

# Stewardship at Goldman Sachs Asset Management

2024  
Stewardship  
Report

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## Letter From The Global Head Of Stewardship

Dear Client,

As a fiduciary, Goldman Sachs Asset Management is committed to promoting and exercising effective stewardship among the companies in the portfolios we manage on behalf of our clients. We exercise shareholder rights via proxy voting, engage with company management and participate in conferences and industry forums with a focus on promoting long-term shareholder value for our clients. We provide public reporting and disclosures on our website ([www.gsam.com](http://www.gsam.com)) regarding our stewardship approach, including through this annual Stewardship Report.

The Global Stewardship Team within the public markets investing business has continued to focus on our investment-led approach to stewardship activities, the evolving regulatory and reporting landscape, and incorporating clients' feedback into our

investment capabilities. In 2024, we executed over 120,000 voting decisions across more than 12,000 shareholder meetings on behalf of our clients. Members of the public markets investing business have engaged with over 2,000 companies around the world on a wide variety of material issues central to our investment approach.

We are excited to share our seventh annual Stewardship Report for 2024. The report highlights the collaborative efforts of our public markets investing business, including the Global Stewardship Team, Fixed Income, Fundamental Equity, Quantitative Equity Strategy, and Quantitative Investment Strategy teams. Our goal is to provide you with valuable insights into our stewardship activities and showcase some of the work we accomplished in 2024.

**Sincerely,**  
**Catherine Winner, Global Head of Stewardship**

**SECTION 01**

# Our Approach To Stewardship

## Our Philosophy

Goldman Sachs Asset Management is the primary investing business segment within Goldman Sachs (NYSE: GS), delivering investment and advisory services across public and private markets for the world’s leading institutions, financial advisors and individuals. The business is driven by a focus on partnership and shared success with clients. We seek to deliver long-term investment performance drawing on our global network and deep expertise across industries and markets. Goldman Sachs Asset Management is a leading investor across fixed income, liquidity, equity, alternatives and multi-asset solutions with more than \$3.1 trillion in assets under supervision as of December 31, 2024.<sup>1</sup>

## Our Core Stewardship Activities

Within the public markets investing business, the Global Stewardship Team helps drive the continued enhancement of our global approach to stewardship in collaboration with our equity and fixed income investment teams. The work of the Global Stewardship Team is centered around three core activities:

- **Proxy voting** at companies where we have voting authority on behalf of our clients
- **Engagement** with management of a subset of companies we are invested in on behalf of our clients
- **Industry leadership** to share insights and build best practices across the stewardship space

## Stewardship Across Asset Classes

The Global Stewardship Team collaborates across the various asset classes on key stewardship activities.

To execute its proxy voting responsibilities, the Global Stewardship Team works directly with equity portfolio managers to make voting decisions on behalf of our clients. You can read more about our proxy voting process in the **Proxy Voting** section of this report.

Several of our thematic engagements are conducted across various asset classes. For example, the Global Stewardship Team, Fundamental Equity and Fixed Income investment teams engage jointly with certain companies identified under our Global Norms engagement framework. You can read more about this in the **Engagement** section of this report.

## The Global Stewardship Team

The Global Stewardship Team has 11 team members located in New York, Tokyo, Hong Kong and London.<sup>2</sup> The team is supported by the broader Goldman Sachs Asset Management platform, including coordination among legal, compliance and operations.<sup>3</sup>

Global Stewardship Team members have a wide range of experiences drawn from a variety of professional backgrounds: five languages spoken and over 70 years of stewardship and industry experience.

## Key Developments In 2024<sup>4</sup>

Area	2024 Developments
Engagement	Further improved our engagement tracking and reporting tools, adding granularity to our reporting and the ability to monitor outcomes.
Proxy Voting	Enhanced the Goldman Sachs Asset Management Global Proxy Voting Policy to continue to address corporate governance issues in various regions.
Integrating Stewardship and Investing	Partnered with investment teams to conduct engagements for certain portfolios.

# 2024 By The Numbers<sup>5</sup>

## Proxy Voting

Meetings Voted	12,580	
Proposals Voted	120,708	
% against management’s recommendation	12%	
% support management’s recommendation	88%	
By Market	Meetings Voted	% of Total Meetings
Americas ex USA	1,002	8.0%
APEJ	4,580	36.4%
EMEA	2,421	19.2%
Japan	1,320	10.5%
USA	3,257	25.9%
Total	12,580	100.0%

## Engagement

**Number of engagements**

2,004

Number of engagements conducted by all public markets investing businesses

1,369

Number of unique issuers engaged

855

Number of engagements with CEO, CFO, and/or directors

63

Number of markets represented through engagement

**Number of engagements by region**

765

Americas

784

APAC

455

EMEA

## Industry Leadership

~50

Attended ~50 forums and events focused on stewardship to share and gain perspectives on the evolving stewardship landscape

~90

Participated in ~90 events held by organizations of which we are members

**SECTION 02**

# Proxy Voting

## Our Approach To Proxy Voting

Exercising our clients' shareholder rights through proxy voting is an important element of the portfolio management services that we provide to advisory clients who have authorized us to address these matters on their behalf. As a fiduciary, our guiding principle in performing proxy voting is to seek to make decisions in the best interest of our clients by favoring proposals that, in our view, maximize a company's shareholder value. This reflects our belief that sound corporate governance can create a framework within which a company can be managed for the long-term benefit of shareholders.

For our public markets investing business, Goldman Sachs Asset Management has a customized Global Proxy Voting Policy (the Policy) to execute our voting responsibilities where clients have delegated proxy voting responsibility to us. We seek to review the Policy annually to incorporate current issues and evolving views about key governance topics. The Policy is customized and allows us to take a nuanced approach to voting specific to regions and countries.

Our Portfolio Management Teams generally cast proxy votes consistently with Policy. Each Portfolio Management Team, however, may on certain proxy votes seek approval to diverge from the Policy by following a process that seeks to ensure that override decisions are not influenced by any conflict of interest. As a result of the override process, different Portfolio Management Teams may vote differently for particular votes for the same company. In addition, the Global Stewardship Team may on certain proxy votes also seek approval to diverge from the Policy and follow the override process described above that seeks to ensure these decisions are not influenced by any conflict of interest. In these instances, all shares voted are generally voted in the same manner.

## Proxy Voting Council

Goldman Sachs Asset Management has also established the Asset Management Public Markets Business Proxy Voting Council (the Council) to oversee our proxy voting responsibilities. The Council is composed of stakeholders from the Global Stewardship Team, public equity investment teams, divisional management, legal and compliance. It is responsible for bringing key stakeholders together annually to review and recommend potential changes to the Policy and, on an ad hoc basis, to discuss any potential changes to the voting process and to convene on voting topics that may arise during the year.

## Disclosing Our Votes

We generally disclose our voting publicly on a quarterly basis on our website for company proxies voted according to the Policy. Additionally, for our US-registered mutual funds, we disclose our voting publicly each year in a filing with the US Securities and Exchange Commission and on our website. For more information on our voting activities, please visit our [website](#).

## Vendor Oversight

We conduct due diligence meetings with service providers as necessary to review the processes they follow and discuss any material changes in their services, operations, staffing or processes. These meetings are led by various teams across Goldman Sachs Asset Management to ensure that service providers are meeting our needs and supporting our stewardship activities.

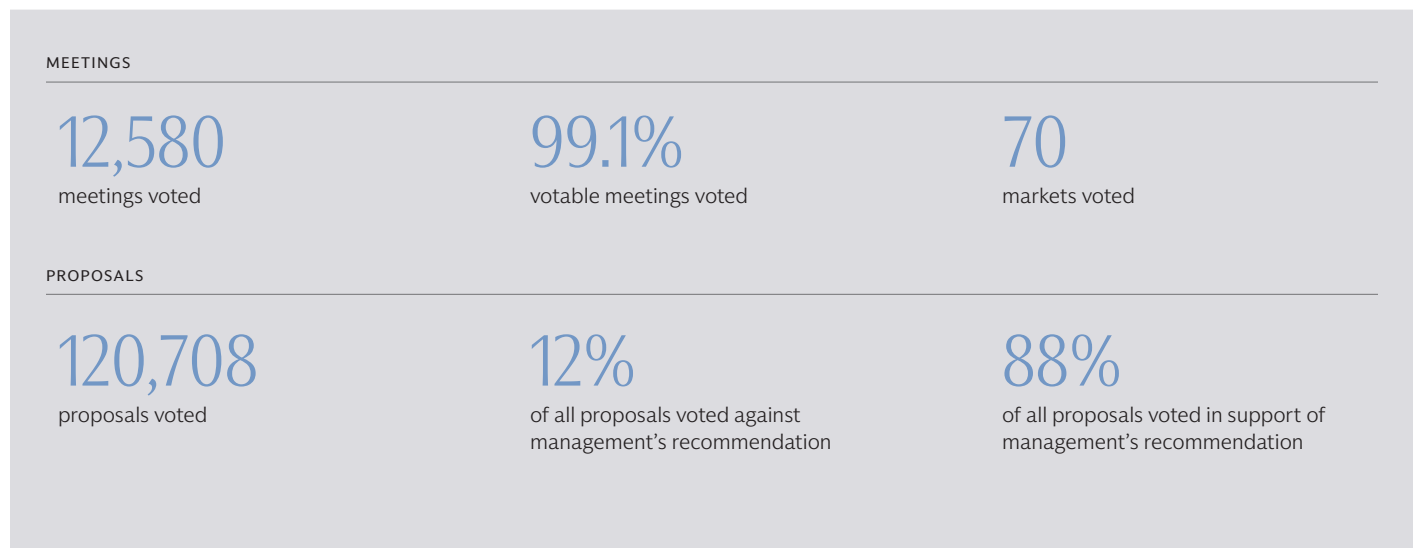


## Our Votes in 2024

We enhanced the Policy to continue to address corporate governance issues in various regions. Some Policy updates include:

- **Committee Accountability:** Target appropriate committee considerations consistently across relevant markets
- **Japan Capital Allocation:** Tightening our standards for excess cross-shareholding and refining our dividend adequacy screen
- **Asia Dividends:** Implementing higher dividend requirements for high net-cash companies across Asia.

## 2024 Proxy Voting Snapshot<sup>6</sup>



## Meetings Voted by Region<sup>7</sup>

	Meetings Voted	% out of total meetings
Americas ex USA	1,002	8.0%
APEJ	4,580	36.4%
EMEA	2,421	19.2%
Japan	1,320	10.5%
USA	3,257	25.9%
<b>Total</b>	<b>12,580</b>	<b>100.0%</b>

## Proposals Voted by Category<sup>8</sup>

### Management Proposals

	Number Voted	% out of total voted	% with mgmt	% against mgmt
<b>Director-related</b>	62,509	52.7%	87.0%	13.1%
<b>Routine Business</b>	15,484	13.1%	95.9%	4.1%
<b>Compensation</b>	13,547	11.4%	80.6%	19.5%
<b>Capitalization</b>	8,555	7.2%	89.2%	10.8%
<b>Other</b>	18,518	15.6%	89.4%	10.6%

## Director Elections<sup>9</sup>

52,000

Over 52,000 director elections globally

~85%

Supported director elections ~85% of the time

The board of directors should promote the interests of shareholders by acting in an oversight and/or advisory role; should consist of a majority of independent directors and/or meet local best practice expectations; should be composed of directors with diverse backgrounds and perspectives; and should be held accountable for actions and results related to their responsibilities. The board of directors should seek to comply with commonly accepted corporate governance best practices as well as the corporate governance standards that are applicable in their country and state of incorporation. The board of directors should establish committees to oversee areas such as, but not limited to, audit, executive and non-executive compensation, and director nominations and appointments. The responsibilities of the committees should be publicly disclosed.

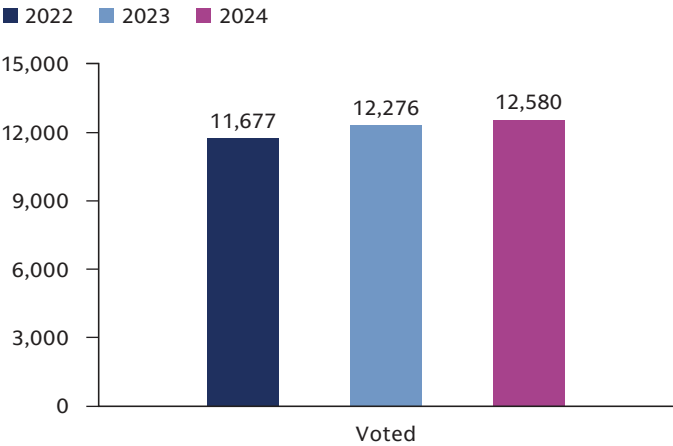
## Shareholder Proposals

Our approach to shareholder proposals is focused on voting to maximize shareholder value on behalf of clients, and our voting decisions are made on a case-by-case basis. We recognize that many factors may affect investment performance, expose investors to potential investment risks and provide an indication of management excellence and leadership. When evaluating shareholder proposals, we seek to assess their purpose and impact considering the long-term overall benefit to shareholders. Some shareholder proposals that are submitted to a vote may be too prescriptive for a company to implement. In these cases, we will seek to engage with companies to express our views on the proposal and any additional disclosures from the company that may be appropriate. In 2024, Goldman Sachs Asset Management voted on 2,095 shareholder proposals globally, supporting the proposals approximately 29% of the time.<sup>10</sup>

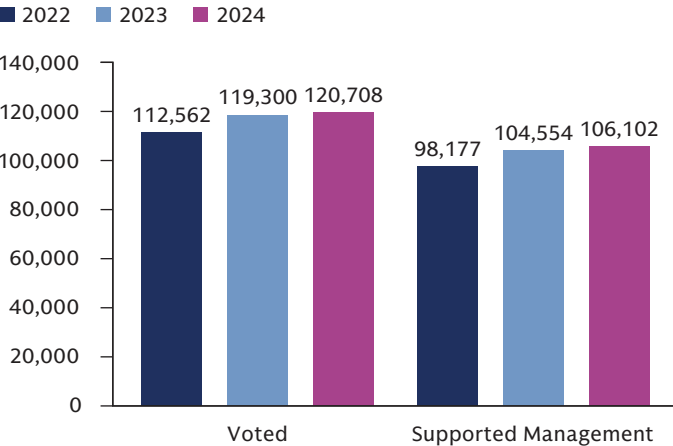
Proxy Voting Trends (2022-2024)<sup>11</sup>

The following charts illustrate our voting activity over the past three years:

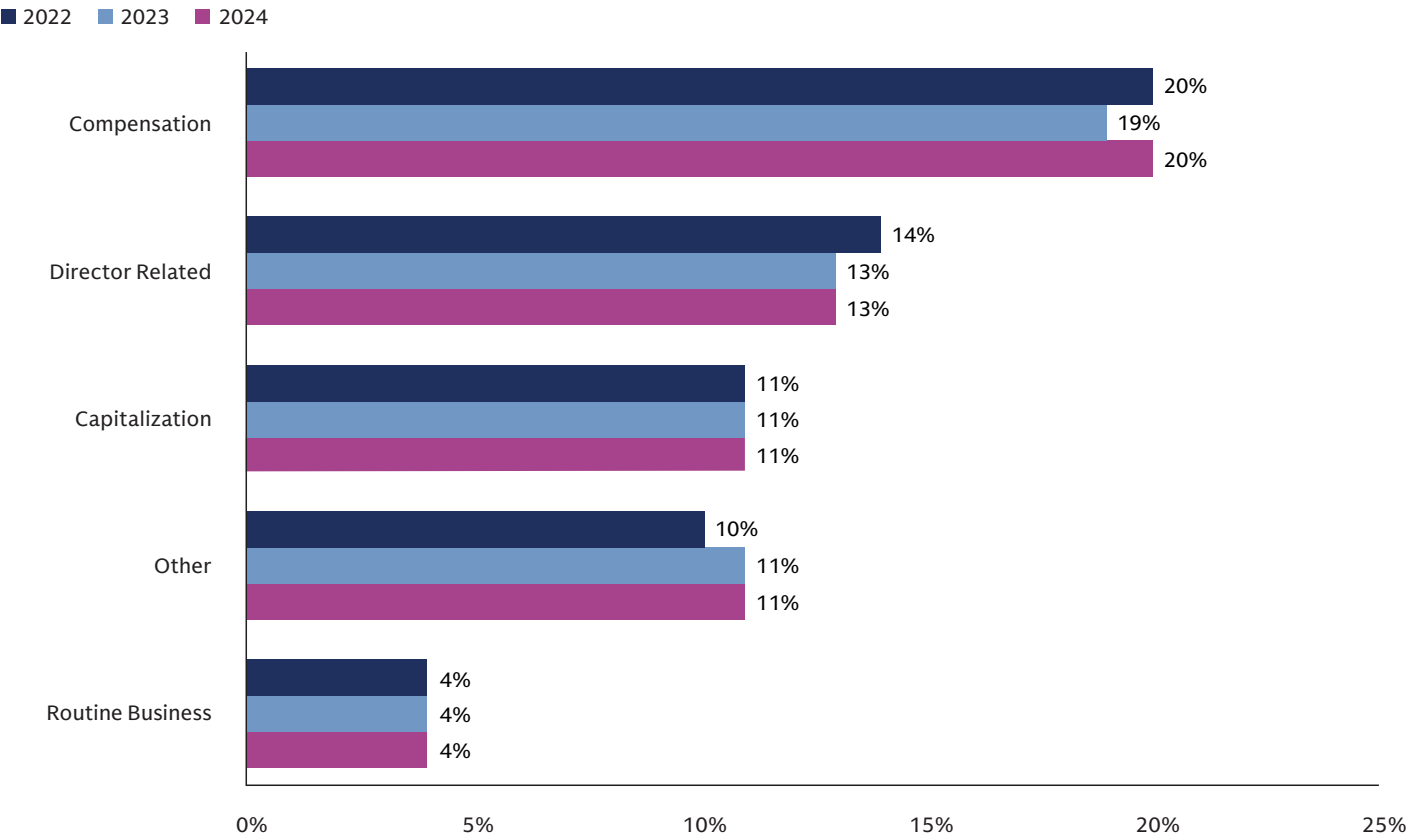
Meetings Voted



Proposals Voted



Votes Against Management Proposals



**SECTION 03**

# Engagement

## Our Approach To Engagement

Engagement is a key component of our approach to stewardship. It provides us with a forum to share our views and provide feedback to company management and/or directors on the material issues that we believe can drive long-term value creation. It may also help our investment teams make more informed investing decisions on behalf of our clients. For the purposes of this report, we include only engagements that include discussion of environmental, social and governance topics. Our investment teams may conduct additional engagements that are not included in this report. Our engagements are not intended for the purpose or effect of exerting control over any issuer.

We classify our engagements into four categories:<sup>12</sup>

### 1. Investment Research and Monitoring Engagements

**Definition:** Investment Research and Monitoring engagements are undertaken primarily to seek information or to inform our investment decisions

**Example:** Research analysts engaging on earnings, business operations, or other strategic matters

### 2. Proxy-related Engagements

**Definition:** Proxy-related engagements are intended to help inform our proxy-voting decisions

**Example:** Engaging with an issuer ahead of its annual meeting to discuss executive compensation

### 3. Providing Feedback Engagements

**Definition:** Providing Feedback engagements are generally conducted at the request of issuers seeking guidance on reporting or other matters

**Example:** Engaging with an issuer that has asked for feedback on its most recent sustainability report

### 4. Thematic Engagements

**Definition:** Thematic engagements focus on a particular theme and have pre-defined outcomes

**Example:** Engaging with an issuer that does not disclose packaging metrics identified as material by SASB

The engagement approach for our public markets investing business combines the expertise and resources of the Global Stewardship Team with the deep sector knowledge of our public markets investment teams. The Global Stewardship Team oversees our approach to engagement and leads most of our thematic and proxy-related engagements. These engagements

are in addition to the hundreds of engagement meetings the Fundamental Equity and Fixed Income investment teams conduct each year as part of their ongoing research. We have developed a proprietary platform, Fluent, which allows users to track company views, engagements and proxy-voting outcomes, and to incorporate this information, where material, into investment decisions. All members of the public markets investing business have access to Fluent.

### Defining Engagement

We define engagement as instances where active dialogue or exchange of written communication with a company or issuer has occurred. This includes:

- **Company 1x1 meetings:** A meeting between one company and members of Goldman Sachs Asset Management only
- **Company meetings (multiple investors):** A meeting between one company and members of Goldman Sachs Asset Management alongside other asset managers or analysts from other firms.
- **Company field trip:** A company organized field trip attended by Goldman Sachs Asset Management

We may conduct other types of interactions with companies and issuers where we are not actively participating in an exchange of views (such as conferences, investor days, or annual meetings), but we do not consider these engagements.

There are a number of ways in which we might seek to engage with an issuer. Different modes of engagement are appropriate in different circumstances. We generally classify our engagements in the following ways:

- **Active Engagement:** Active engagements with an issuer in person, on video, or by telephone
- **Written Communication:** Instances where we have had a substantive exchange of views over email, similar in content to an engagement meeting

We consider both active engagement and written communication exchanges to be engagements, however written communication typically accounts for a small portion of our engagements and is generally noted in our client reporting.

We also seek to track instances where the Global Stewardship team attempted to engage, for example by sending a letter or a meeting request but did not get a response from the company, however we do not report unacknowledged outreach attempts as engagements.

2024 ENGAGEMENT NUMBERS<sup>13</sup>

2,004

Number of engagements

1,369

Number of issuers engaged

63

Number of markets represented by engagement

43%

% of engagements with CEO, CFO, or directors

ISSUERS ENGAGED BY TYPE

1,968

Corporate

1

Agency

29

Sovereign

6

Other

ENGAGEMENTS BY TYPE

1,943

Active

61

Written communication

ALL ENGAGEMENTS BY CATEGORY % OF ENGAGEMENTS

60%

Investment Research & Monitoring

10%

Proxy-related

12%

Providing Feedback

18%

Thematic

ALL ENGAGEMENTS BY REGION % OF ENGAGEMENTS

38%

Americas

39%

APAC

23%

EMEA

# Investment Research And Monitoring Engagements

In addition to collaborating with the Global Stewardship Team on thematic, proxy-related and providing feedback engagements, the Fundamental Equity and Fixed Income investment teams seek to conduct engagements as part of their research. These engagements are designed to help inform investment decision-making.

During 2024, 60% of the engagements conducted were categorized as investment research and monitoring.

## Fundamental Equity Investment Team

The Fundamental Equity investment team incorporates engagement with management into its research. Information from these engagement meetings may inform investment selection and give the team an opportunity to share its views. Engagements with management teams may include discussions on environment, social and governance matters along with other topics. In other cases, we may conduct meetings focused specifically on environmental, social and/or governance topics.

This interaction can give us insights into management quality, business model, financial performance and strategy, and future business prospects. During these meetings our Fundamental Equity analysts and portfolio managers typically discuss a range of issues, seeking a better understanding of the business, including strategy, financial and non-financial performance. Some of these meetings can focus on sustainability practices, helping us develop a deeper understanding of a company’s performance.

During 2024, the Fundamental Equity investment team conducted over 900 investment research and monitoring engagements.

Case Study	
Country	Japan
Sector	Financial
Category	Investment Research and Monitoring
Theme	Capital Allocation

Throughout 2024, the Fundamental Equity investment team continued to monitor a Japanese financial company for progress in relation to its return-on-equity (ROE) strategy. The team engaged with the CEO before and after the company’s annual shareholders’ meeting in June to discuss its ROE-improvement strategy. We have been engaging with the company for three years on its capital-allocation strategy, including excessive strategic shareholdings.

We have encouraged the company to revisit its strategic shareholdings strategy and unwind as much as possible. In 2022, the company committed to reduce strategic shareholdings by 50% by the end of 2026, with a final goal of achieving zero strategic shareholdings. The company’s strategic shareholdings amounted to 23.3% of equity as of March 2023. One year later, it had reduced its strategic shareholdings to 9.6%.

The company faces other challenges including the need to strengthen its return from newer-growth businesses such as IT and system build, along with further enhancing its core financing, cashless conversion, consulting/advisory, and investing businesses. Based on its latest mid-term strategy update, the company will accelerate cost reduction from its traditional banking business and focus on investing in its growth businesses to achieve 5% ROE by the end of 2027, rising to 8% ROE by the end of 2029. On shareholder return, the company will be keeping its total payout ratio at 50% and above by proactively conducting share buybacks.

We will seek to continue engaging with the company on its capital allocation efficiency.

Fixed Income Investment Team

The corporate credit teams engage regularly with the companies they cover on topics such as corporate strategy, leverage, balance-sheet management and sustainability performance. These discussions can provide insights into the long-term viability of future cash flows and the resulting ability of the issuer to meet its interest and debt obligations. The emphasis of these discussions is driven by factors that are material for a given sector; for example, the environmental performance of energy companies is an area of focus. Governance assessments may include sector-related issues such as the strength of conduct and culture-risk controls for banks, but governance concerns may also arise in the form of poor merger and acquisition decisions or questionable accounting practices that may have an immediate impact on the creditworthiness of a corporate issuer.

Direct engagement can provide additional granularity that can strengthen or diminish the conviction underlying the investment recommendations from the investment team. Corporate credit analysts and portfolio managers may also use the process to share our views with companies to improve performance on sustainability issues that can affect credit risk. Regular and open communication with issuers in our fixed income portfolios also enables analysis and discussion of sector trends, which is critical to our efforts to be positioned before credit risks materialize.

During 2024, the Fixed Income investment team conducted over 200 investment research and monitoring engagements.

Case Study	
Country	Germany
Sector	Materials
Category	Investment Research and Monitoring
Theme	Climate Transition

In March, members of the Fixed Income investment team engaged with members of the Investor Relations and Capital Markets teams to discuss the company’s climate strategy.

In 2023, the company adopted a climate policy, and the Science Based Targets initiative (SBTi) verified its greenhouse-gas emissions reduction targets.<sup>14</sup> The company has committed to reducing scope 1 and 2 emissions by 25% and scope 3 emissions by 11% by 2030, against a 2021 baseline. The company has a long-term goal to be climate neutral for scopes 1, 2 and 3 by 2050.

During the engagement we discussed the steps the company is taking to meet its emissions reduction targets. The company said it had extended coal-fired power generation worldwide in response to geopolitical events but plans to end this practice in the future. When this happens, the company’s coal-fired power unit will be decommissioned.

We discussed the company’s plans for emissions reductions beyond 2030. The company said it anticipates this will be partly dependent on the availability of alternative raw materials and new technologies such as hydrogen and carbon capture and storage

Lastly, we discussed the alignment of the company’s capital expenditure with its decarbonization strategy. The company said it plans to invest €700 million by 2030 in next-generation technologies. We will continue to monitor the company’s climate transition.



Sovereign, Supranational, Municipal and Agency

There are fewer direct channels for engagement with sovereign, supranational, agency and municipal issuers compared with corporate issuers. We seek to meet with the policymakers responsible for monetary and fiscal decisions, including those in treasury departments, government agencies and debt management offices.

The Fixed Income investment teams are committed to engaging with sovereigns on environmental policies. The teams aim to engage on the enhancement of climate-related metrics and disclosures, transition plans, and information-sharing on industry best practices. Sovereign engagement can enhance the evaluation of opportunities to allocate capital to sustainable investments. Government roadshows organized by debt management offices to launch green, social and sustainability bond issuances are a useful setting for dialogue on how a country can achieve sustainable growth.

Case Study	
Region	Europe – Developed Markets
Organization Type	Sovereign
Theme	Climate Change, Energy, Just Transition, Biodiversity

In September, members of three teams – Sovereign Bonds, Green, Social and Impact Bonds and Global Stewardship – met with environmental experts and officials of a European debt agency to discuss its national climate strategy and policies concerning the just transition and biodiversity.

Regarding climate policies, the agency explained that the country’s offshore wind capacity is the sixth highest in the world. Its climate policy is coordinated on the national and state levels. Its climate-scenario modeling quantifies climate risks in terms of costs of climate disasters.

The country’s federal minister for climate initiated a social dialogue on the just transition in 2022. This led to the creation of a body known as the State General for Just Transition, which comprises a scientific committee, civil society forum, and a citizens’ agora, representing diverse voices across the country. These groups held roundtable discussions and provided to the government detailed recommendations on how the transition should be managed.

A top priority for the debt agency is introducing biodiversity into sector-wide policies. Biodiversity policies are primarily arranged at the regional level and the next area of focus is food and agriculture.

The agency had experienced insufficient demand for its green bonds and requested our guidance. We shared our observation that many sovereign debt agencies set a long-term target for labeled bonds as a share of total public debt at 10%-20%.

We intend to engage with the agency annually and monitor developments in these areas.

Case Study	
Region	South America
Organization Type	Sovereign
Category	Investment Research and Monitoring
Theme	Climate Change

In May, members of the Emerging Market Debt team, Green, Social and Impact Bonds team and Global Stewardship Team engaged with environmental experts of the finance ministry of a South American government to discuss its national climate strategy and related energy policies.

The country has a comprehensive environmental policy package compared with other emerging-market countries. Its National Climate Fund is designed to aid domestic companies in developing and deploying innovative technologies to achieve goals such as electrifying the bus fleet. The Fund provides financing at competitive rates and has grown substantially following an initial investment.

On the energy front, the country is at the forefront of new hydrogen technology and has the potential to become an exporter of this technology. The country is able to produce hydrogen at relatively low cost and is already selling it in the European Union. A new hydrogen bill has been approved by the legislature’s lower house and is under discussion in the Senate.

We intend to engage on an annual basis and monitor developments in these areas.

Case Study	
Region	Europe – Emerging Markets
Organization Type	Sovereign
Theme	Climate Change

In June, members of the Emerging Market Debt team, Green, Social and Impact Bonds team and Global Stewardship Team engaged with environmental experts from the finance ministry of a European government to discuss the national climate strategy and related energy policies.

The country has clear energy and climate plans and appears to be making progress toward them. This has been acknowledged by external advisors.

The country has three energy-related priorities: reducing fossil-fuel use, finding substitutes for fossil fuels, and advancing the switch from gas to electricity consumption. The country has cut its greenhouse gas emissions by 37% (gross reduction), putting it on track to achieve a 55% reduction by 2030 in line with EU climate law. The largest sources of CO<sub>2</sub> emissions in the country by sector are transport (30%) and electricity and heat producers (22%), according to the International Energy Agency. We note that 89.5% of the proceeds from the country’s green bond issued in 2020 have been allocated to clean transportation projects. The details are noted in the National Energy and Climate Plan, which was submitted to the EU in June 2024 for approval.

We intend to follow-up with another meeting after the publication of the integrated report.

# Engagements On Proxy Voting

Members of the public markets investing business regularly engage with companies to inform our proxy-voting decisions. These engagements are primarily conducted by the Global Stewardship Team, often with our Fundamental Equity investment team.

During 2024, 10% of engagements conducted were proxy-voting discussions.

Case Study	
Country	Finland
Sector	Energy
Category	Proxy-related
Theme	Executive Compensation

In March, members of the Global Stewardship Team and the Fundamental Equity investment team engaged with the Investor Relations and Governance team at a Finnish energy company to discuss executive compensation ahead of the annual shareholders' meeting.

During the discussion, we shared our view that executive compensation should be designed to do more than attract and retain key executives; it should also be aligned with long-term shareholder interests.

We noted that the company's executive compensation plan leaves significant discretion to the board to determine the ultimate structure. This reduces accountability and transparency, making it more difficult to assess the alignment of compensation with shareholders' interests. For example, the compensation plan says the long-term plan will usually have a three-year time horizon to evaluate performance, but the Remuneration Committee has discretion to choose a different period. The plan also allows for a discretionary bonus to be paid, but the company does not disclose the benchmark used for peer analysis.

We also noted that the company has consistently hit the targets in its compensation plan, but its share price has underperformed. We provided our perspective on the importance of aligning compensation metrics with shareholders' interests.

We voted against the compensation policy at the annual meeting based on these concerns, and we will continue to monitor the company's compensation structure.

Case Study	
Country	Australia
Sector	Financial
Category	Proxy-related
Theme	Shareholder Proposals

In November, members of the Global Stewardship Team engaged with the Investor Relations and Sustainability teams of an Australian financial company to discuss a shareholder proposal ahead of its annual shareholders' meeting.

The proposal requested that the company disclose further details on its climate-related Customer Transition Plan (CTP) assessments, including whether new financing would be subject to CTP alignment with the Paris Agreement, and whether CTP requirements would extend to all fossil-fuel companies.

The company said it would continue to improve its CTP assessment framework, including potential expansion to other parts of the fossil-fuel value chain.

Given the company's commitment to net zero financed emissions, its disclosed reduction pathways and targets, and its ongoing work with customers to implement transition plans, we concluded that support for the shareholder resolution was not warranted or in the best interest of shareholders, and we voted against it.

Case Study	
Country	United States
Sector	Consumer Staples
Category	Proxy-related
Theme	Shareholder Proposals

In April, members of the Global Stewardship Team engaged with the sustainability officer and representatives from a US consumer staples company to discuss two shareholder proposals that would be put to a vote at its annual shareholders' meeting.

The first proposal asked the company to produce a report on the risks it was facing from biodiversity loss. The company engaged with the proponent to explain its sustainable sourcing methods and targets to reduce deforestation, as well as the company's collaboration with other industry leaders on regenerative agriculture practices. The company is currently conducting a biodiversity assessment that will serve as the basis for the requested report.

The second shareholder proposal requested a third-party racial-equity audit. The company engaged with the proponent and advisors to share its current strategy on this topic, including extensive third-party assessments, reports on racial-equity goals, and other racial equity initiatives. The proponent was looking to expand the scope of the audit. Considering the programs and disclosures provided by the company, we concluded that the cost of additional reporting was unnecessary.

We concluded that it was in the best interest of shareholders to oppose both proposals.

# Feedback Engagements

The Global Stewardship Team regularly engages with issuers that are seeking guidance on reporting, changes to company policies, or other matters. These engagements are primarily conducted at the request of the issuer and may also be attended by members of the Fundamental Equity and Fixed Income investment teams. Issuers seeking our feedback are encouraged to have a detailed agenda for the discussion.

During 2024, 12% of engagements conducted were to provide feedback to the issuer.

Case Study	
Country	South Korea
Sector	Information Technology
Category	Providing Feedback
Theme	Shareholder Returns

In March, members of the Global Stewardship Team and the Fundamental Equity investment team engaged with members of the Investor Relations and Sustainability teams of a Korean information technology company to discuss its shareholder return policy.

We had been engaging with this company since 2022 and in February 2023 and August 2023, we discussed the company’s key considerations for its shareholder return policy over the next three years.

During our recent engagement, company officials said its shareholder return policy would remain unchanged for the next three-year cycle, though it might implement a new policy to allow more flexibility and better incorporate its capital needs and latest cash position.

We shared our view that the company should provide more predictability on its shareholder return policy. The company indicated that it intended to pay higher dividends when it had sufficient cash and good performance.

Case Study	
Country	United Kingdom
Sector	Consumer Discretionary
Category	Providing Feedback
Theme	Remuneration Policy

In September, members of the Global Stewardship Team and the Fundamental Equity investment team engaged with the Investor Relations and Rewards teams of a UK consumer discretionary company to discuss upcoming changes to its remuneration policy.

The company had proposed increasing the award size for its top executives in the short- and long-term remuneration scheme. Under the proposed policy, the maximum potential CEO payout would rise by over 40%, driven by a more than 20% increase in salary and an increase in the maximum bonus and long-term award payouts.

The company justified the increase by citing a benchmarking of UK and US peer companies, which showed that the company’s executive pay levels were below market. The company is based in the UK, but has significant operations in the US, where over 60% of its revenue is generated and over 60% of its employees are based.

During the engagement, we reiterated our view that good remuneration plans should be aligned to shareholder value as well as serving to attract and retain key talent. We agreed on the importance of retaining top talent and noted our view that any increase in pay should be justified by a detailed benchmarking, including the rationale for the chosen benchmark and its level of performance within this peer group.

The company plans to publish its updated remuneration policy ahead of its 2025 annual meeting.

Case Study	
Country	United States
Sector	Health Care
Category	Providing Feedback
Theme	Corporate Governance

In January, members of the Global Stewardship Team engaged with the Investor Relations team of a US healthcare company to discuss corporate governance.

During the engagement, the company highlighted three potential changes to its governance bylaws: modernizing the advance notice provisions, adopting an exclusive forum provision, and providing exculpation of officers.

We outlined our view that if the company were to pursue these changes, it should balance them with good governance provisions such as a majority independent board, independent key committees and an annually elected board.

We also shared our perspective that transparent disclosure of the rationale for each change would allow the company to illustrate a holistic and strong corporate governance framework before its next annual shareholders’ meeting.

# Thematic Engagements

Thematic engagements have pre-defined objectives. Each engagement theme has an overarching objective and we share our views tailored to the individual issuer. For 2024, we remained focused on thematic engagement priorities: governance best practices, climate transition strategies, biodiversity and nature, and company conduct. Our thematic engagements are conducted across the various asset classes. Members of the Global Stewardship Team, Fundamental Equity and Fixed Income investment teams may participate. In 2024, 18% of the engagements conducted were thematic. Please see the Deep Dive sections in this report for more information.

Our thematic engagements are reviewed, enhanced and monitored via our internal Engagement Working Group to ensure they incorporate our investment teams’ feedback on current issues and evolving views on material topics. In determining our thematic priorities, we consider the materiality of various issues across our portfolios and aim to identify areas where our stewardship activities can effectively promote long-term value creation and support our investment process.

## Our Thematic Engagements<sup>15</sup>

Thematic Engagement Priorities <sup>16</sup>	Thematic Engagement Objectives
Governance Best Practices	Identify and share our views on shareholder rights considerations, commitments to governance best practices and capital allocation strategies at select issuers
Climate Transition Strategies	Engage with companies to share our views on climate transition strategies
Biodiversity and Nature	Identify and share our views on adverse impacts on biodiversity and nature resulting from deforestation and plastics in the supply chain
Company Conduct	Identify and share our views on the impacts of controversial business practices and violations of global norms

## Tracking Progress

We have a classification system to track our thematic engagements.

**Engagement status** indicates the level of engagement we have reached with an issuer.

- **Identified:** Issuer has been identified for engagement
- **Initiated:** We have reached out to the issuer to request engagement
- **Ongoing:** Engagement has taken place and is ongoing
- **Completed:** Issuer has satisfied the objectives of the thematic engagement

We also have an “Inactive” status to indicate that engagement has been paused or suspended engagement; for example, when an issuer has been sanctioned or our ownership has significantly decreased. Inactive engagements are excluded from this report.



**DEEP DIVE**

# Governance Best Practices

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We believe that good corporate governance practices can create a framework for managing a company in the interests of its shareholders and improving shareholder value. These practices ensure accountability, fairness, and transparency in a company's relationship with its stakeholders, including shareholders, management, customers, suppliers, financiers, government, and the community. We have developed two engagement frameworks focused on good governance practices globally.

## Governance Best Practices Engagement Framework

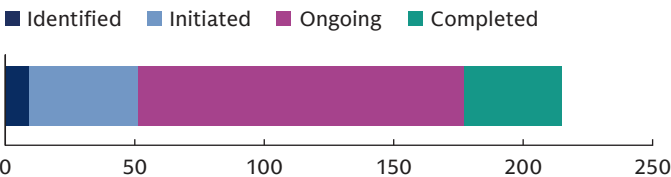
The governance best practices engagement framework is designed to identify companies with which we seek to engage primarily to provide our views on governance standards. The framework is customized to reflect commonly accepted governance standards or market best practices specific to the market in which the company is listed. For example, Japanese companies with high levels of cross-shareholdings and/or low board independence levels, or US operating companies with dual-class shares with unequal voting rights and/or classified boards, can result in weakened shareholder voting rights, management entrenchment, and/or less effective board oversight. We believe diverse teams have the potential to outperform and boards of directors should be composed of directors with diverse backgrounds and perspectives. They should adhere to the board-diversity requirements of local-listing rules, corporate governance codes, national targets, or the board-diversity should not be significantly below that of the average in its market, provided that company performance, or other factors, will generally be taken into consideration. We will seek engagement with selected companies to share our perspectives.

The Global Stewardship Team has identified 215 companies for engagement.

GOVERNANCE BEST PRACTICES

215

Number of issuers on theme:



Case Study

AMERICAS

Country	United States
Sector	Consumer Discretionary
Category	Thematic
Theme	Regional Governance
Status	Ongoing

In November, members of the Global Stewardship Team engaged with the board chair and Investor Relations team of a United States consumer discretionary company. We identified the company for engagement because of its classified board structure and supermajority voting requirements.

At the company's latest shareholder meeting, a shareholder proposal to declassify the board received over 50% support from shareholders. However, because the company has a supermajority voting structure, the proposal did not pass.

During the engagement, the company said the board was deliberating on whether to propose declassifying the board and removing the supermajority vote requirement. It explained that there are challenges to amending the supermajority vote requirement because of the company's large retail investor base. The company is determining the budget required for a campaign to address the amendment and is conducting a cost-benefit analysis of shareholder value if the amendment is supported. Additionally, it is developing an internal retail shareholder engagement platform to enhance retail shareholder participation.

We will seek to continue engaging with the company on this topic.

Case Study	
EMEA	
Country	Sweden
Sector	Information Technology
Category	Thematic
Theme	Regional Governance
Status	Ongoing

In April, members of our Global Stewardship Team and Fundamental Equity investment team engaged with the Investor Relations team at a Swedish information technology company. We had identified the company for engagement due to governance issues.

We had been engaging with the company since 2022 because its Audit and Remuneration committees were not majority independent or chaired by independent directors. In accordance with our proxy voting policy, we have been voting against incumbent directors based on these issues. The company also maintains an unequal voting rights structure, whereby the company’s strategic investor owns shares with 10 times the voting rights of ordinary shareholders.

In 2023, the company was targeted by a short seller that alleged a variety of corporate governance failures including insufficient board independence. We engaged with the chairman following the short seller’s report to discuss these issues and the departure of three independent directors following the 2023 annual shareholders’ meeting. The company expressed its intention to consider shareholder views by appointing two new independent directors and an independent chair of the Audit Committee following the 2024 annual shareholders’ meeting.

During the recent engagement, we discussed our views on the board transition processes of the new board members. After our engagement, the company announced that the long-standing chairman and former CEO would be retiring.

We will seek to continue engaging with the company on this topic.

Case Study	
APAC ex-Japan	
Country	Australia
Sector	Financial
Category	Thematic
Theme	Regional Governance
Status	Completed

In November, members of the Global Stewardship Team engaged with the chairs of the board and Remuneration Committee and the Investor Relations team of an Australian financial company. We identified the company for engagement due to its risk-management practices and remuneration structure.

At the company’s 2023 annual shareholders’ meeting, we voted against the remuneration report because of concerns about the remuneration plan. We also voted against the Risk Committee chair due to insufficient oversight of the company’s risk-management practices. The remuneration report received less than 75% support from shareholders, and Risk Committee chair only 64%.

During the engagement the company said variable awards had been reduced through cancellation or forfeiture to account for risk and governance concerns. The company also made several changes to its remuneration framework, such as including Remedial Action Plans in the executive short-term variable reward scorecard and increasing disclosure on the scorecard.

We also discussed our views on the rigor of performance targets and downward adjustments applied by the board to short-term incentive awards. The board explained that the intent of the adjustments was to better align with realized financial performance.

At this time, we consider the engagement complete.

Case Study	
JAPAN	
Country	Japan
Sector	Information Technology
Category	Thematic
Theme	Regional Governance
Status	Ongoing
<p>In June, members of the Global Stewardship Team and Fundamental Equity investment team engaged with the Investor Relations team of a Japanese information technology company to discuss capital-allocation and corporate-governance issues.</p> <p>The company continues to face issues with its lack of a capital-allocation policy and low dividend payout ratio. It did not increase the dividend in 2024 despite a large and growing level of net cash and securities holdings on its balance sheet. As a result, at the June 2024 annual meeting the Fundamental Equity team continued to vote against the company’s dividend proposal and directors responsible for capital allocation.</p> <p>We shared our views on corporate governance topics such as, increasing independent oversight of the board by appointing an independent outside director as board chair and enhancing disclosures on director compensation.</p> <p>We will seek to continue engaging with the company on this topic.</p>	

## APAC Fundamentals Engagement Framework

The Global Stewardship Team, in collaboration with our public markets investing teams, encourages fundamental performance improvements in our investee companies to maximize shareholder value. Our engagement framework is designed to identify companies with fundamental underperformance issues and to promote improvements in capital allocation and performance. We understand that markets have different issues and practices, and we strive to tailor our engagements accordingly. Our program currently focuses on investee companies in the pan-Asian market.

### Examples

Japan	<ul style="list-style-type: none"><li>• Overall low return on capital and low valuations</li><li>• Low shareholder returns</li><li>• Cross-shareholdings</li></ul>
Korea	<ul style="list-style-type: none"><li>• Existence of “Korea Discount”</li><li>• Non-transparent capital allocation policies and low shareholder returns</li><li>• “Chaebol” structures and cross-shareholdings</li></ul>
India	<ul style="list-style-type: none"><li>• Non-transparent capital allocation policies</li><li>• Low shareholder returns</li></ul>

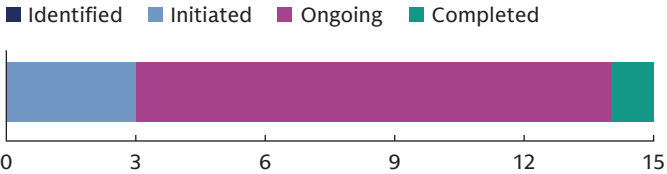
### Actions

Engagement	<ul style="list-style-type: none"><li>• We proactively engage with companies to discuss fundamental issues and/or capital allocation plans</li><li>• In 2024, we identified nine Japanese companies, four Korean companies, and two Indian companies for engagement</li></ul>
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### APAC FUNDAMENTALS

15

Number of issuers on theme:





Case Study	
Country	South Korea
Sector	Industrials
Category	Thematic
Theme	Asia Fundamentals
Status	Ongoing

In December, members of the Global Stewardship Team engaged with the Investor Relations team of a South Korean industrial company. We identified the company for engagement based on its capital allocation strategy.

At the company's 2024 annual shareholders' meeting, we voted against management's income-allocation proposal. In our view, the company's dividend payout ratio had been consistently low without adequate explanation, considering the strength of its balance sheet and fundamental business.

During the engagement, we discussed the company's capital allocation plan. The company explained its intention to reduce its debt ratio and prioritize strategic growth investments rather than return capital to shareholders.

While the company has an internal capital allocation plan, we shared our views that it should publicly disclose this strategy and return excess capital to shareholders after consideration of strategic growth needs. We will seek to continue engaging with the company on this topic.

Case Study	
Country	Japan
Sector	Consumer Discretionary
Category	Thematic
Theme	Asia Fundamentals
Status	Ongoing

In November, the Global Stewardship Team engaged with an executive director of a Japanese consumer discretionary company on issues related to capital allocation, including the level of shareholder returns.

In April 2024, the Fundamental Equity team and the Global Stewardship Team jointly engaged with the company to discuss a shareholder proposal that was set for a shareholder vote at the company's annual shareholders' meeting. The proposal sought to increase the company's dividend level.

Following the engagement, we conducted an analysis of the proposal and the company's capital allocation. The analysis concluded that the current dividend level was insufficient considering the company's financial situation (including a net-cash balance sheet position) and future capital expenditure needs, among other factors. We voted in favor of the shareholder proposal because in our view the vote was in the best interest of shareholders. The proposal received 13.4% support.

During the November engagement, we informed the company that we had supported the shareholder proposal and discussed our views on the company's capital allocation. The company has since announced a modest increase to its dividend policy but indicated that it does not plan to substantially change shareholder returns and intends to use excess capital for growth investments and potential M&A activity.

We will seek to continue engaging with the company on this topic.

## DEEP DIVE

# Climate Transition Strategies

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Given the scale and complexity of the global climate transition, managing climate-related risks and opportunities is integral to serving our diverse client base. We see this transition potentially playing out across the real economy, the markets in which we transact, investment portfolios, and our client franchise. Climate change is an important and growing area of focus for many of our clients, both from a risk-return and an impact perspective. At the same time, it is increasingly affecting our clients' investments through physical-risk impacts to operations and challenges in navigating the transition to a lower-carbon economy.

# Engaging On Climate Transition Strategies

The Global Stewardship Team collaborates with the Fundamental Equity and Fixed Income investment teams to engage with companies across our portfolios on material climate-related risks and opportunities.

We seek to engage with the companies that account for the largest contributions to our financed emissions. We also seek engagement with companies for which we think climate is a material investment consideration.<sup>17</sup>

To guide these engagements, we assess companies against criteria in our internal screening tool. This tool combines quantitative and qualitative information from internal and external data sources on a company’s ambitions and target-setting, emissions performance, climate disclosures, decarbonization strategies, and capital allocation. We use data from various third-party sources in this assessment, supplemented as needed with research conducted by the Global Stewardship Team and the investment teams.

As a result, we have been engaging with 116 companies.

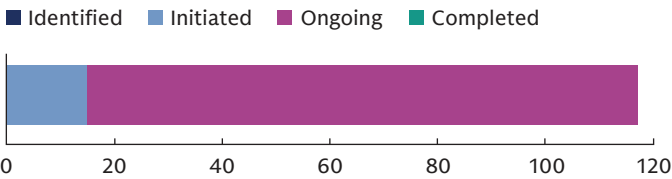
We use the analysis to share our perspectives on how companies can manage the material risks and opportunities presented by the climate transition in the best interests of shareholders.

This approach builds on four years of dedicated climate engagements. Since 2020, we have been engaging with companies to share our views on climate, focusing on disclosure of material greenhouse gas emissions, targets to reduce greenhouse gas emissions where material, and the implementation of a robust and quantifiable climate transition strategy.<sup>18</sup>

CLIMATE TRANSITION

116

Number of issuers on theme:



Case Study	
Country	Mexico
Sector	Materials
Category	Thematic
Theme	Climate Transition
Status	Ongoing

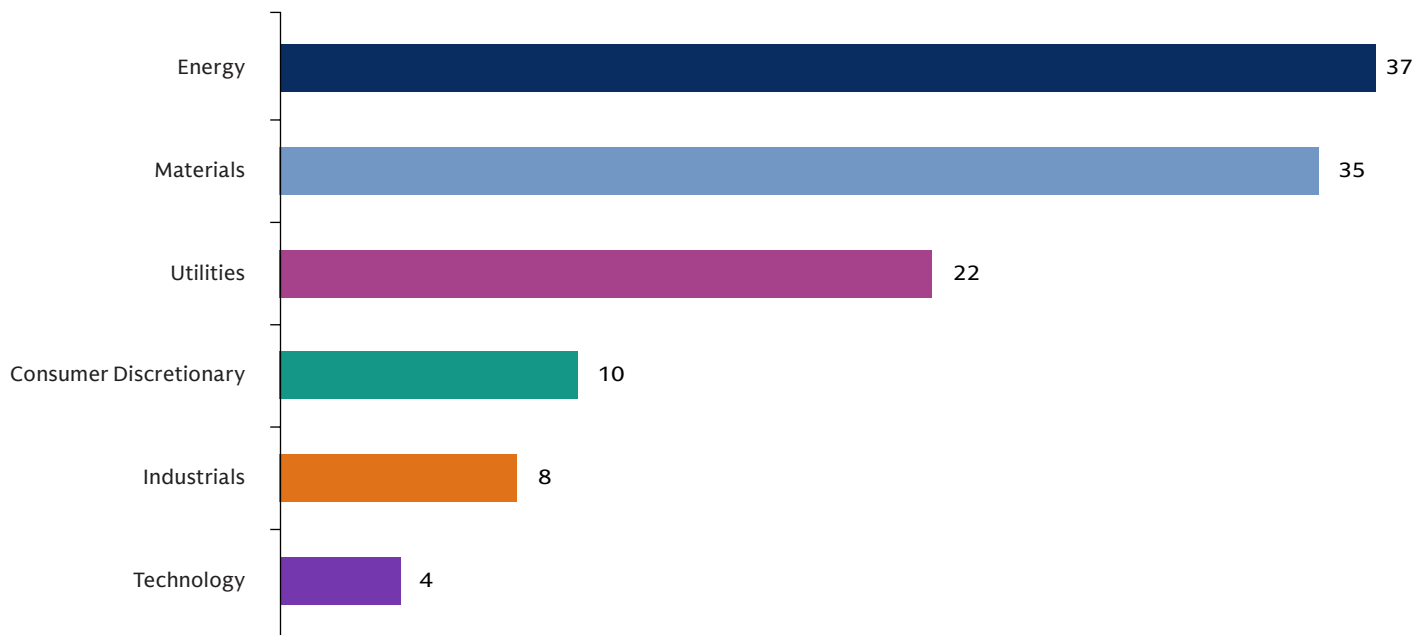
In December, members of the Global Stewardship Team and the Fundamental Equity investment team engaged with the chief sustainability and innovation officer and Investor Relations team of a Mexican materials company to discuss its climate transition strategy. We had identified the company for engagement under our initiative to engage with companies in high-impact industries on the implementation of a robust and quantifiable climate transition strategy. Based on our screening tool, we identified the following areas for engagement: decarbonization strategy and capital allocation strategy.

We discussed our views on the company’s scope 3 emissions target. While the company has disclosed a scope 3 target for its coal mines, it has not set an enterprise-level target. The company stated it will be recertifying its emissions targets with the Science Based Targets initiative (SBTi) in 2027, which will include scope 3 targets.<sup>19</sup>

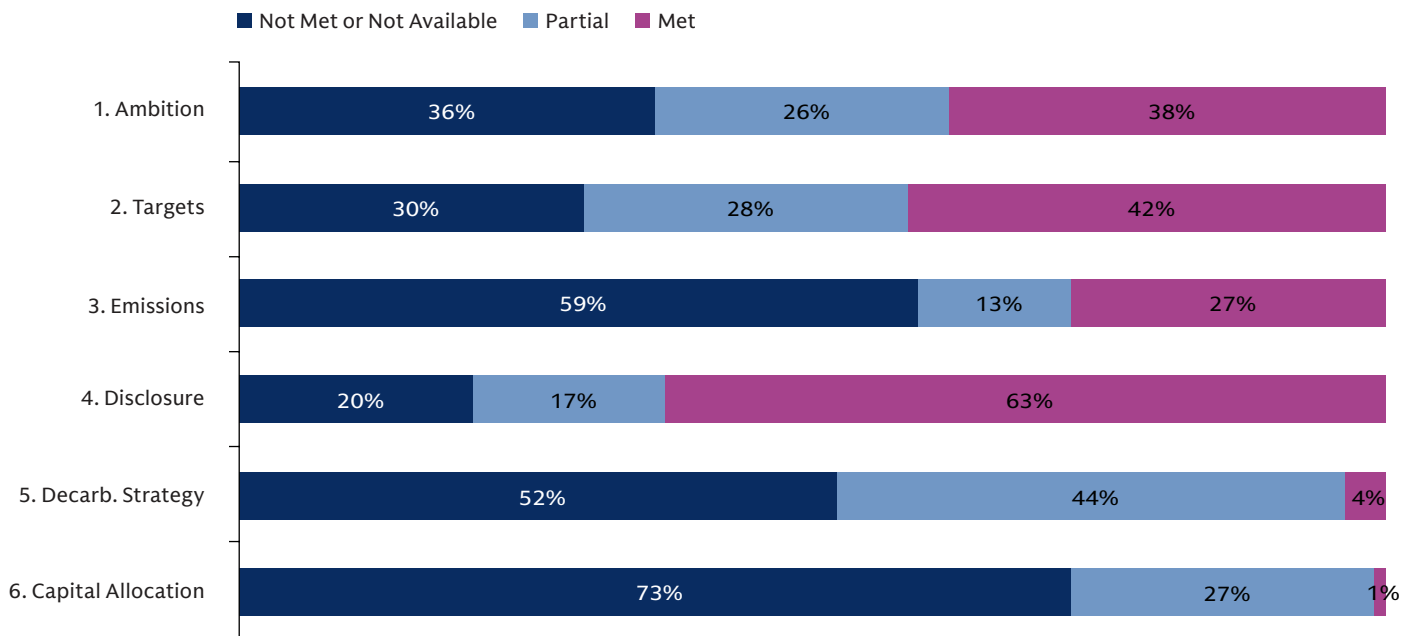
Another point of discussion was the company’s decarbonization strategy, which includes a road map for emissions reduction at each of its facilities. We shared our view that publishing a capital-allocation plan would allow shareholders to better assess the alignment of capital expenditures with progress toward net zero by 2050.

We will seek to continue engaging with the company on this topic.

Companies by Industry



Companies by Performance on Criteria



Case Study	
<b>Country</b>	France
<b>Sector</b>	Energy
<b>Category</b>	Thematic
<b>Theme</b>	Climate Transition
<b>Status</b>	Ongoing

In September, members of the Global Stewardship Team and Fixed Income investment team engaged with the Investor Relations team at a French energy company to discuss its climate transition strategy. We had identified the company for engagement under our engagement initiative in which we seek to engage with companies in high-impact industries on the implementation of a robust and quantifiable climate transition strategy. Based on our screening tool, we identified the following areas for engagement: interim targets, emissions performance, decarbonization strategy, and capital allocation strategy.

During the engagement, we discussed how the growth of the company's natural gas business aligned with its climate ambitions. The company has set an absolute scope 3 goal for its oil business, but excluded natural gas, which represents a growing part of its energy mix. The company highlighted the growth of its renewables capacity to date and reiterated its ambition to produce half of its energy in the form of electricity by 2030. The company said that natural gas would continue to play an important role long-term and is expected to account for about 17% of its portfolio in 2050.

We also noted that the company's long-term strategy relies heavily on carbon capture, utilization and storage (CCUS), with a target of 100 million metric tons by 2050. We also discussed updates around its current projects and investments to build capacity over time.

Lastly, we discussed the company's capital allocation strategy, focusing on how capex aligns with its climate goals and its view of potential stranded-asset risk. The company said a third of its capex, approximately \$5 billion a year, is spent to develop its low-carbon business. The company acknowledged that it continues to invest in oil as its oil portfolio declines naturally by 4% a year expects to continue this investment until oil demand peaks, though new oil investment must clear strict cost and emissions hurdles.

We will seek to continue engaging with the company on this topic.

Case Study	
<b>Country</b>	Japan
<b>Sector</b>	Consumer Discretionary
<b>Category</b>	Thematic
<b>Theme</b>	Climate Transition
<b>Status</b>	Ongoing

In December, members of the Global Stewardship Team and the Fundamental Equity investment team engaged with the Investor Relations team of a Japanese consumer discretionary company to discuss the company's climate transition strategy. We had identified the company for engagement under our Climate Transition engagement initiative, in which we seek to engage with companies in high-impact industries on the implementation of a robust and quantifiable climate transition strategy. Based on our screening tool, we identified the following areas for engagement: interim targets, decarbonization strategy and capital allocation alignment.

The company reiterated its commitment to formulating and implementing a climate change transition strategy in line with global standards, as well as enhancing relevant disclosures.

The company is pursuing an "omnidirectional strategy" encompassing a range of solutions, including both hybrid and battery EVs, and investment in hydrogen cell solutions.

The company acknowledged that its interim targets may not be fully aligned with some international frameworks. However, the company has reiterated its commitment to ensuring a realistic and balanced path toward net-zero emissions while considering customer preferences and the development paths of different geographies.

We will seek to continue engaging with the company on this topic.



# Proxy Voting On Climate-Related Issues

## Board Accountability

We expect boards to be accountable for climate transition risk and may vote against board members for failure to disclose material climate data.

## Climate Transition Plans

When evaluating climate-transition plans for proxy voting (such as in the context of “say on climate” proposals), the Global Stewardship Team seeks to conduct analysis based on the following framework. We seek to make our decisions primarily based on our observations of a company’s strategy relative to industry peers and best practices.

The Global Stewardship Team considers three key elements of a company’s climate-transition plan:

- 1. Disclosure:** Does the company currently disclose material scopes of emissions?
- 2. Targets:** Does it have reasonable GHG reduction targets?
- 3. Credibility:** Has it provided a credible strategy for implementing its plan?

In 2024, we voted on 37 management-sponsored “say on climate” proposals, supporting 86%.<sup>20</sup> We also voted on 14 shareholder-sponsored “say on climate” proposals, supporting none.

## Shareholder Proposals

As previously mentioned, when evaluating shareholder proposals we seek to assess their purpose and impact, considering the long-term benefit to shareholders.

In 2024, we voted on 230 shareholder proposals related to environmental topics, supporting 5.7%.<sup>21</sup>

## DEEP DIVE

# Biodiversity And Nature

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Biodiversity loss can pose a key investment risk that can manifest itself in a company's operations or supply chain. Biodiversity plays a role in ensuring the resilience and preservation of natural-capital assets on which society and business depend. However, land use change, climate change, exploitation and pollution are driving biodiversity and ecosystem loss, creating risks and opportunities for society, business, and investors.<sup>22</sup>

# Engaging On Biodiversity And Nature

Recognizing this risk and understanding the regulatory landscape, we seek to engage with a targeted group of companies across our public markets investing business portfolios to understand their approach to managing risks associated with nature and biodiversity and to promote accountability and best practices.

Over the past two years, we focused our stewardship work related to biodiversity and nature on two themes:

- **Plastics:** Encouraging companies to disclose plastic-packaging usage in line with the SASB standards for Fast Moving Consumer Goods (FMCG) companies.
- **Deforestation:** Engaging with companies in sectors identified as being exposed to potentially material deforestation risk to understand their approach to addressing deforestation in their supply chains.

## Plastics

FMCG companies can have a significant impact on total global plastics use and waste. Plastic packaging accounts for nearly half of all plastic waste globally, and much of it is thrown away within just a few minutes of its first use.<sup>23</sup>

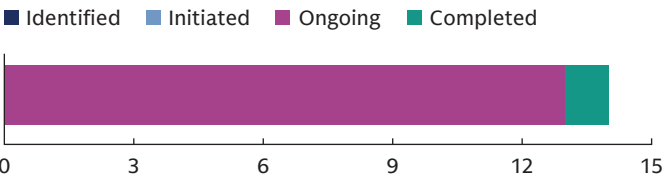
We have identified and seek to engage with 14 FMCG companies for which plastic packaging represents a potentially material investment risk. We seek to provide our perspective on the disclosure of plastic packaging usage in line with SASB standards:

- Total weight of packaging in metric tons, by type
- Percentage of packaging made from recycled or renewable materials
- Percentage of packaging that is recyclable, reusable and/or compostable

BIODIVERSITY & NATURE - PLASTICS

14

Number of issuers on theme:



Case Study	
Country	United States
Sector	Consumer Discretionary
Category	Thematic
Theme	Biodiversity and Nature – Plastics
Status	Ongoing

In February, members of the Global Stewardship Team engaged with the sustainability officer and general counsel of a US consumer discretionary company. We had identified the company for engagement under our Biodiversity and Nature – Plastics engagement initiative in which we seek to engage with consumer goods companies to share our perspectives on disclosure of packaging metrics in line with SASB standards. At the time of the engagement, the company did not disclose the percentage of packaging that was recycled, reusable and/or compostable.

We had been engaging with the company since 2021 on key sustainability issues, including its efforts to reduce plastics usage, improve sustainability in sourcing, and strengthen its point of store recycling programs.

During our engagement, we discussed the company’s lack of packing disclosure. We provided our view that the company should expand its reporting metrics to include the percentage of packaging that is recycled, reusable and/or compostable. The company advised that this was not currently tracked owing to the complexity of reporting this metric centrally given the company’s franchise model.

We also followed up on the company’s progress on its target to source 100% of primary-guest packaging from renewable, recycled, or certified materials by end of 2025. The company had achieved 81% of the goal and is actively working with suppliers to innovate more sustainable packaging materials that ensure customer satisfaction and quality. The company expected to increase disclosure and report any gaps or challenges identified as they approached the 2025 deadline.

We will seek to continue engaging with the company on this topic.



Case Study	
<b>Country</b>	Netherlands
<b>Sector</b>	Consumer Staples
<b>Category</b>	Thematic
<b>Theme</b>	Biodiversity and Nature - Plastics
<b>Status</b>	Ongoing

In November, members of the Global Stewardship Team and the Fixed Income investment team engaged with members of the Investor Relations team at a Dutch consumer staples company. We had identified the company for engagement under our Biodiversity and Nature – Plastics engagement initiative in which we seek to engage with consumer goods companies to share our perspectives on disclosure of packaging metrics in line with SASB standards.

We had previously engaged with the company in 2022 and 2023, focusing our discussions on its strategy for improving the recyclability of packaging across all its products and providing increased disclosure on SASB metrics.

During our engagement in November, we discussed the company's new circularity strategy.

We discussed challenges around meeting its targets. The company said its biggest challenge was the ecosystem that needs to be in place around reusable formats as well as dependency on government policies and infrastructure to be implemented to allow for more large-scale recycling and availability of recycled content.

The company said it would provide a detailed progress report on its targets in the 2024 Annual Report, as well as disclosing the baseline metrics for each target.

We reiterated our views related to the company disclosing its metrics on packaging within its operations in line with SASB, allowing us to track this information over the long term. The company said it intended to publish further disclosure in 2025 in line with the Corporate Sustainability Reporting Directive, having identified circularity as material, but could not guarantee that disclosure would cover all three SASB metrics.

We will seek to continue engaging with the company on this topic.

Case Study	
<b>Country</b>	Japan
<b>Sector</b>	Consumer Staples
<b>Category</b>	Thematic
<b>Theme</b>	Biodiversity and Nature - Plastics
<b>Status</b>	Ongoing

In December, the Global Stewardship Team engaged with members of the Investor Relations team of a Japanese consumer staples company. We had identified the company for engagement under our Biodiversity and Nature – Plastics thematic framework, in which we seek to engage with consumer goods companies to share our perspectives on disclosure of packaging metrics in line with SASB standards.

We provided our views on disclosing the company's total weight of packaging, of which the majority is plastics used for its products.

The company said it had been making progress in Australia and Japan toward its goal of achieving 100% sustainable bottles by 2030. These two countries account for most of its plastic-bottle use.

In Japan, the company is working jointly with other retailers and entering into a partnership agreement with local governments for a horizontal recycling "bottle-to-bottle" project that recycles collected used plastic bottles into new plastic bottles. In Australia, the company entered into a partnership with a packaging manufacturer and waste-management company to produce recycled plastic bottles. It also launched a second recycling factory, accelerating its efforts in recycling plastic bottles.

We will seek to continue engaging with the company on this topic.

# Deforestation

Biodiversity loss from deforestation can present a material investment risk. This risk manifests either directly from a company’s operations or across its supply chain, with potential impact to shareholder value.

We believe that engaging with companies in sectors where deforestation presents a material risk, and who have not publicly disclosed information relating to these risks, is a pragmatic first step for engagement. The Accountability Framework initiative<sup>24</sup> outlines examples of best practices for companies operating in forest-risk supply chains and highlights the steps needed and key information which companies in forest risk supply chains should report.

For example, companies may:

- 1. Undertake a comprehensive risk assessment
- 2. Detail targets and strategies to mitigate deforestation risk
- 3. Report on progress
- 4. Set supplier or other codes of conduct, sourcing policies or other key procedure documents

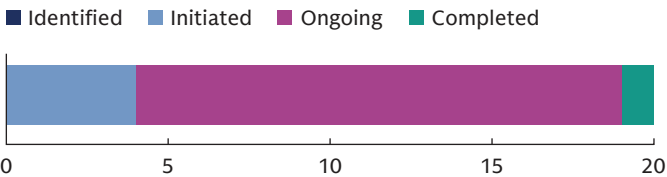
The Global Stewardship Team and Sustainable Investing Platform<sup>25</sup> team collaborated to develop an internal assessment tool to assess the risk exposure and management of deforestation for public companies. This proprietary approach assesses direct deforestation exposure through product revenues as well as indirect exposure through sourcing activities. We also reference multiple risk indicators from third-party data providers to enhance the screening and detect companies with the highest deforestation risk.<sup>26</sup>

We identified 20 companies that do not yet have a zero-deforestation target in place by utilizing natural language processing to screen all public disclosures related to deforestation policy. This approach supplements our diligence by capturing the latest material disclosures.

BIODIVERSITY & NATURE - DEFORESTATION

20

Number of issuers on theme:



Case Study	
Country	Poland
Sector	Consumer Staples
Category	Thematic
Theme	Biodiversity and Nature - Deforestation
Status	Ongoing

In January, members of the Global Stewardship Team engaged with members of the Investor Relations team of a Polish consumer staples company. We had identified the company for engagement under our Biodiversity and Nature - Deforestation engagement initiative in which we seek to engage with companies on their approaches to key risks and opportunities related to deforestation.

We asked about the company’s plans for setting goals to eliminate deforestation risk within its supply chain. Its suppliers are primarily large brands that already have deforestation plans in place. The company said it was assessing its use of packaging and how this could increase its exposure to deforestation risks via the use of cardboard.

We shared our views with the company on publishing more information about deforestation in its supply chain as well as an overarching policy on managing biodiversity and nature risks.

We will seek to continue engaging with the company on this topic.

Case Study	
<b>Country</b>	Japan
<b>Sector</b>	Industrials
<b>Category</b>	Thematic
<b>Theme</b>	Biodiversity and Nature – Deforestation
<b>Status</b>	Completed

In March, members of the Global Stewardship Team engaged with members of the Manufacturing Department, Purchasing Department, and the Investor Relations team of a Japanese industrial company. We had identified the company for engagement under our Biodiversity and Nature – Deforestation engagement initiative in which we seek to engage with companies on their approaches to key risks and opportunities related to deforestation.

We asked about the company's plans for setting goals to eliminate deforestation and sustainably source raw materials, especially pulp and paper. The company aims to eliminate deforestation completely by 2025 and has confirmed the sustainable sourcing of its 33 suppliers, covering all its major business partners.

We also discussed the company's distribution and procurement of legally harvested wood and wood products. Among its domestic group companies, 97.5% of wood purchased is confirmed to be from legally harvested wood. However, including its overseas group companies, it was only able to confirm that 75%-80% of wood purchased was legally harvested. The company aims to reach 100% coverage internationally. The company also conducts supply chain monitoring by holding educational programs for its suppliers, investigating suppliers with changes in transaction volume, and setting up a hotline reporting system directly to the legal department in case of any supply chain issue.

Following our engagement, the company decided to disclose a 2025 zero deforestation target, with the aim to achieve 100% procurement confirmation from legally harvested wood internationally.

At this time, we consider the engagement complete.

Case Study	
<b>Country</b>	United States
<b>Sector</b>	Consumer Discretionary
<b>Category</b>	Thematic
<b>Theme</b>	Nature and Biodiversity – Deforestation
<b>Status</b>	Ongoing

In January, the Global Stewardship Team engaged with the sustainability officer and vice president of a US consumer discretionary company. We had identified the company for engagement under our Biodiversity and Nature – Deforestation engagement initiative in which we seek to engage with companies on their approaches to key risks and opportunities related to deforestation.

We asked about the results of the company's recent materiality assessment, specifically on deforestation risk, and its plans to set goals to sustainably source raw materials. The company is currently in the process of examining its deforestation risk exposure throughout the supply chain for the raw materials it procures.

While the company has not implemented a no-deforestation commitment, it has started to include questions about deforestation in its recent survey of suppliers, which will further strengthen engagement with its suppliers in the future.

We will seek to continue engaging with the company on this topic.

## DEEP DIVE

# Company Conduct

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Company conduct refers to the ethical and operational behaviors and practices of a company, encompassing aspects such as corporate governance, environmental responsibility, social impact, and adherence to regulatory standards. It includes how a company treats its employees, customers, suppliers, and the broader community, as well as its commitment to sustainability and ethical business practices.

## Engaging on Company Conduct

Companies that maintain high standards of conduct may be better positioned to manage risks, build strong reputations, and foster long-term value creation. Ethical and responsible conduct may lead to improved operational efficiency, customer loyalty, and employee satisfaction, all of which may contribute positively to financial performance. Conversely, poor conduct may result in legal issues, reputational damage, and financial losses, among other impacts.

Our approach to engaging with companies whose conduct requires improvement demonstrating conduct needing enhancement is made up of two complementary pillars.

### Global Norms Violations:

“Global norms” refer to standards of expected corporate behavior, for example the United Nations Global Compact (UNGC) and the OECD Guidance for Responsible Business Conduct. These establish business practice principles related to human and labor rights, environmental protection and anti-bribery and corruption.

The Global Stewardship Team and other stakeholders have implemented a proprietary approach to identify, review, evaluate and monitor companies that are flagged by external data providers on various criteria or identified by members of the public markets investing business. Using this approach, we have created a proprietary list of violators.

Our assessment of global norms violations helps us identify companies for which we implement appropriate stewardship actions, including engagement and voting escalation. Some clients may choose to exclude companies that violate global norms.

### Controversial Incidents:

Some incidents may be material to a company’s business without rising to the level of a global norms violation. These include issues related to product quality and safety, labor-management relations, discrimination allegations, anti-competitive practices, marketing and advertising, and privacy and data security.

We have developed a process to identify and engage with companies on these controversial incidents to understand and provide feedback on paths for remediation.

# Global Norms Violations

When assessing companies within our Global Norms framework, we classify them in three tiers. As of December 2024, 90 corporate groups are in the scope of this process.

DEFINITION

## Tier 1

We believe that the company has an ongoing global norms violation with insufficient remediation

## Tier 2

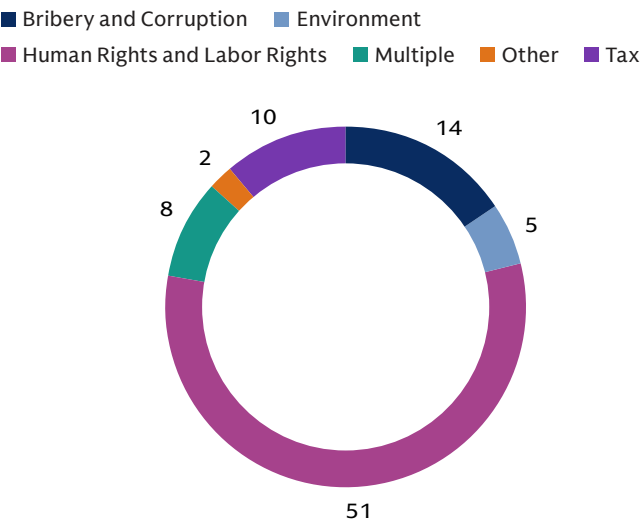
We believe the company may have had a global norms violation, but some remediation has taken place OR there is a serious allegation of wrongdoing and the situation is still developing

## Tier 3

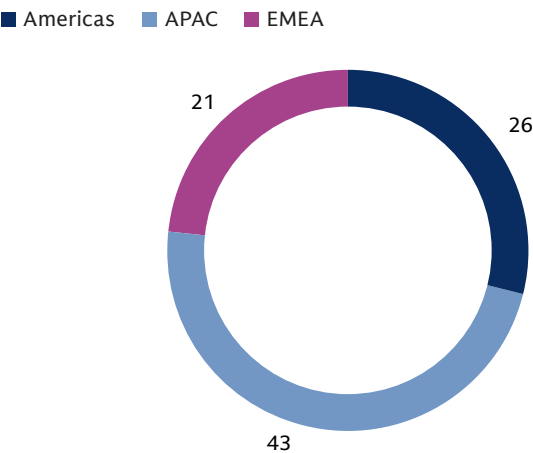
We believe the company is not currently a global norms violator

## Global Norms by Subject, Region, Tiering<sup>27</sup>

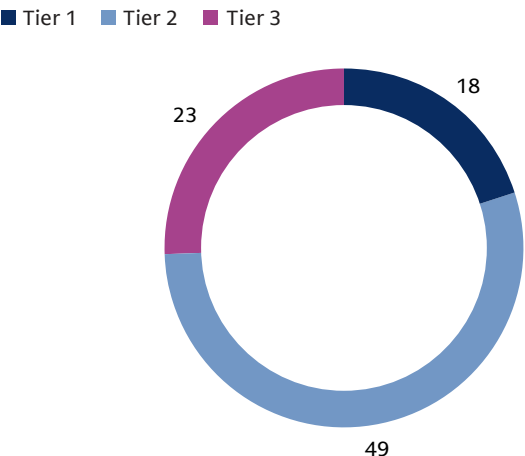
Corporate Groups by Subject



Corporate Groups by Region

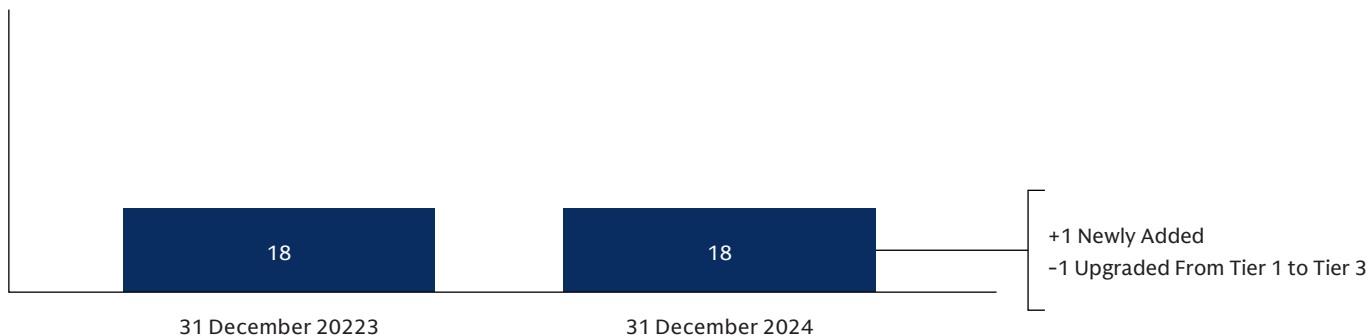


Corporate Groups by Tiering



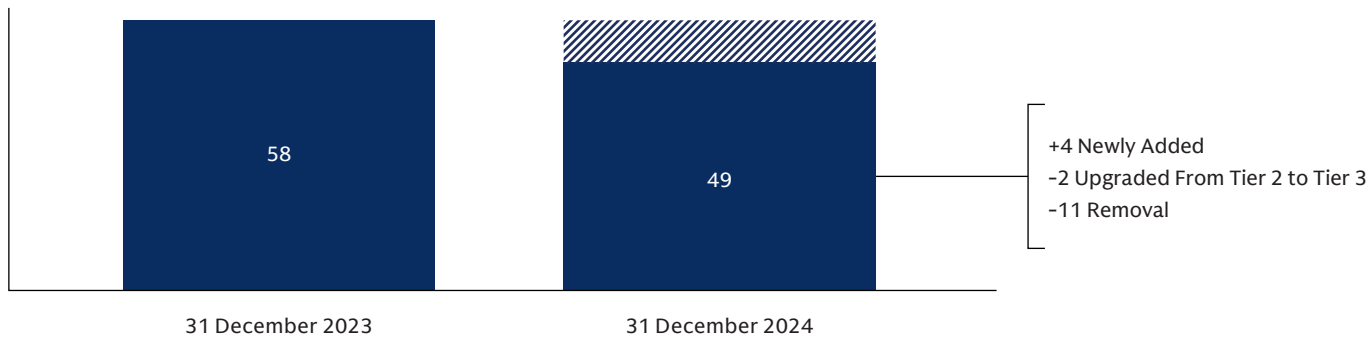
Tier 1

■ Total



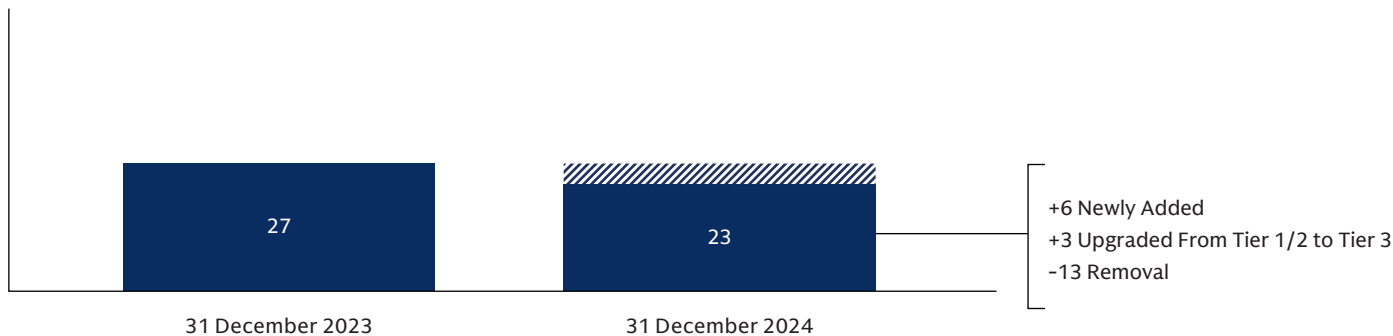
Tier 2

■ Total



Tier 3

■ Total



61

Number of Tier 1 and Tier 2 Issuers

40

Number of Issuers Engaged

45

Number of Engagements

In addition, we voted against directors at five companies where we believed insufficient remediation had taken place.

Case Study	
<b>Country</b>	Canada
<b>Sector</b>	Energy
<b>Category</b>	Thematic
<b>Theme</b>	Global Norms
<b>Status</b>	Ongoing

In July, members of the Global Stewardship Team engaged with the sustainability officer and Investor Relations team of a Canadian energy company. We had identified the company for engagement under our Global Norms framework due to concerns around alleged indigenous community disputes regarding its pipelines.

We had previously engaged with the company on this topic in January 2024. At that time, we discussed the company's approach to engagement and collaboration with indigenous peoples, nations, tribes, and governments connected to its pipeline operations. We provided our view that the company should continue to formalize the best practices and learnings identified through these efforts into future project assessment criteria and the company's Indigenous Reconciliation Action Plan.

During our recent engagement, we discussed the company's work with the indigenous communities in the areas where it operates through a variety of avenues, notably the Indigenous Advisory Group where experts provide candid feedback and insights to the company's management team on a quarterly basis. The company has also been focused on economic inclusion and expects contractors to include indigenous businesses in the execution of their work. Through this initiative, the company's spending on indigenous contractors in British Columbia nearly doubled between 2018 and 2021.

We will seek to continue engaging with the company on this topic.

Case Study	
<b>Country</b>	Netherlands
<b>Sector</b>	Health Care
<b>Category</b>	Thematic
<b>Theme</b>	Global Norms
<b>Status</b>	Ongoing

In June, members of the Global Stewardship Team and Fundamental Equity Investment team engaged with the Investor Relations team at a Dutch healthcare company to discuss consumer complaints and regulatory scrutiny around its respirator products and related product recalls and lawsuits. We had identified the company for engagement under our Global Norms framework due to concerns around consumer interests.

We had engaged with the company on this issue in August 2023. Since then, there have been additional settlements.

We discussed the company's settlement announced in April 2024 to resolve outstanding personal injury litigation and medical monitoring claims in the United States. This settlement addressed 58,000 individuals currently in the census.

The company has reached a settlement in court over the US class action lawsuit alleging economic loss claims. This covers any economic loss experienced by customers who have had to replace their devices, such as inconvenience, up to the amount of \$100.

We will seek to continue engaging with the company on this topic.

Case Study	
<b>Country</b>	China
<b>Sector</b>	Information Technology
<b>Category</b>	Thematic
<b>Theme</b>	Global Norms
<b>Status</b>	Completed

In February, members of the Global Stewardship Team engaged with the Investor Relations team of a Chinese information technology company. We had identified the company for engagement under our Global Norms framework due to allegations of forced labor in its supply chain.

In an engagement with the company in February 2023, we had discussed its remediation efforts and its progress to regain US market access after a US Customs and Border Patrol ("CBP") import suspension.

During our most recent engagement, the company explained that it had successfully cleared the CBP detainment in the second half of 2023. Additionally, the company increased the number of audits of its suppliers and improved its traceability system by using a third-party digitalized platform covering upstream raw material suppliers.

We shared our view that the company should consider further enhancing its supply chain disclosure to help investors understand its initiatives and progress on remediation of these allegations.

At this time, we consider the engagement complete.



# Controversial Incidents

The Global Stewardship Team screens for potential controversial incidents using a variety of data sources, primarily drawing on third-party data providers but supplementing with internal research, findings from non-governmental organizations and media sources as well as our own engagement efforts. Companies in Tier 3 of our Global Norms framework may also be candidates for engagement.

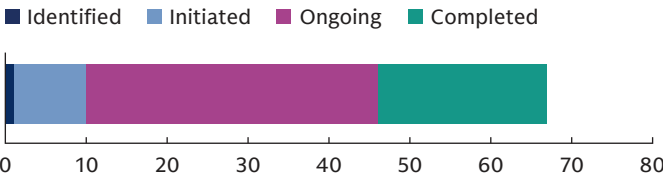
We generally aim to consider the company’s approach to controversial incidents across four key components:

- **Acknowledgement** – Has the company acknowledged the issues and potential impacts?
- **Remedy** – Has the company resolved the potential impacts by providing a remedy?
- **Strategy** – Has the company implemented a strategy and appropriate controls to prevent recurrence in the future?
- **Reporting** – Has the company reported on the effectiveness and progress of the strategy?

CONTROVERSIAL INCIDENTS

67

Number of issuers on theme:



Case Study	
Country	United States
Sector	Consumer Discretionary
Category	Thematic
Theme	Controversial Incidents
Status	Completed

In March, members of the Global Stewardship Team engaged with the sustainability officer of a US consumer discretionary company. We identified the company for engagement under our controversial incidents engagement initiative due to concerns around worker health and safety.

The company had been implicated in controversies related to potential health and safety concerns around the working conditions at its warehouses. We engaged with the company on worker health and safety in May 2022, March 2023 and October 2023. We also supported a shareholder proposal at the 2022 annual meeting requesting a third-party report on working conditions, which received 44% support.

The company has since published a standalone safety report. The company’s website also discloses a 30% decrease in recordable incident rates over the past four years, and \$1 billion invested in safety initiatives. During the engagement, the company explained how it intends to maintain these results while rapidly growing its workforce. The company noted that it has developed a reporting mechanism that allows each employee to submit solutions to safety issues in real-time and is also planning to invest another \$750 million in safety programs.

At this time, we consider the engagement complete.

Case Study	
Country	Italy
Sector	Utilities
Category	Thematic
Theme	Controversial Incidents
Status	Ongoing

In April, members of the Global Stewardship Team and the Fundamental Equity Investment team engaged with the Investor Relations team of an Italian utilities company. We identified the company for engagement under our controversial incidents engagement initiative due to concerns about worker safety following an explosion at a hydroelectric plant in northern Italy.

The explosion took place during maintenance work which was being undertaken to improve the plant’s efficiency. The explosion resulted in seven fatalities and several workers with severe injuries.

During our engagement, the company informed us that several remediation efforts were immediately implemented. To support the impacted individuals and families, a €2 million fund was established to meet any near-term urgent needs and psychologists were sent to the site and hospitals where the injured were being treated. The CEO also immediately flew to the site to support those working at the plant and their families. While the company believes safety practices across the organization are generally at a high standard, the company noted that the incident would also prompt an internal review of current safety procedures.

Additionally, an external investigation has been launched to understand the root cause of the explosion and where potential fault may lie. The company advised it will support the investigation and will continue to provide updates as more information becomes available.

We will seek to continue engaging with the company on this topic.

Case Study	
Country	Japan
Sector	Communication Services
Category	Thematic
Theme	Controversial Incidents
Status	Completed

In July, members of the Global Stewardship Team engaged with the Investor Relations team of a Japanese communication services company. We identified the company for engagement under our controversial incidents engagement initiative due to concerns around cyber security and data privacy.

The company experienced a data breach in which millions of customer records were leaked to an external party by a former temporary employee of its subsidiary.

The company has allocated a budget of 10 billion yen to implement multiple measures to prevent future data leaks, including developing monitoring systems and investing in cybersecurity department human resources.

At this time, we consider the engagement complete.

**SECTION 04**

# Industry Leadership

## Our Approach To Industry Leadership

Goldman Sachs Asset Management joins and participates in various external organizations to promote best practices in stewardship. Throughout 2024, Goldman Sachs Asset Management was a member or signatory to over 30 different organizations focused on areas of sustainability aligned with our investment-led approach to stewardship.

## Membership Spotlight for 2024

Members of our Public and Private Markets investing businesses participate in numerous forums and media events each year to gain perspective on the evolving corporate governance and sustainability landscape across regions. Throughout the year, members of the Global Stewardship Team participated in numerous events organized by our external memberships. Examples include:

### Harvard Law School Corporate Governance Roundtable

In June, a member of the Global Stewardship Team represented Goldman Sachs Asset Management on a roundtable for the Program on Corporate Governance at Harvard Law School. The roundtable focused on the current issues in corporate governance and the 2024 proxy season. Proxy-related discussions centered on shareholder proposals, executive compensation, activism, and law-related proposals.

We shared our approach to stewardship and explained our proxy voting and engagement priorities for the year. We also spoke about the importance of shareholder rights and emphasized our commitment to strong corporate governance.

Goldman Sachs Asset Management has been a member of the Harvard Law School Corporate Governance Roundtable since 2018.

## Institutional Investors Group on Climate Change (IIGCC)

In June, a member of the Global Stewardship Team attended the Net Zero Summit in London organized by the Institutional Investors Group on Climate Change (IIGCC).

The Net Zero Summit brought together asset managers, asset owners, regulators and other industry professionals to discuss current opportunities and challenges investors face in achieving their climate-related investment objectives. Discussion focused on the launch of the IIGCC's updated Net Zero Investment Framework as well as best practice in engagement on climate, the need to deploy capital to emerging markets and the importance of stewardship across various asset classes.

Goldman Sachs Asset Management has been a member of the IIGCC since 2019.

## 30% Club Japan

In October, Global Stewardship Team members and the 30% Club Japan Investor Group, hosted the "Next Generation Leader in Finance Development Program" in Tokyo. There were around 80 attendees, using our new office auditorium and open café networking space. This was the first joint event with Japan 30% Club, Association for Women in Finance, and the Asset Management Women's Forum.

Goldman Sachs Asset Management has been a member of the 30% Club Japan since 2020.

## Industry Spotlight for 2024

Throughout the year, members of the Global Stewardship Team participated in numerous forums and events focused on stewardship to share and gain perspectives on the evolving stewardship landscape. Examples include:

### Global Sustainability Forum

In September, a member of the Global Stewardship Team moderated the “Engagement: Board, Management and Investor Perspectives” panel at Goldman Sachs’ Global Sustainability Forum in New York. The panel discussed the opportunities and challenges faced by both corporates and investors when engaging on material sustainability topics. The event was attended by clients, public company representatives, asset owners, regulators and other stakeholders.

### Society for Corporate Governance National Conference

In July, a member of the Global Stewardship Team participated at the Society for Corporate Governance National Conference at the National Harbor in Maryland. We presented on a panel alongside the heads of stewardship from two US asset managers to discuss engagement best practices and emerging trends from the 2024 proxy season. We also participated in two small group investor forum sessions to engage directly with corporate secretaries and investor relations professionals to discuss questions related to Goldman Sachs Asset Management’s stewardship program. The event was attended by over 800 participants representing global public companies.

## Commitment to Stewardship Globally

Goldman Sachs Asset Management adheres to several market-level stewardship codes and requirements. Our responses to how we comply with the codes and requirements are available on our website.

## Client Reporting

In addition to this annual stewardship report, we communicate our stewardship activities to our clients in several ways, including:

**Proxy Voting Disclosures:** With respect to company proxies voted in accordance with the Goldman Sachs Asset Management Voting Policy, Goldman Sachs Asset Management discloses voting results on its website on a quarterly basis. With respect to Goldman Sachs Asset Management-managed U.S. registered mutual funds, Goldman Sachs Asset Management also discloses voting results in a filing with the SEC and on its website on an annual basis.

**Client Specific Reporting:** Goldman Sachs Asset Management can provide clients with portfolio-specific proxy voting and engagement reporting on a quarterly, semi-annual or annual basis, upon request. Goldman Sachs Asset Management welcomes the opportunity to discuss the content and frequency of these reports with our clients subject to their needs.

## SOURCES

1. Assets under supervision (AUS) includes assets under management and other client assets for which Goldman Sachs does not have full discretion.
2. As of December 2024, and subject to change at any time.
3. As of December 2024.
4. There is no guarantee that objectives will be met.
5. Source: Goldman Sachs Asset Management, as of December 2024.
6. Source: Goldman Sachs Asset Management, as of December 2024.
7. Source: Goldman Sachs Asset Management, as of December 2024.
8. Source: Goldman Sachs Asset Management, as of December 2024.
9. Goldman Sachs Asset Management, as of December 2024.
10. For this report we excluded certain shareholder proposals in China and Hong Kong where it is common for a major shareholder to propose additional agendas subsequent to the initial release of proxy materials. While these proposals are technically shareholder proposals, they are usually presented with consent of, and often at the request of management, as management is barred from adding additional items for shareholder meeting once proxy materials have been released.
11. Source: Goldman Sachs Asset Management. As of December 2024. For illustrative purposes only.
12. We define engagement as instances where active dialogue or exchange of written communication with a company or issuer has occurred. For more information on how we define engagement, please see the Appendix.
13. Source: Goldman Sachs Asset Management, as of December 2024.
14. Targets are subject to change and are current as of the date of this presentation. Targets are objectives and do not provide any assurance as to future results. Please see additional disclosures.
15. Goldman Sachs Asset Management. As of December 2024.
16. In addition to thematic engagements driven by the Global Stewardship Team's objectives, for select portfolios we may perform additional targeted engagements.
17. Financed emissions contributions based on our Sustainable Finance Disclosure Regulation (SFDR) Article 8 and 9 Fund holdings. The portfolio risk management process includes an effort to monitor and manage risk, but does not imply low risk.
18. Firmwide sustainability goals are not binding characteristics of specific products. There is no guarantee that any particular ESG objective will be pursued or met with respect to any particular product.
19. Targets are subject to change and are current as of the date of this presentation. Targets are objectives and do not provide any assurance as to future results. Please see additional disclosures.
20. Source: Goldman Sachs Asset Management, as of December 2024.
21. Source: Goldman Sachs Asset Management, as defined by Goldman Sachs Asset Management, as of December 2024.
22. <https://www.unpri.org/sustainability-issues/environmental-social-and-governance-issues/environmental-issues/biodiversity>
23. UNEP (2018). SINGLE-USE PLASTICS: A Roadmap for Sustainability (Rev. ed., pp. vi; 6).

24. <https://accountability-framework.org/resources/>
25. The Sustainable Investing Platform is Goldman Sachs Asset Management's central sustainability team for our public markets investing business.
26. The portfolio risk management process includes an effort to monitor and manage risk, but does not imply low risk.
27. Source: Goldman Sachs Asset Management, as of December 2024.

## DISCLOSURES

The engagement/proxy voting highlights presented here outline examples of Goldman Sachs Asset Management initiatives, there is no assurance that Goldman Sachs' engagement/proxy voting directly caused the outcome described herein.

There is no guarantee that objectives will be met.

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