GMO

Statement Regarding Support of The Japan Stewardship Code

Grantham, Mayo, Van Otterloo & Co. LLC and its related entities[1] (collectively, "GMO") are privately owned companies whose sole business is investment management. We are committed to delivering superior investment performance and advice to our clients.

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

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

We believe the alignment of company management's goals with those of its shareholders and other stakeholders is the strongest route to protect our clients' investments as minority stakeholders. We therefore support the Japan Stewardship Code as it encourages communication and transparency between corporations, investment managers and their clients.

This document outlines our approach with respect to each of the core principles presented by the Japan Stewardship Code.

Principle 1: Institutional investors should have a clear policy on how they fulfill their stewardship responsibilities, and publicly disclose it.

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

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

[1] GMO Singapore Pte. Ltd, GMO Europe LLC and GMO Australia Limited.

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

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

GMO also recognizes the importance of voting client securities in a timely manner and making voting decisions that are intended to maximize long-term value. Accordingly, we seek to vote all proxies for securities held in client accounts for which we have investment discretion unless we believe that the costs associated with voting outweigh the potential benefits. While we have engaged a third-party agent to assist us with proxy voting, we do not view this arrangement as an outsourcing of our duties and responsibilities. Accordingly, we have a robust internal oversight process to ensure that all proxies are voted consistent with our Proxy Voting Policies and Procedures (the "Proxy Voting Policies"), which are available at https://www.gmo.com/globalassets/documents---manually-loaded/documents/esg-investing/proxy-voting_gmollc.pdf.

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

Additional information regarding engagement is provided under Principles 3 and 4, and additional information regarding proxy voting is provided under Principle 5.

Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.

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

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

Principle 3: Institutional investors should monitor investee companies so that they can appropriately fulfill their stewardship responsibilities with an orientation towards the sustainable growth of the companies.

GMO uses a combination of top-down and bottom-up investment approaches that blend traditional fundamental insights with innovative quantitative methods to identify undervalued asset classes and securities. Our valuation-based approach relies on several key factors, including a long-term investment horizon, conviction, and a commitment to research. Our research emphasizes not only identifying and exploiting pricing dislocations, but also understanding the long-term drivers of return in the markets and the companies in which we invest. A critical underpinning of our approach is the careful and continuous review of information collected, including from the sources highlighted in Principle 1, about current and potential investee companies.

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

Principle 4: Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.

For the majority of our investments, our primary method of engagement is through our proxy voting agent's discussions with investee companies. However, our investment teams that engage directly with company management often do so through direct meetings, letter exchanges, and presentations, etc. with company management about proxy voting and other issues that we believe are important for long-term value.

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

Subject to applicable rules and regulations, we are also open to acting collectively with other investors when we believe that it is in our clients' best interests. For example, we are participants in the Climate Action 100+, a multi-year initiative to engage systematically important greenhouse gas emitters and other companies across the global economy that have significant opportunities to drive clean energy transition. Investors who are interested in working with us on collective engagements should contact Hardik Shah (Hardik.Shah@gmo.com).

Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist; it should be designed to contribute to the sustainable growth of investee companies.

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

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

As noted in the Proxy Voting Policies, we generally use a modified version of the ISS Sustainability Proxy Voting Guidelines, as in effect from time to time, as the starting point for our proxy voting decisions because we believe that they align well with our focus on long-term sustainable growth. Although we may consider the proxy voting recommendations, we remain ultimately responsible for all proxy voting decisions and may vote against the recommendation if we believe it is in the best interest of our clients and the long term returns of the company, with especial emphasis on voting in favor of those actions which seek to improve the long-term sustainable growth of the company.

For those portfolios that mandate public disclosure of proxy votes cast, such as the GMO Trust mutual funds, we file reports on how we voted proxies annually through regulatory channels, which are available at http://vds.issproxy.com/SearchPage.php?CustomerID=29 and provide disclosure of proxy votes by investee company on an individual agenda item basis. For clients for whom we vote proxies not subject to public disclosure, upon request, we report proxy votes cast directly to the client.

Principle 6: Institutional investors in principle should report periodically on how they fulfill their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.

As noted above, we report on our proxy voting activity through regulatory channels and, upon request, directly to clients. Other aspects of our stewardship activity (e.g., issuer engagements) are typically disclosed through periodic questionnaires submitted by clients and their consultants. In 2019, we

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made our transparency report under the PRI reporting framework available to the public, to highlight the steps taken and progress made towards implementing the six Principles for Responsible Investment.

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

Principle 7: To contribute positively to the sustainable growth of investee companies, institutional investors should develop skills and resources needed to appropriately engage with the companies and to make proper judgements in fulfilling their stewardship activities based on in-depth knowledge of the investee companies and their business environment and consideration of sustainability consistent with their investment management strategies.

For our more quantitatively managed strategies, our knowledge of the investee companies relies predominantly on information which is systematically available, and our primary method of engagement is through our proxy voting agent's discussions with investee companies. Therefore, as a firm we actively encourage investees to provide such information, including annual reports, sustainability reports and other disclosure documents in such format as can be easily utilized by all investors.

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

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

In rare cases where an investment team may discover undisclosed material information through company engagement or other research, the use of such information is controlled and monitored through adherence to other GMO policies and procedures, such as our Code of Ethics and our Ethical Screen Procedures, as well as applicable regulatory rules.