment about whether we think a target is likely to respond, which may (or may not) cause us to accelerate our escalation.

ESCALATION CASE STUDIES

Company	***Copper Mining Company***
Initiation Date	27 Feb 2023
Last Contact Date	17 May 2023
Issue	Community relations
Format	In-person meeting
Company attendees	CEO, IR
GMO attendees	Focused Equity (Alex Fak)
Objective	Improve approach to community relations and gain license to operate
Actions	In follow-up to a previous incident, we met with the company to understand how they are addressing community, political, and other issues to gain support and buy-in for future projects when investing in emerging market jurisdictions.
Outcomes	The company has refused to acknowledge an issue.
Status and next steps	We have gradually reduced our holdings and will continue to engage and monitor.

ESCALATION CASE STUDIES (CON'T)

Company	***Security Services Provider***
Initiation Date	23 Dec 2022
Last Contact Date	27 Jun 2023
Issue	Capital efficiency
Format	In-person meetings, AGM attendance
Company Attendees	Various
GMO Attendees	Usonian Japan Equity (Drew Edwards, Takafumi Atsuta)
Objective	Improved capital allocation
Actions	We have met the company on several occasions to discuss a variety of topics, including capital efficiency, business portfolio management, ESG, and diversity.
Outcomes	Capital efficiency of the company hasn't improved to the expected level, and we voted against management to support shareholder proposals to initiate a share repurchase plan and require a majority outsider board and greater share ownership by directors.
Status and Next Steps	We will continue to press the company to improve shareholder returns.

PRINCIPLE 12

EXERCISING RIGHTS AND RESPONSIBILITIES

Signatories actively exercise their rights and responsibilities.

Proxy Voting Program Overview

GMO views proxy voting as an integral aspect of security ownership, and we conduct the function with the prudence and duty expected of us as a fiduciary. We believe the alignment of company management's goals with those of its shareholders and other stakeholders provides the strongest protection for our clients' investments as minority stakeholders. We seek to vote proxies in a manner that encourages and rewards effective governance structures and practices, supporting 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 encourage sustainable practices at portfolio companies, which includes promoting environmental protection, human rights, and fair labor and anti-discrimination practices. To guide us, we consider globally accepted frameworks such as those defined by the United Nations Global Compact Principles and Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the International Labour Organization.

GMO's Proxy Voting Policy and voting records are publicly accessible on GMO's website.

Proxy Voting Policy, Advisor, and Default Recommendations

Our proxy voting activities are governed by GMO's Proxy Voting Policy, which outlines GMO's corporate governance principles and proxy voting guidelines. The Policy establishes ISS as our proxy voting advisor and adopts ISS' Sustainability Policy recommendations as our default position. It also outlines our proxy voting procedures, as well as how we identify and manage potential conflicts of interest in our proxy voting.

On an annual basis, the Stewardship sub-committee reviews all updates to the ISS Sustainability Policy to ensure continued alignment with our views and reflects any changes required to our Proxy Voting Policy. These updates are also provided to all GMO investment teams and the ESG Oversight Committee.

In addition to our governance-focused policies, some of the voting policies under the Sustainability Policy include:

- We generally vote against directors of significant emitters if they do not take at least minimal steps to align with net zero. This is supportive of our strategy around climate change to work with portfolio companies to contribute to the transition to net zero, as detailed in Principle 1.
- We generally support shareholder proposals calling for:
  - *Reduction of greenhouse gas (GHG) emissions and goals on GHG emissions from operations and/or products,*
  - *Company investment in renewable energy,*
  - *Adoption of comprehensive recycling strategies,*
  - *Reporting in accordance with the Global Reporting Initiative,*
  - *Linking executive compensation to environmental and social criteria,*
  - *Implementing ILO codes of conduct, SA8000, or Global Sullivan Principles,*
  - *Adopting principles or codes relating to countries in which there are systemic violations of human rights,*
  - *Independent programs to monitor supplier compliance with codes, and*
  - *Adoption of labor standards for foreign and domestic suppliers.*

Proxy voting might differ slightly across geographies due to differences in regulation, board structures, measurement standards, and other regional distinctions.

Proxy Voting Process

GMO's proxy voting process relies on analysis from both ISS and our investment teams. In certain instances (e.g., when voting against management and for U.S. director elections, or when investment teams specifically request additional information) proxy research and recommendations for each agenda item are provided to the investment teams prior to votes being cast. Investment teams consider the ISS Sustainability Policy recommended vote and will make decisions in the best interest of our clients. Deviations from the ISS Sustainability Policy recommendations totaled less than 1% of GMO's votes cast in 2023.

An annual summary of our proxy voting activities is provided to the Stewardship sub-committee, including details of any investment team-instructed votes.

We do not provide clients with the ability to direct voting in our pooled vehicles. In separately managed accounts, we do not vote on behalf of the client unless the client has expressly delegated voting to GMO. Currently, about 33% of our SMAs vote for themselves. The other SMA clients who have delegated voting to GMO have done so relying on the GMO Proxy Voting Policy.

Monitoring of Proxy Voting Advisor

GMO has a robust oversight process to ensure our Proxy Voting Policy is adhered to. Among the controls in place are: 1) a daily review of any upcoming and unvoted meetings, 2) weekly updates of relevant holdings lists, 3) a monthly review of opened and closed reports and a master account list, 4) a quarterly review of all ballots for accuracy and completeness, and 5) an annual review of the details included in the SEC N-PX filing for accuracy and completeness.

We undertake periodic sampling of proxy votes as part of our assessment of ISS to determine that proxy votes are being cast on behalf of our clients consistent with our Proxy Voting Policy. We also receive a quarterly certification from ISS that speaks to the accuracy of their application of the policy, controls around conflicts of interest, and other relevant topics.

When an investment professional at GMO deems it appropriate to vote contrary to a policy recommendation, GMO's Proxy Voting team ensures that the vote is cast by ISS based on our instruction. The team reviews a daily Vote Against Policy report, which shows all active cases where votes other than the ISS recommendation are set to be instructed, to confirm that all votes against recommendation are being conducted properly. Any discrepancies are raised to ISS. In addition to this daily review, the team receives quarterly certifications from ISS that all votes have been cast in accordance with GMO's instructions. The investment professional is also required to provide a certification confirming that they are not aware of any potential material conflict of interest with respect to the vote.

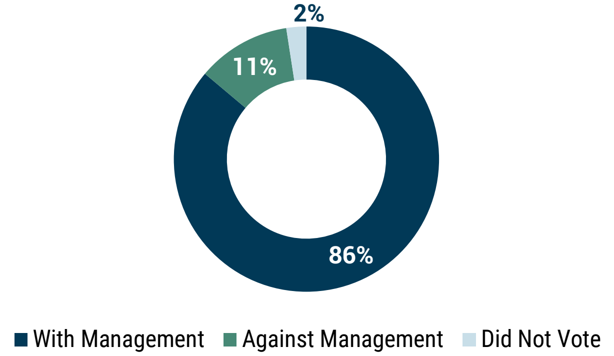
2023 Equity Proxy Voting Outcomes

In 2023, GMO voted 98% of votable proposals (31,252 of 32,033).

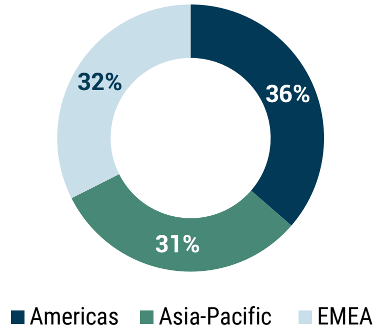
We voted with management 86% of the time and did not vote on 2% of votable proposals. GMO aims to vote on 100% of proposals, but in a small number of situations we did not vote because of market- and meeting-specific restrictions (e.g., share-blocking or power of attorney requirements) or legal restrictions (e.g., sanctions on countries). Regionally, our votes were roughly split equally across the Americas, Asia-Pacific, and Europe, Middle East, and Africa (EMEA).

2023 PROXY VOTING

Votes with/against management

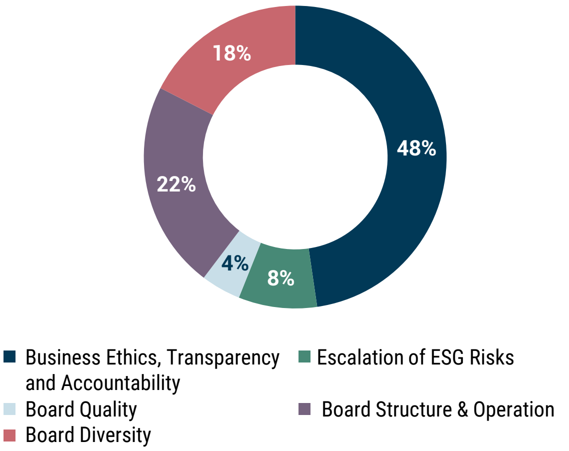


Votes by region

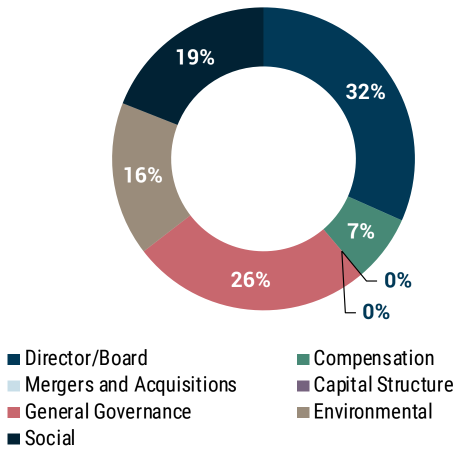


2023 PROXY VOTING (CON'T)

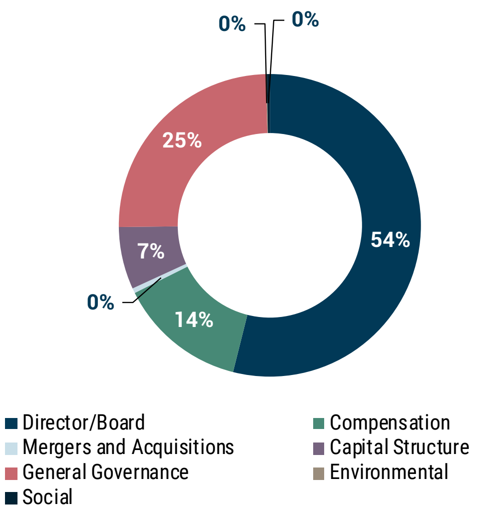
Votes against management by topic



Shareholder proposals by topic



Management proposals by topic

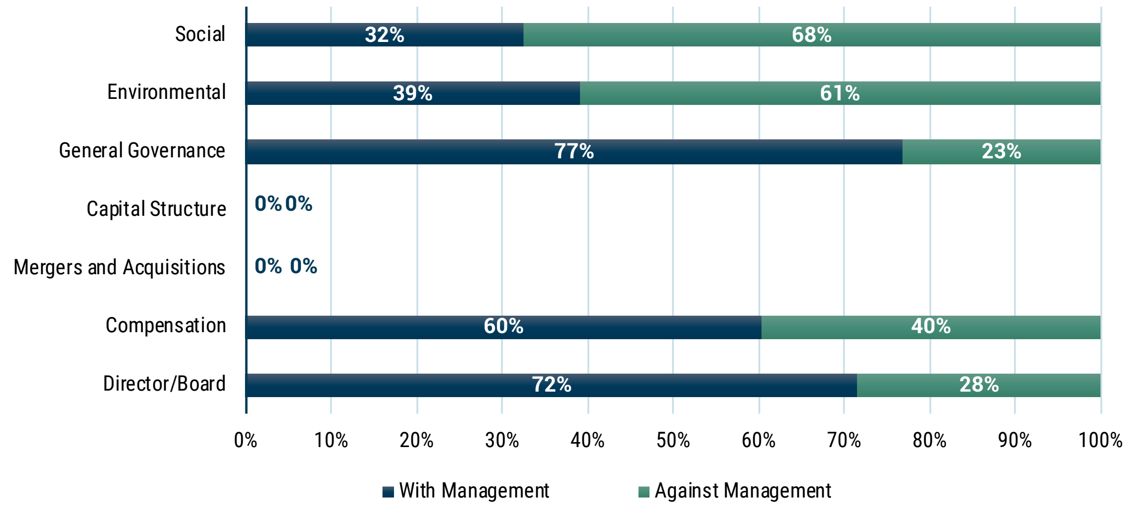


Among votes against management, almost half (48%) were related to Business Ethics, Transparency, and Accountability, followed by Board Structure and Operation (22%) and Board Diversity (18%). Escalation of ESG risks attributed to 8% of votes against management, while 4% were related to Board Quality.

Shareholder and management proposals in 2023 continued to be dominated by governance-related matters. Environmental and social topics represented 1% of total proposals, of which 68% were from shareholder proposals.

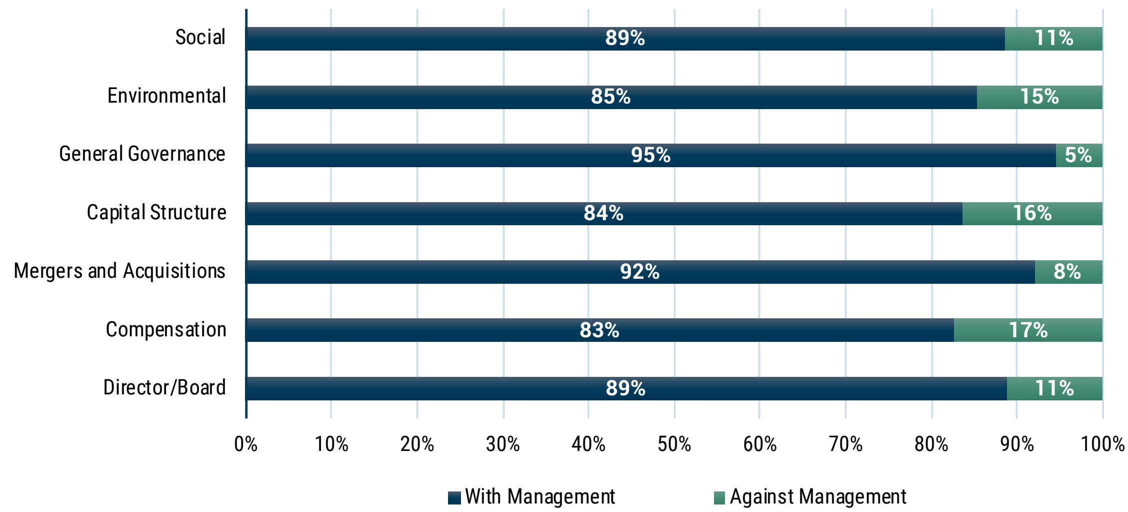
Shareholder proposals

We supported a majority of shareholder proposals (63%) and cast votes against management 40% of the time in aggregate. We voted against management for 68% of social-related proposals and 61% of environment-related proposals.



Management Proposals

We supported 84% of management proposals and cast votes against management 11% of the time in aggregate. We voted with management for 89% of social-related proposals and 85% of environmental-related proposals.



Meeting Outcomes

We currently do not systematically track meeting outcomes, though investment teams may discuss relevant outcomes with management as part of our engagement process.

PROXY VOTING CASE STUDIES

Company	*Mining Company*
Issue	Minority shareholder interests
Best Practice	Cumulative voting can ensure an independent voice at the board.
Voting Decision	We assigned all our votes to support a candidate who was a key representative of minority shareholders.
Outcome	Director received 93% support.

Company	*Technology Company*
Issue	Cross shareholdings
Best Practice	Companies should have less than 10% cross shareholding ratio.
Voting Decision	Their strategic shareholding ratio exceeds 10% of their net assets. We don't see any business synergy from the company's holding of a related company, and there are no plans to reduce these strategic holdings, so we voted against.
Outcome	Directors received 95% and 91% support.

Company	*Technology Company*
Issue	Report on risks of operating in countries with significant human rights concerns
Best Practice	Shareholder proposals should not be duplicative of what the company already does or provides.
Voting Decision	We did not support what we deemed to be a duplicative shareholder proposal. The company has human rights commitments and due diligence processes that govern all activities. It has determined that it can operate in a way consistent with its commitment to protecting fundamental rights and adhering to trusted cloud principles. At this time, we don't believe additional reporting is warranted.

Company	*Media Company*
Issue	Greenhouse gas emissions reduction targets aligned with the Paris Agreement goals
Best Practice	Companies should take a proactive approach to manage climate change transition risk.
Voting Decision	We supported a shareholder proposal, as additional information on the company's efforts to reduce its carbon footprint and align its operations with Paris Agreement goals would allow investors to better understand how the company is managing its transition to a low carbon economy and climate change-related risks.

Company	*Technology Company*
Issue	Board diversity
Best Practice	Board should be comprised of at least 30% under-represented gender identities.
Voting Decision	We voted against three directors to hold them to account for a lack of diversity on the board.
Outcome	The three directors had support levels of 51%, 77%, and 78%.

PROXY VOTING CASE STUDIES (CON'T)

Company	*Oil & Gas Company*
Issue	Ineffective energy transition plan
Best Practice	Transition plan should provide adequate detail on how goals are to be met.
Voting Decision	We voted against the company's transition progress report. The company's Scope 3 targets relate to emissions intensity reduction, rather than absolute reduction. There was a lack of detail regarding the company's Scope 3 emissions and how the company intends to meet its associated targets. Furthermore, CCS (Carbon Capture and Storage) and offsets form a sizable part of the plan.

Company	*Security Company*
Issue	Board effectiveness
Best Practice	The majority of board members should be independent.
Voting Decision	While the company has made progress in improving board effectiveness and capital efficiency, we felt that the efforts are insufficient. To send a message to the board, we supported a shareholder proposal seeking to amend the articles to require a majority outsider board.

Company	*Manufacturing Company*
Issue	Poor capital allocation and lack of board diversity
Best Practice	Companies should maximize stakeholder value and the board should be comprised of at least 30% under-represented gender identities.
Voting Decision	We voted against two directors to hold them to account for capital allocation decisions and board diversity.
Outcome	The directors had support levels of 93% and 95%.

Securities Lending

Some of GMO's pooled vehicles may participate in a securities lending program. GMO has set up its securities lending program with control over the selection of securities that are placed out on loan, transparency into the lending rates associated with those loaned securities, and the ability to terminate a loan at any time. Additionally, certain funds that engage in short sales may enter securities loans pursuant to prime broker arrangements or enhanced custody arrangements with the fund's custodian. GMO does not engage in securities lending on behalf of our separately managed account clients.

GMO will only loan portfolio securities pursuant to securities lending arrangements that permit GMO to recall a loaned security or to exercise voting rights associated with the security. However, we generally will not arrange to have a security recalled or to exercise voting rights associated with a security unless GMO both 1) receives adequate notice of a proposal upon which shareholders are being asked to vote (which we often do not receive, particularly in the case of non-U.S. issuers), and 2) believes that the benefits to our pooled vehicle of voting on such a proposal outweigh the benefits of having the security remain out on loan. GMO may use third-party service providers to assist in identifying and evaluating proposals, and to assist it in recalling loaned securities for proxy voting purposes.

Investment teams also have the option to restrict certain securities from being loaned where they are planning to engage proactively with the issuer.

As a practical matter, GMO tends to loan securities in relatively low volume and at rates that are particularly attractive, so during 2023 we did not recall any loaned securities for the purpose of exercising voting rights.

Fixed Income

GMO fixed income teams have exercised their rights with respect to sovereign debt, quasi-sovereign debt, and securitized credit investments.

In the context of our Emerging Country Debt strategies, amendments to terms and conditions often happen as part of a debt restructuring with an issuer. In these cases, GMO often serves on bondholder committees, either as part of steering sub-committees or broader, so-called ad hoc committees. In most cases, the goal is to maximize our recovery by working with the issuer and avoiding litigation whenever possible, especially against sovereign issuers.

In 2023, GMO served on creditor committees facing Ghana, Suriname, Sri Lanka, and Venezuela, as well as Inversiones Latam Power (Chile), Eskom (South Africa), and Evergrande (China). We successfully concluded debt restructurings with the Suriname government and Inversiones Latam Power during the year, and we expect to complete or make substantial progress toward restructuring engagements with Zambia, Sri Lanka, and Ghana in 2024, with the remaining engagements expected to take longer.

GMO seeks to insert language into bond documents that enhance creditor rights, such as information obligations (done in the case of Sri Lanka, for example) and bondholder committee recognition (Suriname, among others).

In the case of quasi-sovereign debt, GMO extensively reviews prospectus and transaction documents both in the primary and secondary markets. Every year, GMO's quasi-sovereign team reviews close to 100 documents to catalogue their relative investor protection. GMO also seeks amendments to terms and conditions in indentures and contracts in a debt restructuring.

In the Eskom and Inversiones Latam Power examples, the team interacted with management teams and government officials, as relevant, to express how considering long-term issues can benefit the borrowers. For example, as a part of the bondholder committee, we relayed to Eskom management that we would be supportive of funding the company's long-term goal to transition to green energy. The negotiations concluded with the South African government stepping in to provide extraordinary support for the company. In the case of Inversiones Latam Power, the restructuring engagement with the bondholders was successful, resulting in new issuance of senior and convertible notes. The company also managed to secure a more favorable credit rating for the new debt.

Finally, in our Opportunistic Income securitized credit strategy, GMO invests across commercial and residential mortgage-backed securities (CMBS and RMBS), asset-backed securities (ABS), and student loans. Our team focuses on reviewing transaction documents and performing due diligence on the specifics of each contract. While in most cases, we have limited amendment or impairment rights, there are situations on a case-by-case basis where we can become more involved. For example, last year we considered calling a vote to replace the special servicer in a CMBS trust if they failed to resolve a proposed loan modification that we did not agree with. In another instance, we worked with the trustee in an RMBS deal to request court guidance regarding how to apply the proceeds of a settlement to the trust. Similar in spirit to how our Emerging Country Debt team approaches sovereign investments, we are focused on using our access to enhance creditor rights and, as such, serve as a steward of capital.

Alternatives and Multi-Asset Class

Proxy voting is centralized, so voting for equities that are held in alternative strategies such as merger arbitrage or long/short portfolios is included in the scope of our equity voting processes, discussed above. Another large GMO alternative strategy, a global macro strategy, is implemented through forwards and futures on equity and bond indices, currencies, and commodities, so we do not have ownership rights for the underlying securities.

As introduced in Principle 7, our multi-asset class portfolios invest in "underlying" GMO strategies to implement equity and fixed income exposures. As such, we execute our stewardship and proxy voting activities for these underlying equity and fixed income strategies as described above.

CONCLUSION

GMO is committed to being an effective steward of our clients' investments. We strongly believe that our focus on the areas detailed in each of the Principles in this report serves our clients' best interests, contributes to a healthy financial system, and positively impacts global sustainability efforts.

We hope that our report has provided a comprehensive overview of our 2023 activity and outcomes and how they align with the UK Stewardship Code. We recognize that we must continue to evolve and advance our practices, and we look forward to receiving feedback to inform our future endeavors.

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