

**GMO UK Ltd Statement
of Policy on the Principles
of the UK Stewardship
Code**

Revised: October 2012

This statement sets forth the position of GMO UK Limited (“GMO”) with respect to the Principles of the UK Stewardship Code (the “Principles”), outlined in Appendix A of this policy. GMO does not claim compliance with the Principles; however, GMO’s clearly articulated proxy voting policies (and management of the conflicts that may arise therefrom) are integral to our investment processes and capture the broader themes included in the Principles. We believe this approach to stewardship is consistent with GMO’s overriding objective of delivering the best risk-adjusted returns for each of the strategies that the firm offers.

Principles 1, 2, 3, 6 and 7

For all GMO funds and client accounts where GMO has been delegated proxy voting authority, GMO has engaged Institutional Shareholder Services “ISS” for this purpose. ISS undertakes research, makes voting recommendations and ensures that proxy votes are submitted in a timely manner on behalf of GMO’s funds and clients who have granted GMO proxy voting authority. Details of GMO’s voting policy, including default positions on matters of corporate governance and approach to managing the conflicts that may arise in the course of voting proxies are a matter of public record, and are available from GMO upon request.

Reports on the proxy voting activities of GMO funds and separately managed accounts are available to shareholders and clients, respectively, upon request.

Principles 4 and 5

The majority of GMO’s investment strategies employ quantitative techniques, which are primarily focused on identifying groups of stocks that GMO believes will outperform over a market cycle based on GMO’s proprietary valuation models. For these strategies, GMO generally favours the objectivity that a data-based approach to investing provides. Other than with respect to a minority of strategies where fundamental investment and research is a component of an investment strategy, GMO does not have a practice of dialogue, engagement or intervention with portfolio companies. Accordingly, GMO does not generally participate with other investment managers or institutional investors in collective engagement of companies.

Appendix A

Principles of the UK Stewardship Code

Institutional investors should:

1. publicly disclose their policy on how they will discharge their stewardship responsibilities;
2. have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed;
3. monitor their investee companies;
4. establish clear guidelines on when, and how they will escalate their activities as a method of protecting and enhancing shareholder value;
5. be willing to act collectively with other investors where appropriate;
6. have a clear policy on voting and disclosure of voting activity; and
7. report periodically on their stewardship and voting activities.