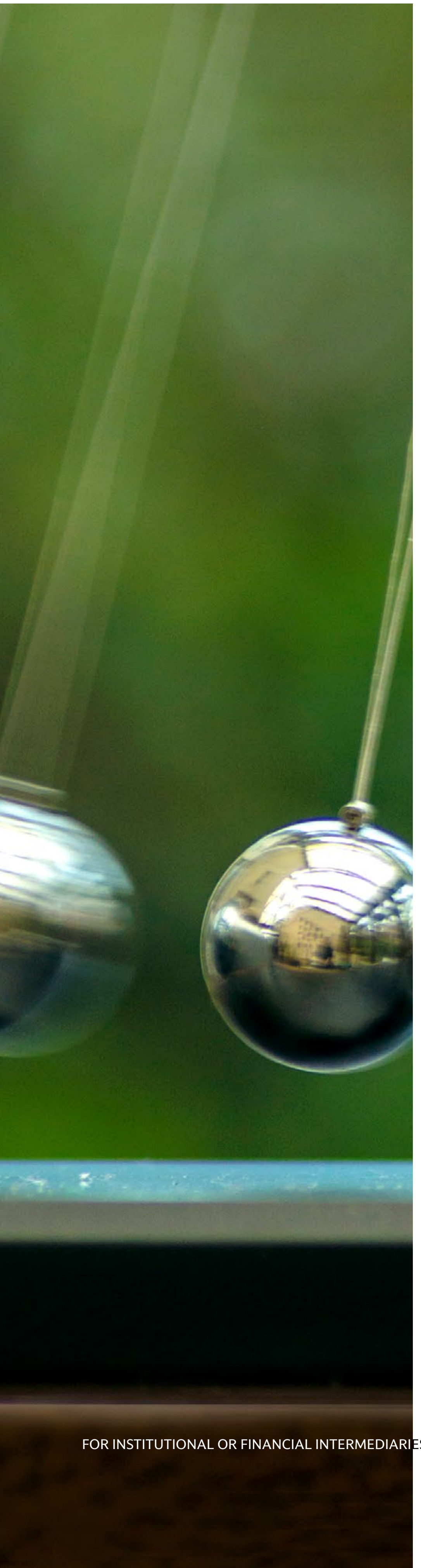
Goldman Sachs Asset Management

# Goldman Sachs Sustainable and Impact Bond Funds

## 2025 Impact Report



# Introduction

## Welcome to the 2025 annual impact report for the Goldman Sachs Green, Social, and Impact bond strategies.

In 2025, the labeled bond market experienced both substantial development and new challenges. Some aspects remained unchanged; Europe remained the dominant region for issuance, and Asia continued to emerge as a significant source for sustainable debt issuance. Labeled bond issuance in 2025 has proved to be strong with issuance in green, social, and sustainability bonds reaching $912 billion. Questions around the compatibility of Artificial Intelligence with sustainability moved to the forefront in 2025, with nuclear and micronuclear power playing into the discussion. Efforts to harmonize sustainability regulation and increase interoperability continued this year, and 2025 was also the first year the EU green bond label has been used to issue green bonds. Physical climate risk took a larger focus in our engagement discussions this year as well as defense spending considerations for financial issuers. We have included additional chapters on physical climate risk and defense spending in this year's report as well as the usual annual snapshots of our quantitative and qualitative impact.

For our green bond strategy, we report for each fund annual GHG emissions avoided, renewable energy capacity added, annual renewable energy generation output and annual energy savings. Europe remained the most heavily represented region in our portfolios, while alternative energy, green buildings, and low-carbon transportation remained the largest use of proceeds categories. The average EU Taxonomy alignment came in at just under 30% across all relevant funds as of the end of 2025.

For our social bond fund, we track the number of beneficiaries from the projects financed. The most common target population for the social bonds in our portfolio was low-income individuals. As of end of 2025, access to essential services, employment generation, and affordable housing received the largest allocation in the fund. European issuers continue to play a leading role in the social bond market.

For our Global Impact Corporate Bond fund, we continue to report both green and social impact metrics. As of the end of 2025, 90% of the fund's assets with available allocation reporting are invested in green projects and around 10% are invested in social projects.

Our proprietary Impact Bond Database expanded its coverage and by the end of 2025, we were tracking 3,522 green, social, and sustainability bonds. Next to that we also included 130 conventional bonds with positive exposure[1] to biodiversity themes. We also dedicated some of this report to exploring the correlational or causational nature of strong climate action and green bond issuance.

Engagement remains a key part of our strategy process. We engaged with 136 green, social, and impact bond issuers in 2025, most of which are based in Europe.

And finally, 2025 marked the launch of our biodiversity bond strategy. At the end of this document, you will find the first biodiversity strategy impact report. Including exploration of biodiversity loss drivers, sustainable development goals (SDGs), issuer biodiversity key performance indicators (KPIs), Mean Species Abundance (MSA) data, and our engagement findings on the state of biodiversity integration in the market.

1 Bonds with positive exposure to biodiversity themes are those whose issuers derive revenue from, or allocate bond proceeds to, activities that reduce at least one of the key biodiversity loss drivers as identified by IPBES. Please refer to the Biodiversity Themed Strategy section for further information.

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# Goldman Sachs Green Bond Strategy

Since the launch of our flagship green bond fund in 2016, the strategy has continued to expand and grow. The Goldman Sachs Green Bond Strategy now comprises a range of impact bond mutual funds & ETFs, giving investors more options as they consider adding green, social, or sustainability bonds to their fixed income portfolios.

In this report, we delve into the four key performance indicators for our five green bond funds[2]: annual greenhouse gas emissions avoided, renewable energy capacity added, annual renewable energy generation output, and annual energy savings. The impact tracking and aggregation methodology can be found in the Impact Bond Impact Calculation Methodology section.

2 Goldman Sachs Green Bond, Goldman Sachs Green Bond Short Duration, Goldman Sachs Corporate Green Bond, Goldman Sachs Sovereign Green Bond, Goldman Sachs USD Green Bond. Four of our funds have earned the Greenfin label: Goldman Sachs Green Bond, Goldman Sachs Green Bond Short Duration, Goldman Sachs Corporate Green Bond and Goldman Sachs Sovereign Green Bond. The French government created the Greenfin label as part of its efforts to promote green funds and channel capital toward the energy and ecological transition and the response to climate change.

## Avoiding Greenhouse Gas Emissions

Annual greenhouse gas (GHG) emissions avoided, measured in metric tons of carbon dioxide equivalent ($CO_2e$),[3] is the most frequently reported green bond metric within issuers' post-issuance green bond impact reporting. It can be achieved through a range of projects, such as green buildings with improved energy efficiency or manufacturing processes that use less energy. The funds' total expected impact and impact per 1 million invested of each fund's base currency are shown in the following table.

| | Goldman Sachs Green Bond | Goldman Sachs Green Bond Short Duration | Goldman Sachs Corporate Green Bond | Goldman Sachs Sovereign Green Bond | Goldman Sachs USD Green Bond |
|---|---|---|---|---|---|
| Annual GHG Emissions Avoided per 1 million Invested of the fund's base currency (metric tons of $CO_2e$) | 147 | 155 | 171 | 144 | 226 |
| Annual GHG Emissions Avoided (metric tons of $CO_2e$) | 296,813 | 80,223 | 221,900 | 64,436 | 10,113 |
| Portfolio coverage[4] | **57.12%** | **56.21%** | **60.18%** | **59.72%** | **58.39%** |

Source: Goldman Sachs Asset Management, Data Provided by Issuers. As of December 31, 2025. These metrics are at a point in time as of the date indicated and are subject to change over time.

## Promoting Renewable Energy

Green bond proceeds used to finance renewable energy projects represent the largest share of allocations across our green bond funds, except in the Goldman Sachs Sovereign Green Bond fund, where low-carbon transportation accounts for the largest allocation. While wind and solar are the most popular renewable energy projects to finance with, other sources such as hydropower and bioenergy are attracting a growing share of green bond proceeds.

Renewable energy capacity added is measured in megawatts (MW) and annual renewable energy generation output in gigawatt hours (GWh). The funds' total expected impact and impact per 1 million invested of each fund's base currency are shown in the following table. Goldman Sachs USD Green Bond fund has the highest allocation to renewable energy (44.6%) among the five funds, which contributes to its higher cost efficiency on the annual renewable energy generation output metric.

3 Not all greenhouse gases warm the atmosphere equally. For this reason, the term $CO_2e$ is used to provide a uniform means of measuring emissions. In calculating $CO_2e$, greenhouse gases such as methane are converted to the equivalent amount of carbon dioxide based on their relative contribution to global warming.

4 Portfolio coverage denotes the percentage of portfolio market value that has been allocated to projects that contribute to this metric and for which impact data are available.

| | Goldman Sachs Green Bond | Goldman Sachs Green Bond Short Duration | Goldman Sachs Corporate Green Bond | Goldman Sachs Sovereign Green Bond | Goldman Sachs USD Green Bond |
|---|---|---|---|---|---|
| Annual Renewable Energy Generation Output per 1 million Invested of the fund's base currency (MWh) | 118 | 118 | 203 | 78 | 281 |
| Renewable Energy Capacity Added (MW) | 181 | 47 | 132 | 33 | 4.3 |
| Portfolio coverage[5] | **21.01%** | **21.55%** | **28.27%** | **19.34%** | **25.3%** |
| Annual Renewable Energy Generation Output (GWh) | 238 | 61 | 264 | 35 | 13 |
| Portfolio coverage[6] | **17.41%** | **17.35%** | **20.59%** | **16.23%** | **30.03%** |

Source: Goldman Sachs Asset Management, Data Provided by Issuers. As of December 31, 2025. These metrics are at a point in time as of the date indicated and are subject to change over time.

## Improving Energy Efficiency

Energy efficiency measures are also a common green bond use of proceeds category, helping to reduce energy consumption and associated GHG emissions. They often exist in a standalone energy efficiency category, or within green buildings or low-carbon transportation.

Energy savings are measured in GWh per year. The portfolios' expected impact and impact per 1 million invested in the fund's base currency are shown in the following table.

| | Goldman Sachs Green Bond | Goldman Sachs Green Bond Short Duration | Goldman Sachs Corporate Green Bond | Goldman Sachs Sovereign Green Bond | Goldman Sachs USD Green Bond |
|---|---|---|---|---|---|
| Annual Energy Savings per 1 million Invested of the fund's base currency (MWh) | 22.97 | 18.34 | 17.55 | 22.03 | 10.74 |
| Annual Energy Savings (GWh) | 46.45 | 9.48 | 22.77 | 9.87 | 0.48 |
| Portfolio coverage[7] | **26.15%** | **22.57%** | **23.77%** | **23.96%** | **18.58%** |

Source: Goldman Sachs Asset Management, Data Provided by Issuers. As of December 31, 2025. These metrics are at a point in time as of the date indicated and are subject to change over time.

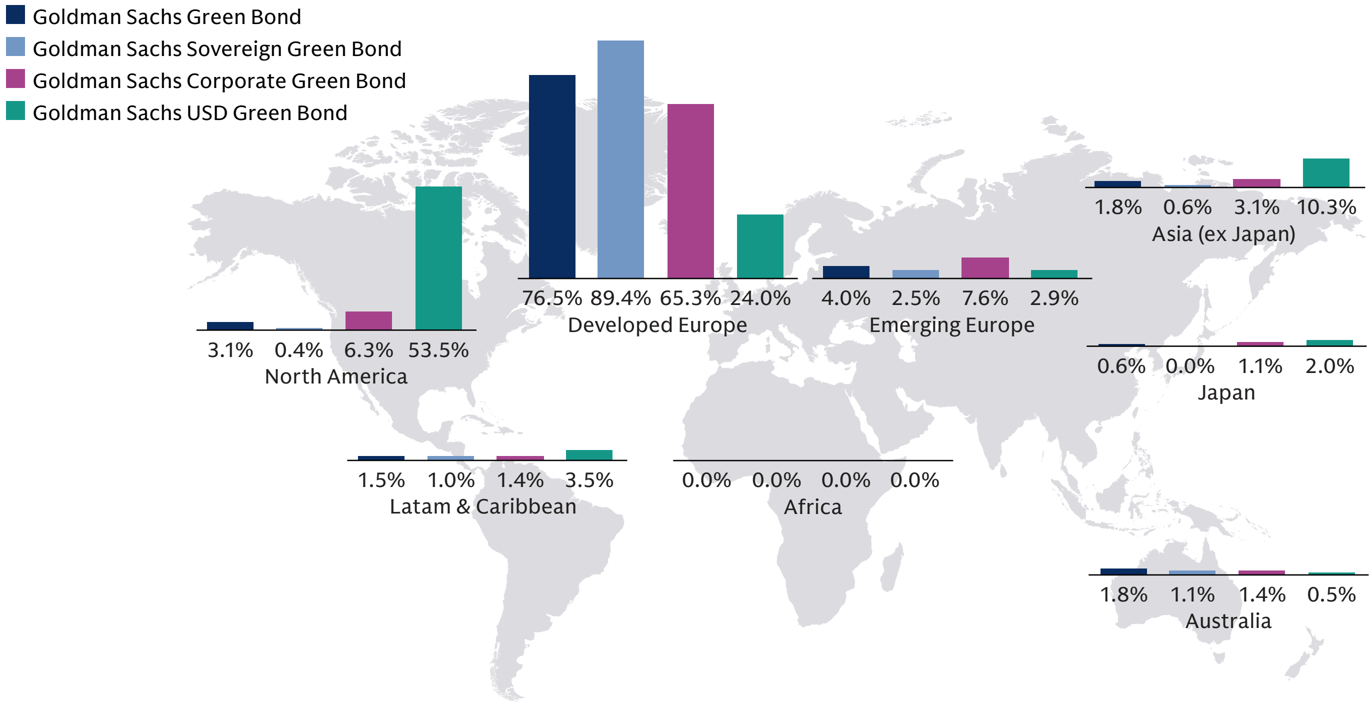
5 Portfolio coverage denotes the percentage of portfolio market value that has been allocated to projects that contribute to this metric and for which impact data are available.
6 Ibid.
7 Ibid.

# Green Bond Funds Overview

## Regional Allocation

Euro-denominated issuance continues to be the largest single currency of green bond issuance, accounting for 47% of global supply in 2025. The remainder of the market consists of bonds issued in Chinese renminbi (22.1%), US-dollar (10.4%), and Swedish krona (3.8%).[8] The importance of the green bond market for both corporate and sovereign issuers is reflected in the regional allocations of our funds.

**Regional Allocation of Our Green Bond Funds in 2025**



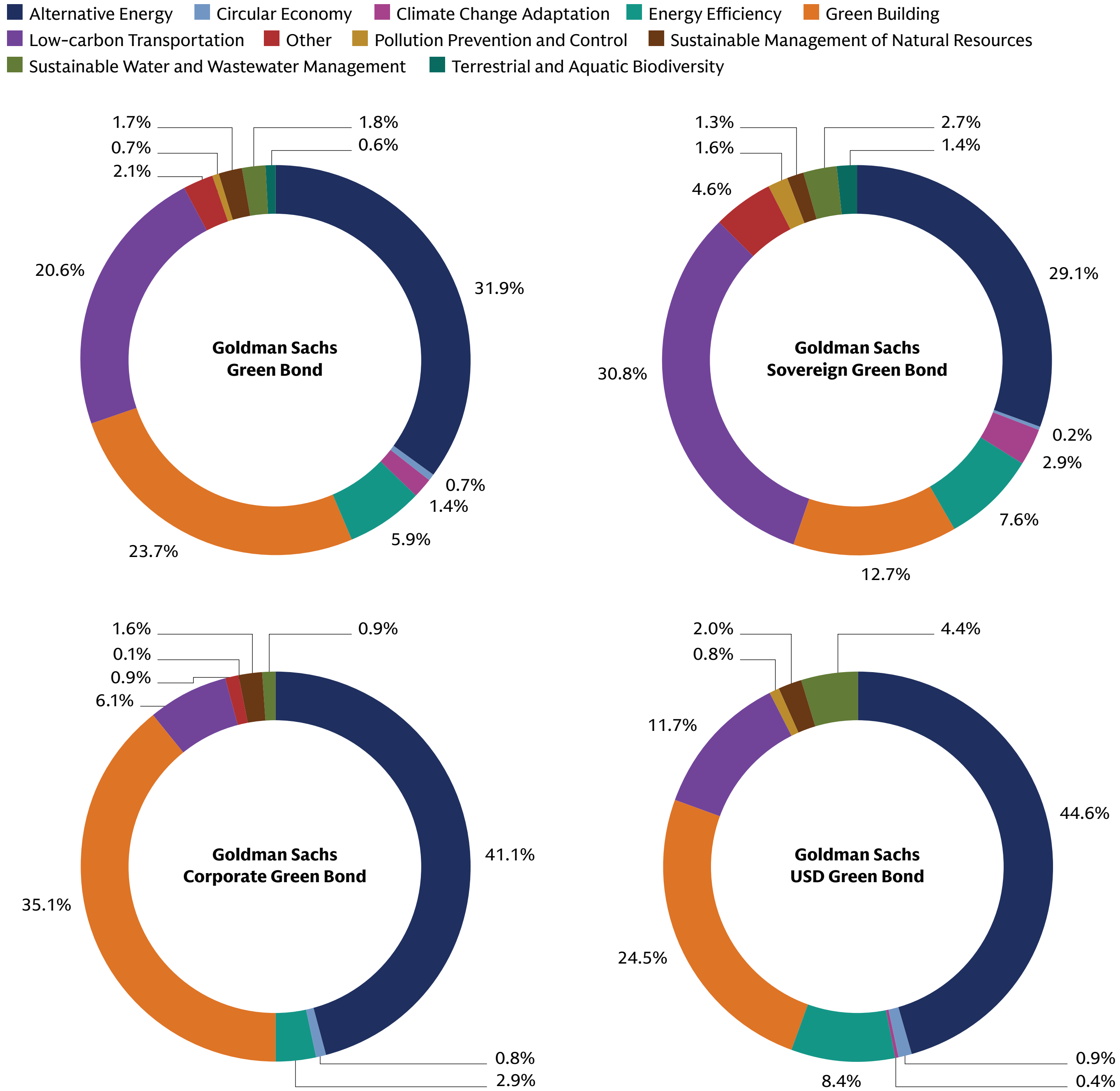

Source: Goldman Sachs Asset Management. As of December 31, 2025. Total is less than 100% because some new issuers have not yet published their allocation report. The allocation of the Goldman Sachs Green Bond Short Duration fund mirrors that of the Goldman Sachs Green Bond fund.

8 Goldman Sachs Asset Management, Bloomberg. As of December 31, 2025.

## Use of Proceeds Breakdown

Alternative energy, green buildings, and low-carbon transportation continue to represent the largest use of proceeds categories in the green bond market, though public and private issuers show differences in how they allocate their green bond financing. Governments and government-related entities tend to invest in infrastructure to electrify and modernize public transportation systems. As a result, low-carbon transportation accounted for 30.8% of the Goldman Sachs Sovereign Green Bond fund portfolio at the end of 2025, compared with 6.1% in the Goldman Sachs Corporate Green Bond fund.

### Use of Proceeds of Our Green Bond Funds in 2025



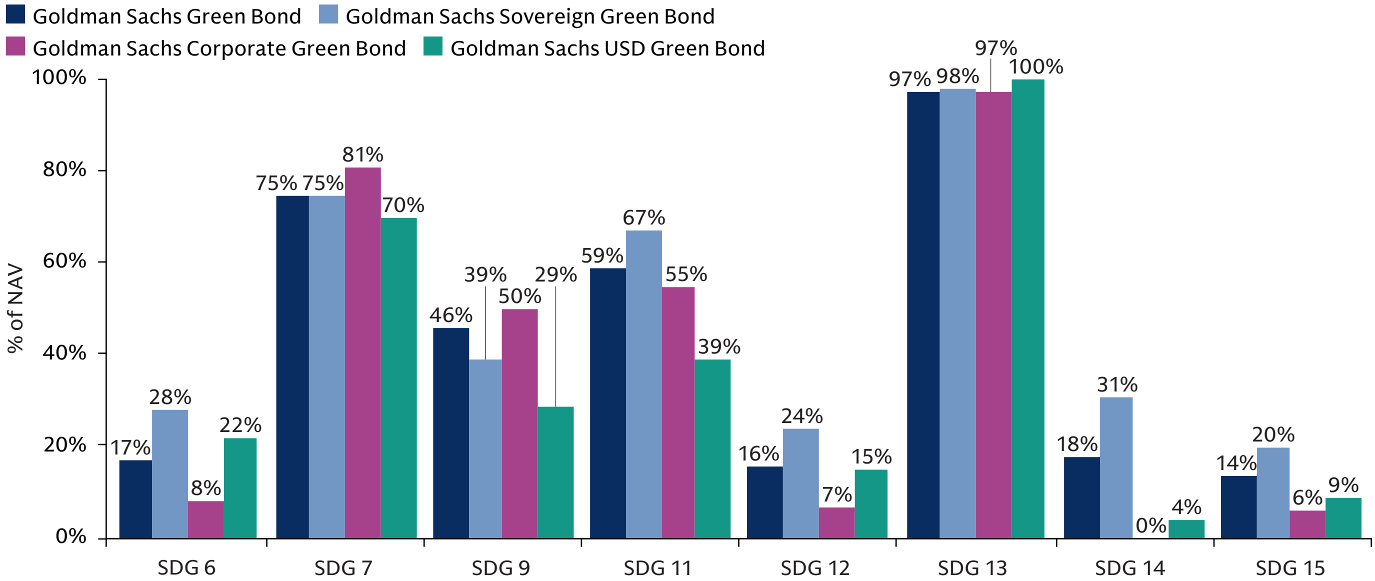

Source: Goldman Sachs Asset Management. As of December 31, 2025. Total is less than 100% because some new issuers have not yet published their allocation report. The allocation of the Goldman Sachs Green Bond Short Duration fund mirrors that of the Goldman Sachs Green Bond fund.

## Sustainable Development Goals Exposure

Our green bond funds focus on eight Sustainable Development Goals (SDGs)[9] that cover climate and environment-related objectives. We assess each bond's SDG contribution based on the specific projects financed and the direct outcomes associated with those activities. We do not count indirect SDG contributions.

The Goldman Sachs Green Bond fund, which invests in government as well as corporate bonds, and the Goldman Sachs Sovereign Green Bond fund contributed more substantially to SDG 14 (Life Below Water) and SDG 15 (Life on Land) last year than the other funds. Governments are more likely to own the rights to, and therefore use green bonds to finance, the sustainable management of natural resources through projects such as soil rehabilitation and biodiversity research and protection.

**SDG Exposure of Our Green Bond Funds in 2025**




Source: Goldman Sachs Asset Management. As of December 31, 2025. Portfolio positions can have exposure to multiple SDG themes. The allocation of the Goldman Sachs Green Bond Short Duration fund mirrors that of the Goldman Sachs Green Bond fund.

## EU Taxonomy Alignment

We have been tracking the taxonomy alignment of our portfolios since 2021. For increased accuracy, this has always been done in-house and at the use of proceeds level, not the revenue level of the issuer.

For reporting under the EU's Sustainable Finance Disclosure Regulation, only the activities financed by a bond that are fully aligned with the taxonomy can count toward the portfolio's alignment score. Based on this assessment, here are the alignment ratings of our green bond funds at the end of 2025:

| | Goldman Sachs Green Bond | Goldman Sachs Green Bond Short Duration | Goldman Sachs Corporate Green Bond | Goldman Sachs Sovereign Green Bond | Goldman Sachs USD Green Bond |
|---|---|---|---|---|---|
| EU Taxonomy Alignment | 32% | 29% | 29% | 34% | 26% |

Source: Goldman Sachs Asset Management. As of December 31, 2025. These metrics are at a point in time as of the date indicated and are subject to change over time.

9 The 17 Sustainable Development Goals are: SDG 1 No Poverty, SDG 2 Zero Hunger, SDG 3 Good Health and Well-being, SDG 4 Quality Education, SDG 5 Gender Equality, SDG 6 Clean Water and Sanitation, SDG 7 Affordable and Clean Energy, SDG 8 Decent Work and Economic Growth, SDG 9 Industry, Innovation, and Infrastructure, SDG 10 Reduced Inequalities, SDG 11 Sustainable Cities and Communities, SDG 12 Responsible Consumption and Production, SDG 13 Climate Action, SDG 14 Life Below Water, SDG 15 Life on Land, SDG 16 Peace, Justice, and Strong Institutions, SDG 17 Partnerships for the Goals.

# Brambles

INSIGHTS FROM ISSUERS

The world's largest supplier of reusable pallets, crates and containers, for the fast-moving consumer goods, fresh produce, beverage, retail, and general manufacturing industries.[10]

**Sam Allen,**
SVP, Group Treasurer at Brambles

**What is Brambles' rationale for green financing?**
We offer a rental service for reusable pallets, crates, and containers, enabling a share and reuse model that avoids single-use alternatives. Our circular model promotes sustainability by reducing demand on natural resources, while also improving operational efficiency for supply chain participants. Against this backdrop, issuing green financing instruments was a natural fit, allowing us to attract capital from investors focused on assets and expenditures in support of circular economy activities while supporting the expansion of our circular business model.

**What specific types of projects and assets are considered eligible for your green financing?**
We direct our green bond funding into our company's core asset base—reusable pallets, crates, and containers—to expand and maintain the pool of circular assets that displace single-use alternatives. Eligible assets extend beyond our reusable platforms to include sustainable raw material sourcing, such as timber sourced under one of the two most recognised international forestry management schemes, with funding also supporting materials for repair and maintenance, which is essential to extending asset life. Product innovations, such as the "double-wall block" that upcycles plastic waste and sawdust into durable pallet components, further contribute to Brambles' circular economy approach.

**How do you measure the impact of these projects?**
Impact is measured through independently reviewed, ISO-certified Life Cycle Analyses that compare reusable solutions with single-use alternatives, quantifying benefits such as $CO_2$ savings. These impacts are linked to the share of the asset base financed through green bonds in the company's allocation and impact reporting. Our long-term vision is to move toward regenerative supply networks with a focus on forest positive, climate positive, and waste positive outcomes.

10 This interview has been edited for brevity and clarity. The views and opinions expressed are those of the speaker as of January 16, 2026. They are presented here for informational purposes only, do not constitute any investment advice or recommendation by Goldman Sachs Asset Management, and may be subject to change. We have relied upon and assumed (without independent verification) the accuracy and completeness of such information and neither agree nor disagree with the content herein. Individual portfolio management teams for Goldman Sachs Asset Management may have views and opinions and/or make investment decisions that, in certain instances, may not always be consistent with the views and opinions expressed herein.

# Goldman Sachs Social Bond Strategy

The Goldman Sachs Social Bond fund was launched in June 2022. After the issuance of the first labeled social bond in 2015, the social bond market has grown to $781 billion.[11] Social bonds finance a wide range of projects with social benefits, such as affordable housing and expanded access to healthcare.

In assessing the expected impact of the fund, our primary focus is on the number of beneficiaries. Additionally, the impact tracking and aggregation methodology can be found in the Impact Bond Impact Calculation Methodology section.

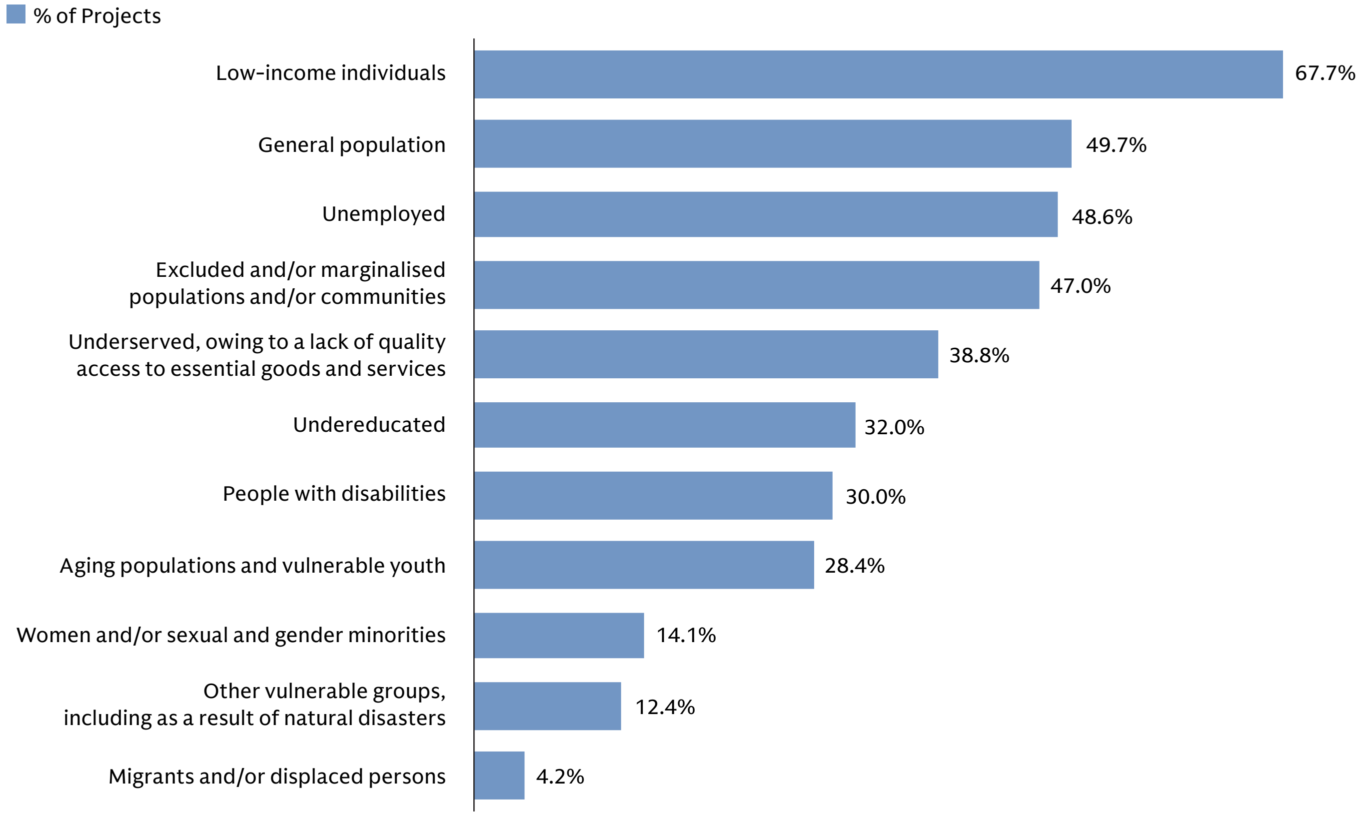
11 Bloomberg. As of December 31, 2025.

## Number of Beneficiaries

The number of beneficiaries is the most frequently reported social bond metric within issuers' post-issuance reporting. It can be reported through several of the Social Bond Principles' activities such as affordable basic infrastructure, essential services (health/education), affordable housing, and employment generation.

In 2025, through the bonds held by the Goldman Sachs Social Bond fund we expect a total of 77,982 beneficiaries from the projects financed. The most common target population for the social bonds in our portfolio was low-income individuals, targeted by around **68%** of the social bonds.

### Target Populations of Social Bonds Held in Our Portfolio

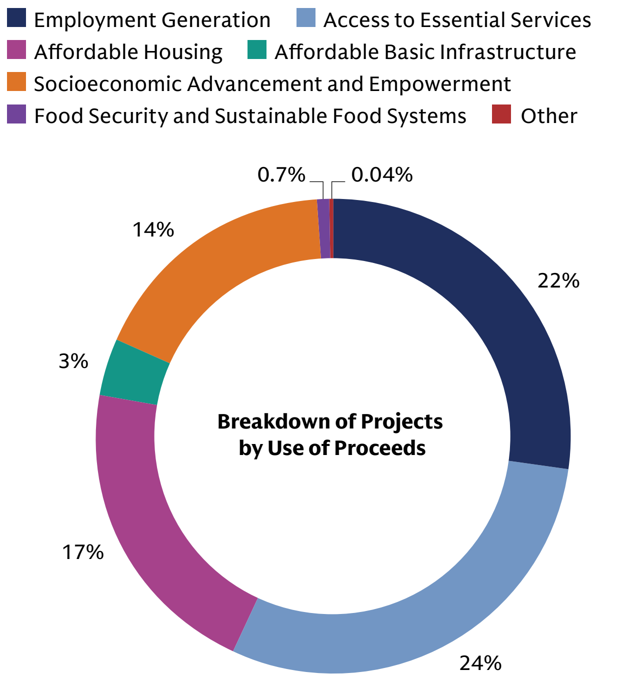


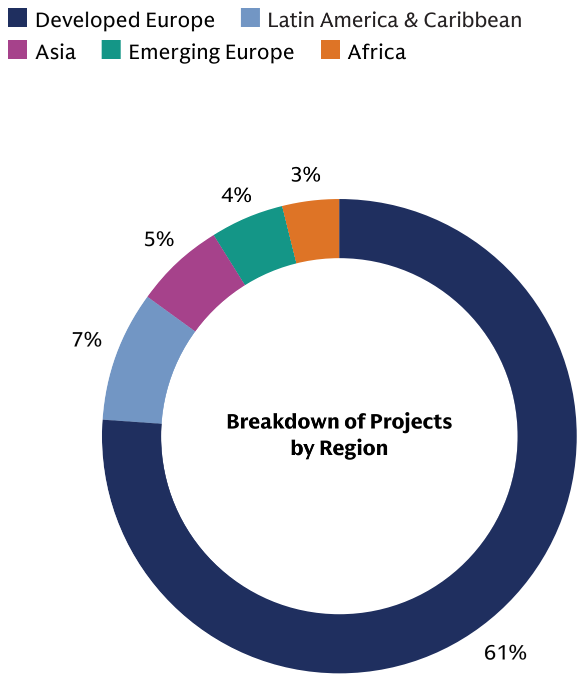

Source: Goldman Sachs Asset Management, Data Provided by Issuers. As of December 31, 2025. These metrics are at a point in time as of the date indicated and are subject to change over time. Portfolio positions can have multiple target populations.

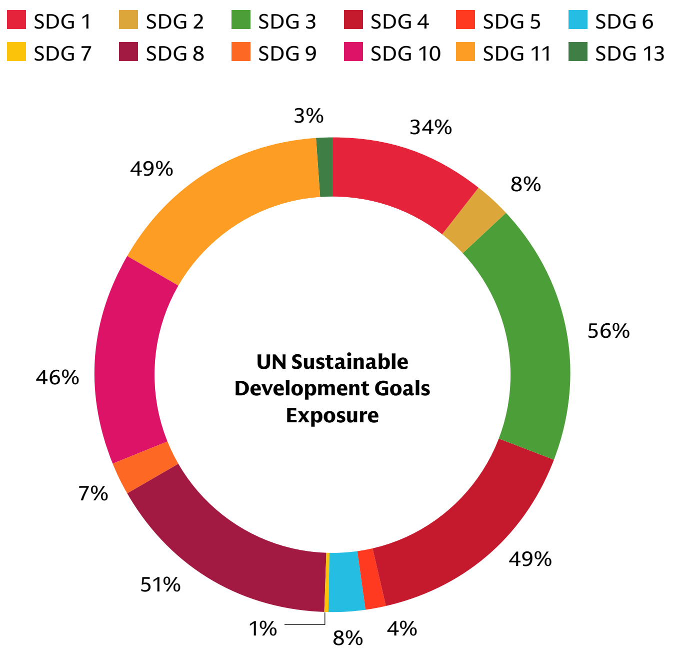
## Social Bond Fund Overview

As of end of 2025, access to essential services, employment generation, and affordable housing received the largest allocation in the fund. These projects contribute to SDG 3 (Good Health and Well-being), SDG 8 (Decent Work and Economic Growth), SDG 11 (Sustainable Cities and Communities), and SDG 4 (Quality Education) in particular.

European issuers—and euro-denominated bonds—continue to play a leading role in the social bond market. Euro-denominated bonds account for about 54% of the social bond market.[12]




Source: Goldman Sachs Asset Management. Data as of December 31, 2025. Issuers typically do not issue an allocation and impact report until one year after the date of issuance. As a result, we usually do not have allocation or regional data for recently issued social bonds. This explains why these numbers in the charts above do not add up to 100. Portfolio positions can have exposure to multiple SDG themes.

12 Goldman Sachs Asset Management, Bloomberg. As of December 31, 2025.

# Bpifrance

INSIGHTS FROM ISSUERS

French public sector investment bank.[13]

**Jean-Baptiste Giacomuzzo,**
Responsible of the Sustainable Debt Structuring team at Bpifrance

**What is the focus of Bpifrance's social bond program, and how did investor input help shape Bpifrance's new Framework?**
Our social bond framework encompasses 11 distinct categories, but with a primary focus on supporting Micro, Small, and Medium Enterprises (MSMEs). When providing finance to MSMEs, we also consider areas where it is needed economically (e.g., lack of employment, poverty, ...), and entities with ecological or energy solutions. MSME financing contributes to both social and environmental benefits. That is why we also added "Just Transition" to the social bond framework. Bpifrance's loan book already had eligible loans under "Just Transition", so it was a natural fit. Investors' input is considered crucial for improving the framework and impact analysis. Bpifrance has a "reverse engagement" approach, actively asking key environmental, social, and governance (ESG) investors what they want to see in the framework, allocation, and impact reporting. Before the implementation of the "Just Transition" category, we have consulted with many ESG investors to get their input on the topic. Following our investor engagement efforts, we were also able to create a clear definition of MSME financing and increased transparency on the impact calculation methodology.

**What impact do you aim to achieve with your social bonds, and how do you collect the relevant data?**
Our broader goal is to highlight Bpifrance's unique public mission and positive banking impact. We focus on tracking the number of jobs created or supported by financed companies in the social bond program, demonstrating the geographical impact by showing how many and where MSMEs are financed across all French territories, measuring innovation through the number of patents, and monitoring the number and type of companies financed. Our data collection is a continuous effort, combining both automated processes and manual checks. The data source comes from both French government databases and external providers. We also aim to improve the data collection process every year.

13 This interview has been edited for brevity and clarity. The views and opinions expressed are those of the speaker as of January 19, 2026. They are presented here for informational purposes only, do not constitute any investment advice or recommendation by Goldman Sachs Asset Management, and may be subject to change. We have relied upon and assumed (without independent verification) the accuracy and completeness of such information and neither agree nor disagree with the content herein. Individual portfolio management teams for Goldman Sachs Asset Management may have views and opinions and/or make investment decisions that, in certain instances, may not always be consistent with the views and opinions expressed herein.

# Goldman Sachs Impact Bond Strategy

The Goldman Sachs Global Impact Corporate Bond fund was launched in March 2023. It invests primarily in a mix of green, social, and sustainability bonds. Sustainability bonds finance both green and social projects. The sustainability bond market stands at $1.17 trillion, larger than the social bond market at $781 billion and about one-third the size of the $3 trillion green bond market.[14]

In assessing the expected impact of the Goldman Sachs Global Impact Corporate Bond fund, we track the same environmental and social impact metrics used for our green and social bond funds. The impact tracking and aggregation methodology can be found in the Impact Bond Impact Calculation Methodology section.

14 Bloomberg. As of December 31, 2025.

## Environmental and Social Impact

We expect 548 beneficiaries from social projects financed through the bonds held by the fund. From the green and sustainability projects financed through the bonds held by the fund the following impact is expected:

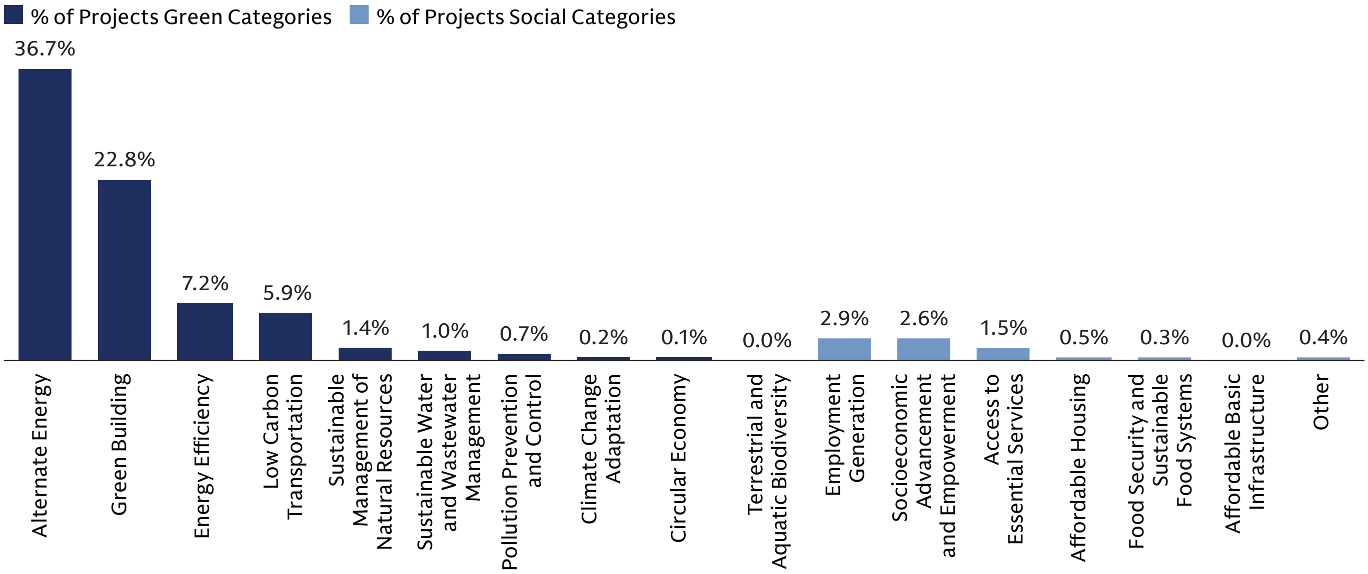
| | Annual GHG Emissions Avoided (metric tons of $CO_2e$) | Renewable Energy Capacity Added (MW) | Annual Renewable Energy Generation Output (GWh) | Annual Energy Saving (MWh) |
|---|---|---|---|---|
| Portfolio Total | 2,452 | 2 | 5.18 | 105 |
| Per €1 million Invested | 106 | n.a. | 0.224 | 4.5 |
| Portfolio coverage[15] | **35.2%** | **18.6%** | **15.3%** | **10.2%** |

Source: Goldman Sachs Asset Management, Data Provided by Issuers. As of December 31, 2025. These metrics are at a point in time as of the date indicated and are subject to change over time.

## Global Impact Corporate Bond Fund Overview

As of the end of 2025, 90% of the fund's assets with available allocation reporting are invested in green projects, while around 10% are invested in social projects, reflecting the broader market composition in which green bonds remain the dominant use of proceeds instrument. This has resulted in SDG contributions that largely mirror those of our green bond portfolios, with the majority of proceeds supporting SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action). European issuers and euro-denominated bonds continue to play a leading role in the global labeled bond market, and consequently 53.5% of the fund's proceeds are allocated to developed or emerging Europe.

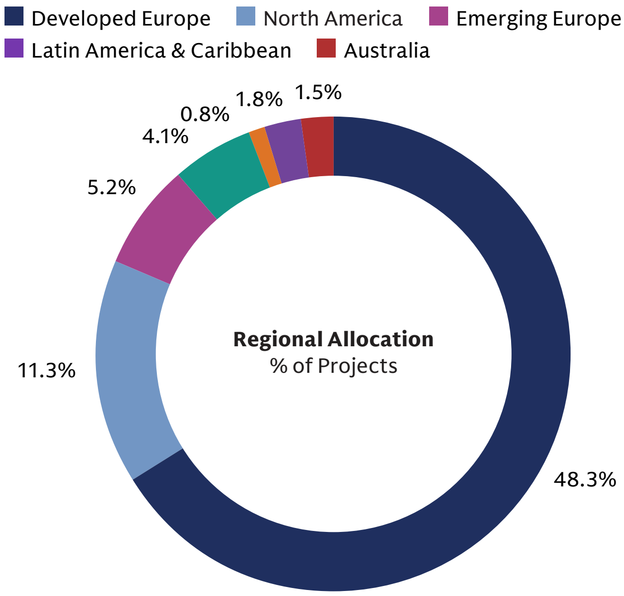
### Use of Proceeds Allocation

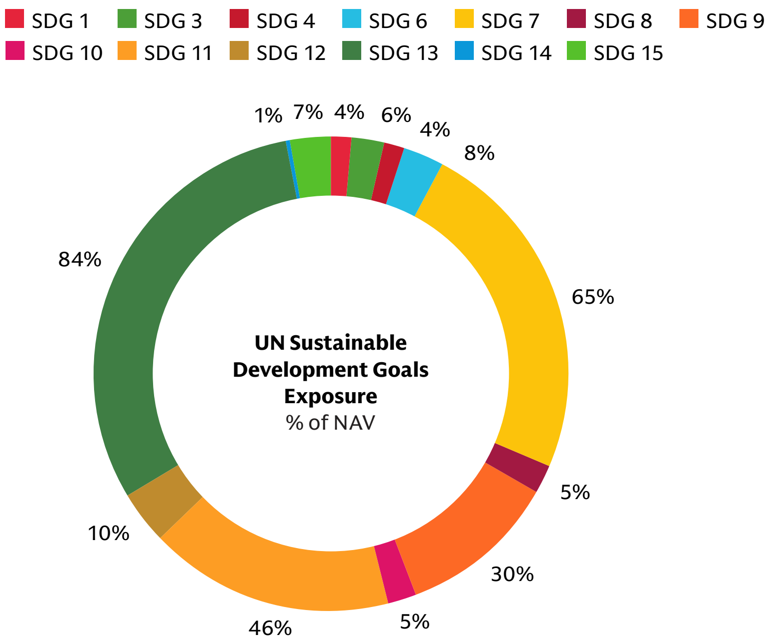



Source: Goldman Sachs Asset Management. Data as of December 31, 2025. These metrics are at a point in time as of the date indicated and are subject to change over time. Issuers typically do not issue an allocation and impact report until one year after the date of issuance. As a result, we usually do not have allocation or regional data for recently issued social bonds. This explains why these numbers in the charts above do not add up to 100.

15 Portfolio coverage denotes the percentage of portfolio market value that has been allocated to projects that contribute to this metric and for which impact data are available.

Issuers typically do not issue an allocation and impact report until one year after the date of issuance. As a result, we usually do not have allocation or regional data for recently issued social bonds. This explains why these numbers in the charts below do not add up to 100.




Portfolio positions can have exposure to multiple SDG themes.

# Impact Foundations: Market Tracking, Engagement and Methodology

# Tracking The Market

## Impact Bond Database

Goldman Sachs Asset Management's proprietary Impact Bond Database expanded its coverage alongside the launch of the Goldman Sachs Biodiversity Bond fund in 2025. By the end of 2025, it tracked **3,522** green, social, and sustainability bonds and **130** conventional bonds with positive exposure to biodiversity themes. Of the tracked green, social, and sustainability bonds, **84** also received a positive biodiversity impact assessment.

The Sustainable and Impact Fixed Income team documents the assessment process, as well as project allocation and impact reporting, directly in the database. This comprehensive information is essential to our green and social bond strategies, supporting portfolio management, bond selection, and impact reporting.

We add bonds to the database at issuance and track them through the full life of the bond, regardless of whether we ultimately invest. As a result, the database contains bonds that we label as non-green, non-social, and non-sustainability. This allows us to have a more complete overview of the market.

Based on our assessments captured in the database, the current rejection rates for our green, social, and impact bond portfolios, measured against the assessed bonds in the reference indexes, are listed below:

| | **Goldman Sachs Green Bond** | **Goldman Sachs Corporate Green Bond** | **Goldman Sachs Sovereign Green Bond** | **Goldman Sachs USD Green Bond** | **Goldman Sachs Social Bond** | **Goldman Sachs Global Impact Corporate Bond** |
|---|---|---|---|---|---|---|
| Benchmark | Bloomberg MSCI Euro Green Bond (NR) 10% Capped Index | Bloomberg Euro Green Corporate Bond 5% Issuer Capped | Bloomberg MSCI Euro Green Bond Treasury and Government-Related 10% Capped Index | Bloomberg MSCI USD Green Bond Index | iBoxx EUR Investment Grade Social Bonds (10% Issuer Cap) Index | iBoxx Global Green, Social & Sustainability Bonds Corporate 100% EUR Hedged |
| Rejection Rate[16] | 16.7% | 20.2% | 12.6% | 59.9% | 15.3% | 39.3% |

Source: Goldman Sachs Asset Management. As of December 31, 2025. This metric is at a point in time and is subject to change.

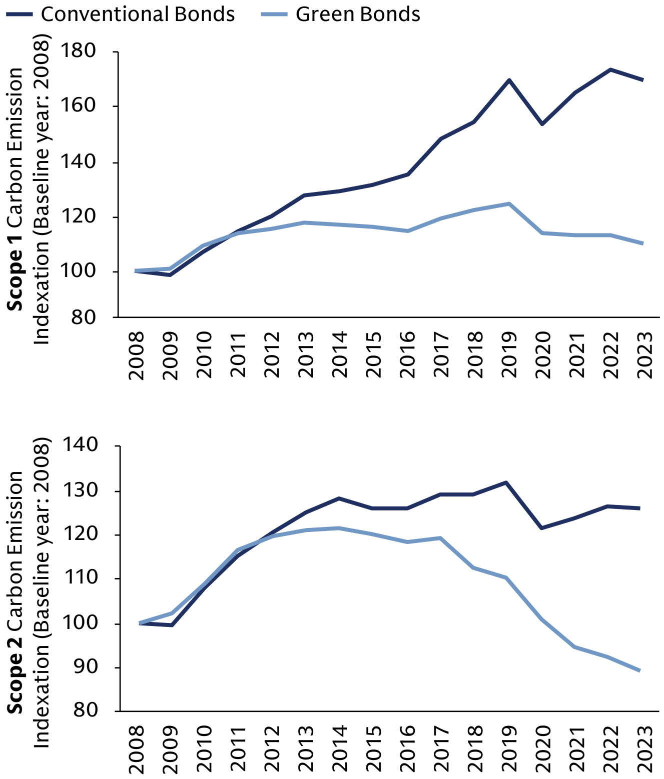
16 Rejection rate is the percentage of bonds that fails our proprietary Green, Social, and Sustainability Bond Assessment Methodology, measured against the assessed bonds in the reference index.

## Green Bond, Climate Ambition and Climate Performance

In our previous impact report, we explored the climate ambition of green bond issuers, showing positive results for higher green bond issuance versus conventional bond issuance. We also see similar results in 2025, with 39% of green bond issuers within the Bloomberg Global Aggregate Corporate Total Return Index having SBTi-approved targets, compared to 27% of conventional bond issuers within the same index.[17]

Further analysis of Scope 1 and 2 GHG emissions indicates that green bond issuers also exhibit a better emissions profile compared to conventional bond issuers. The charts below illustrate the evolution of scope 1 and 2 emissions for green bond issuers and pure conventional bond issuers within the Bloomberg Global Aggregate Corporate Total Return Index, using 2008 as the baseline year.

**Absolute Scope 1 and Scope 2 Carbon Emissions**




Absolute Scope 1 and 2 carbon emissions are calculated by averaging the indexed carbon emissions of green bond issuers and pure conventional bond issuers within the Bloomberg Global Aggregate Corporate Total Return Index as of October 31, 2025. The top and bottom 10% of the universe have been excluded in each year to avoid outliers in the average calculation. Only issuers with carbon emissions data available since 2008 are included in the analysis. Indexation is applied by setting 2008 emissions equal to 100.

Source: Bloomberg, MSCI, Goldman Sachs Asset Management.

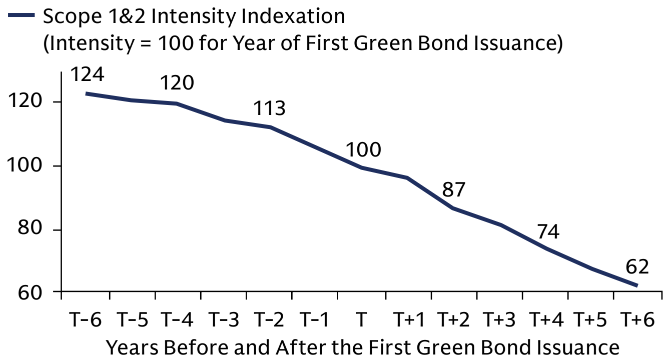
## Green Bonds and Climate Performance – Correlation or Causation?

The next question to explore is whether there is a correlation between green bond issuers and reduced greenhouse gas emissions, or if the green bond issuance itself is causing the issuer to reduce their greenhouse gas emissions.

Using the Bloomberg Global Aggregate Corporate Total Return Index[18] as the starting research universe, we explored issuers' carbon emissions after that issuer first taps the green bond market.

The graph below shows that the scope 1 and 2 intensity for green bond issuers has been decreasing both 6 years ahead of their first green bond issuance and 6 years after the issuance. However, the pace is faster for the post-issuance period, with a 7.7% decrease of scope 1 and 2 intensity annually compared to 3.5% at the pre-issuance stage.

**Carbon Emission Intensity Following Issuer's First Green Bond Issuance**




T represents the year of issuer's first green bond issuance. Each issuer's scope 1 &2 intensity has been indexed by setting the emissions from year of first green bond issuance as 100. Green bond issuers are grouped by year of their first green bond issuance and, within each cohort, the top and bottom 10% of issuers based on the indexed scope 1&2 intensity have been excluded to remove outliers. The average indexed emissions intensities for the year of green bond issuance and years before and after green bond issuance are then calculated across all groups to observe how emissions evolve around the time an issuer enters the green bond market.

Source: Bloomberg, MSCI, Goldman Sachs Asset Management.

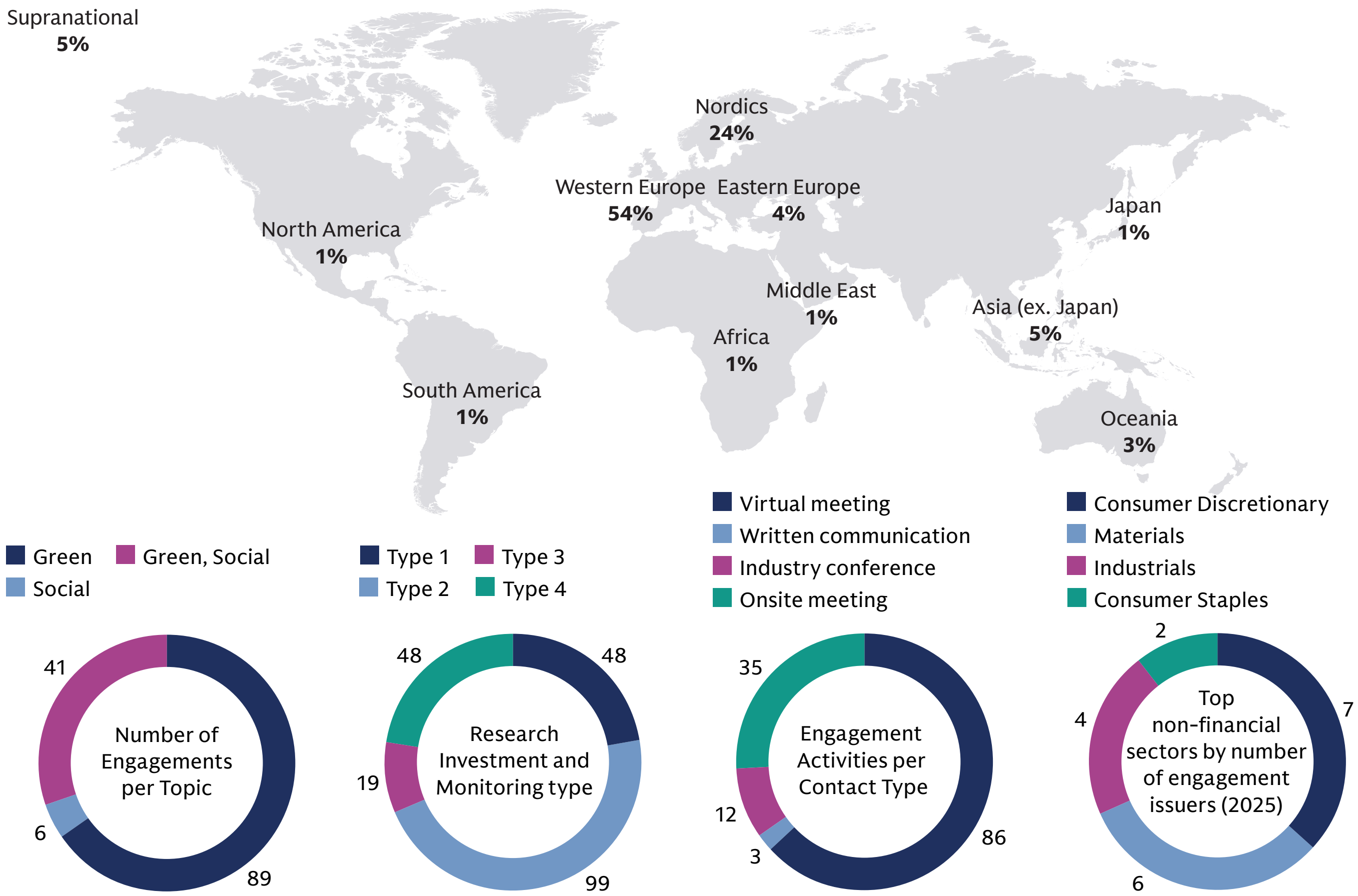
A regression analysis indicated that the first green bond issuance is associated with a significant reduction of green bond issuers' Scope 1 and 2 emissions intensity in the following years after the issuer's initial tap of the green bond market. This was especially prominent starting from the 2nd year after the first green bond issuance. This gives the impression that while green bond issuers may be already more inclined towards reducing greenhouse gas emissions prior to issuance, the green bond issuance itself may also play a role in helping to reduce issuers' emissions further.

17 Bloomberg. MSCI. Goldman Sachs Asset Management. Bloomberg Global Aggregate Corporate Total Return Index composition as of October 31, 2025.
18 Bloomberg Global Aggregate Corporate Total Return Index composition as of October 31, 2025.

# Engaging With Issuers

In 2025, our investment research and monitoring continued to focus on four core areas[19], including pre-issuance investment research, post-issuance investment research, thematic topics, and areas of limited issuance. We engaged with **136** green, social, and impact bond issuers across multiple regions. A majority of these issuers are based in Europe (82%). Similar to 2024, Financials and Sovereigns accounted for over 60% of our total communications. We had greater numbers of engagement from Consumer Discretionary, Materials, Industrials, and Consumer Staples issuers, reflecting the growing ESG relevance of these sectors and their role in the transition to a more sustainable economy.[20]

**Global Engagement Overview: Topics, Methods, Regional Focus, and Key Non-Financial Sectors Engaged in 2025**




Source: Goldman Sachs Asset Management, as of December 31, 2025. Type 1: Pre-issuance investment research. Type 2: Post-issuance investment research. Type 3: Regions and sectors with limited historical issuance of labeled bonds. Type 4: Investment research on specific topics.

19 For a detailed overview of the four types of engagement, please refer to the 2024 Impact Report Goldman Sachs Green, Social, and Impact Bond Funds.

20 Consumer discretionary includes sectors such as retail, automotive and leisure; material covers basic materials and construction inputs; industrials include capital goods and transportation; and consumer staples refer to producers of essential consumer goods such as food.

## Insights from Our 2025 Engagements

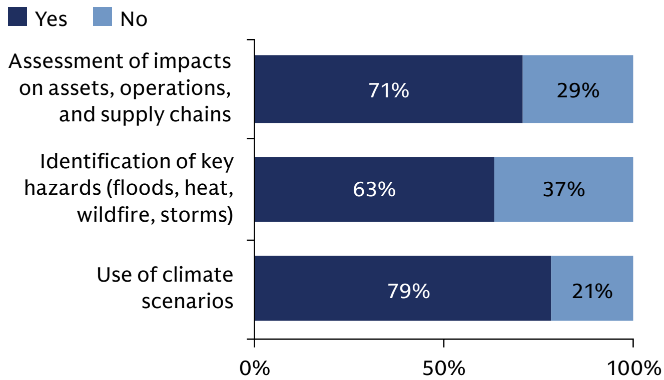
In 2025, there was a stronger engagement focus on physical climate risk and defense spending related exposures in the banking sector, reflecting the evolving materiality of these issues for issuers and investors alike.

### Physical Climate Risk

Physical climate risks are already resulting in material economic and financial losses and are expected to intensify as global temperatures continue to rise.[21] In response, financial authorities and investor groups have strengthened guidance and expectations on the identification, assessment, and integration of physical climate risk into financial decision making.[22] The development of the Climate Resilience Taxonomy[23] represents an important step in improving clarity around investments that support climate adaptation and resilience. Our physical climate risk engagement focused on 38 issuers, across Banking, Insurance, REITs, Utilities, Industry and Consumer cyclical sectors.

**Identifying and assessing physical climate risks**

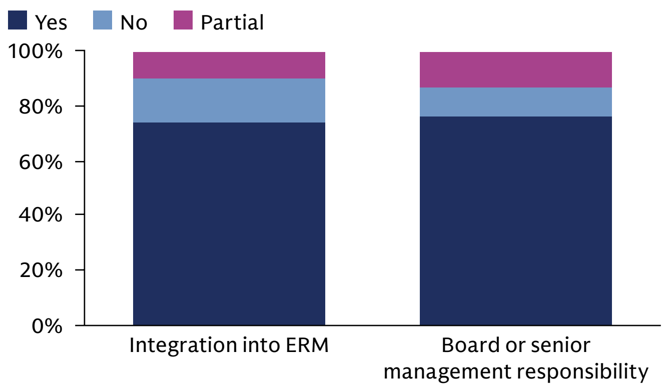
- Around two thirds identify key hazards, with flooding the most commonly cited risk.
- Banks and insurers typically assess the impacts on physical climate risk for their investment portfolios, while companies focus on asset-level impacts, while coverage of full asset bases and supply chain risks remains limited.
- 79% of issuers use climate scenarios to assess physical climate risk, primarily relying on IPCC pathways with some also referencing NGFS and IEA scenarios.[24]




Source: Goldman Sachs Asset Management, as of December 31, 2025.

**Issuers' physical climate risk governance & risk management integration**

- More than three quarters of issuers reported that physical climate risk is integrated into their Enterprise Risk Management (ERM) frameworks and overseen at senior management or board level.
- Where integration is described as partial, issuers generally reference sustainability risks within ERM but provide limited detail on specific treatment of physical climate risk.

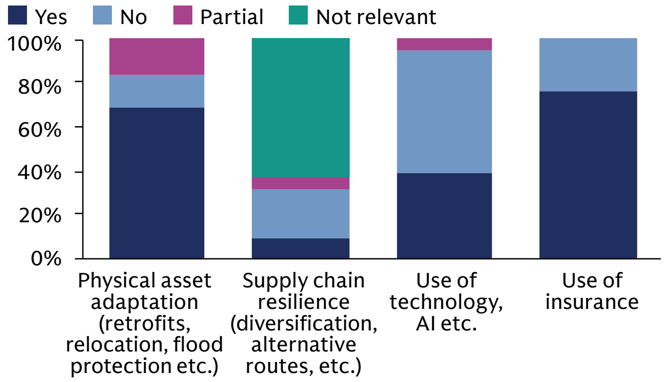



Source: Goldman Sachs Asset Management, as of December 31, 2025.

21 IPCC Sixth Assessment Report, 2022.
22 European Systemic Risk Board, Climate-related risk and financial stability, July, 2021.
23 Climate Bond Initiative, Criteria for Certification against the Climate Bonds Resilience Taxonomy, August, 2025.
24 The most frequently used scenarios include IPCC SSP1-2.6 and RCP scenarios spanning 2.6, 4.5, 6.0, 8.5. From NGFS specifically the Orderly, Disorderly and Hot house world pathways. From IEA, the Net Zero 1.5C scenario and for specific sectors, CREEM (v2.01) scenarios.

**Physical climate risk adaptation and resilience considerations**

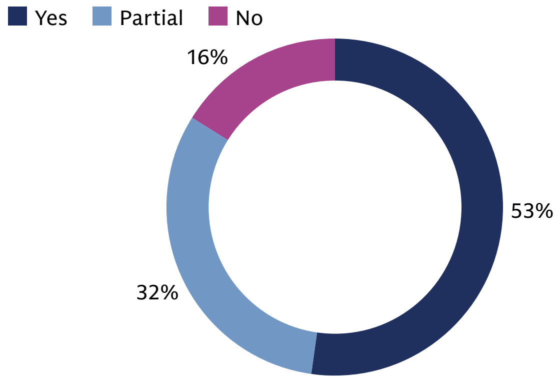
- Around 70% of issuers reported some form of physical asset adaptation, mainly focused on asset level measures such as retrofits at exposed sites or for banks and insurance companies, on real estate portfolios.
- Supply-chain resilience remains limited, with most issuers prioritizing their own assets and operations.
- The use of technology tools is still nascent and concentrated in banking portfolios, while insurance remains the most common adaptation measure, used by over three quarters of issuers.




Source: From engagement with the issuers and information compiled by Goldman Sachs Asset Management, as of December 31, 2025.

**Physical climate risk and adaptation future planning for the next two years**

- The majority of issuers indicated that they expect to expand their considerations of physical climate risk over the short term, recognizing its increasing relevance.
- A further 32% of issuers were less specific, noting plans to broaden climate-related considerations more generally.




Source: From engagement with the banks and information compiled by Goldman Sachs Asset Management, as of December 31, 2025.

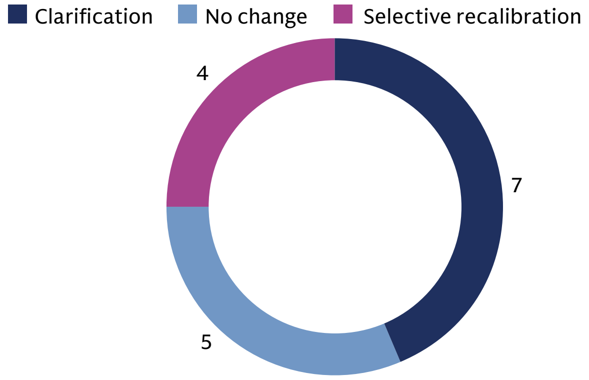
## Defense Financing in the European Banking Sector

In response to shifting geopolitical and economic realities, the market has increasingly considered the possibility of the use of proceeds instruments for financing the defense sector. We have engaged with 16 European banks, all of which have a publicly available defense financing policy, either as a standalone document or embedded within a broader sectoral or ESG risk framework. The vast majority of banks have policies that include explicit exclusions, control measures, and governance arrangements. Across the sample, defense policies generally apply group-wide and cover most banking activities, including lending, financing, capital markets, and in several cases, proprietary investments.

### Policy updates and direction of change

Out of the 16 banks:

- 11 banks updated their defense financing policies in 2025.
- Most of the updates did not reflect a change in underlying risk appetite, but rather aimed to make policies more detailed, explicit, and operational.
- Four banks introduced more permissive elements, primarily related to conventional and nuclear-related activities or dual use technologies, typically under strict geographic, regulatory, and governance conditions.




Source: From engagement with the banks and information compiled by Goldman Sachs Asset Management, as of December 31, 2025.

### Exposure and outlook

None of the banks disclose their financial exposure to defense related activities

**Banks consistently cited:**

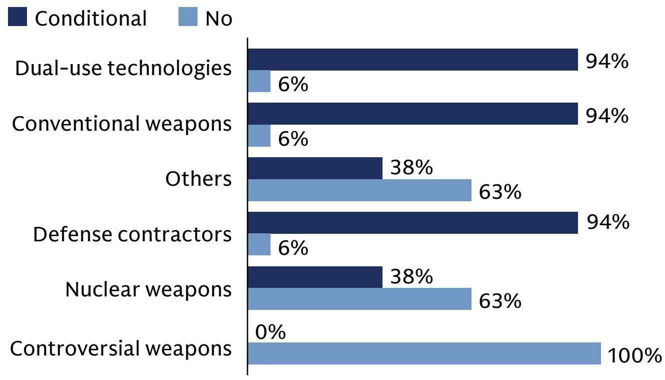
- Challenges in defining the defense sector.
- The diversified nature of defense-related activities.
- The fact that current exposure is very limited, generally described as below 1% of their financing/lending activities.

**Looking forward:**

- Half of the banks expect no material change in future exposure, citing reputational considerations and the nature of their business models.
- The other half anticipates some potential increase in exposure, mostly described as slight.
- Drivers mentioned include geopolitical developments, client support needs, and the perceived role of banks as responsible corporate actors.

### Permissibility of defense-related activities under bank policies

- All 16 banks exclude controversial weapons.
- Conventional weapons, dual use technologies, and defense contractors are treated similarly, with conditional financing permitted by most of the banks.
- Nuclear weapon-related activities are conditionally permitted by six banks, typically limited to NATO-aligned contexts, while other defense-related activities are generally assessed case by case, based on applicable laws, sanctions regimes, and banks' due diligence processes.



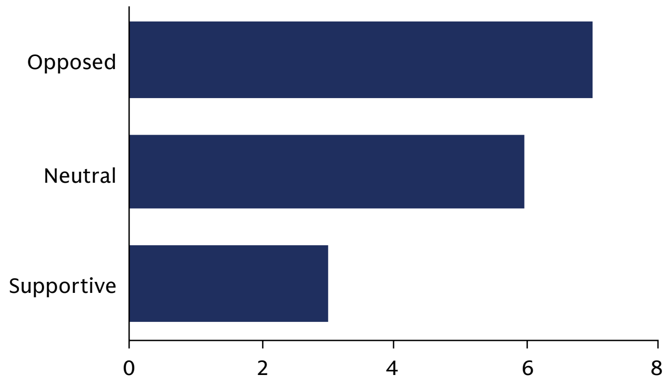

Source: From engagement with the banks and information compiled by Goldman Sachs Asset Management, as of December 31, 2025.

**Due diligence and governance practices**

| | |
|---|---|
| **Human rights risk assessment**<br>**Sanctions & embargo screening**<br>**End user verification**<br>**Export-control & licensing checks** | All banks indicated that defense related activities are subject to enhanced due diligence including:<br>• Human rights assessment, often referring to international standards such as OECD guidelines.<br>• Sanctions and embargo screening.<br>• End-user verification and export-control / licensing checks. |
| **Monitoring & reviewing mechanisms**<br>**Escalation & Governance framework** | Most banks described the use of ongoing monitoring review processes, typically led by responsible analysts or dedicated risk teams. While the level of operational detail and granularity varies, all banks confirmed the existence of formal escalation mechanisms with established governance framework, usually overseen by dedicated committees. |
| **Use of external expertise/data providers** | Regarding data and tools, most banks rely primarily on internal processes and publicly available sources, including databases such as the Heidelberg Conflict Barometer and the BICC database.<br>Only two banks reported having further reinforced their due diligence practices in 2025 using external technological systems. |

**Banks' views on the relationship between defense financing and ESG**

- Seven banks stated they do not consider defense financing as compatible with ESG.
- Six banks described a neutral, risk-based approach.
- Three banks indicated that, under specific conditions and safeguards defense can be considered relevant to ESG, particularly from a social and security perspective.




Source: From engagement with the banks and information compiled by Goldman Sachs Asset Management, as of December 31, 2025.

# Impact Bond Impact Calculation Methodology

It has become standard practice in the green, social, and sustainability bond markets for issuers to report on allocation and impact, following the recommendations in the Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines.[25] Reporting is also a key element of the European Green Bond Standard, which is intended to provide issuers with a tool to show they are funding green projects aligned with the EU's taxonomy of environmentally sustainable economic activities.

While some attempts have been made to standardize use of proceeds reporting, practices still differ widely across industries and regions, especially in calculation methodology. In their regular post-issuance tracking of issuers' allocation and impact report, the analysts in our Sustainable and Impact Fixed Income team examine the methodology used in metrics reporting, including their underlying assumptions and baselines, and engage where necessary to help issuers improve the level of transparency and produce more harmonized reporting.

Our impact metric calculation is based on the data we have assessed and collected in our impact bond database. When tracking bonds, we follow a methodology that allows us to harmonize the diverse allocation and impact figures reported by issuers and report in a transparent way on the projects we help finance via the bonds we hold.

## Impact Metrics Collection

The annual allocation and impact report is usually published one year after a green or social bond is issued. We analyze the report based on our Impact Reporting Requirements, Recommendation and Aggregation Methodology, and follow up with the issuer if the reporting does not follow best practice or key information is missing.

Use of proceeds and regional allocation are usually reported clearly by issuers, and the information can be used without further adjustments. Exceptions to this are when issuers report using their own self-defined categories. In this case, we assess the projects being financed and assign them to the corresponding categories in the Green Bond Principles or Social Bond Principles.

Issuers have different views on how projects contribute to the SDGs. Some report conservatively, while others include both direct and indirect contributions, such as the social co-benefits generated by green projects. In our database, we record only direct contribution when documenting bond-level SDG contributions.

Impact is the reporting area with the most varied assessment and reporting methodologies. In terms of reporting scope alone, there can be three methodologies. Ranked from the most general to the most specific, these are reporting based on:

1) the total green or social asset pool at company level;
2) the aggregate green, social or sustainability bond financing;
3) on each individual project financed by a green, social or sustainability bond.

As a result, we usually prorate any impact figures that are not based on specific financing. We then apply a standardized calculation of impact intensity and cost efficiency, which is defined as the impact figures per €1 million invested. The expected impact attributable to the bond is then calculated using impact intensity/cost efficiency and the size of the issue.

In cases where impact calculation methodologies, baselines, or assumptions are not available in the report, analysts will reach out to the issuer to request the missing information and check if they are aligned with the local market where the projects are located. Key information missing on impact proration and methodologies might make it difficult for analysts to consider the reporting in the impact metrics collection process. If a green or social bond's proceeds are not fully allocated in the first year, the issuer will usually update the allocation and impact report annually until that happens. Our database notifies the investment team on the issue anniversary of each bond we track, so our analysts can check and update the allocation and impact figures.

25 "Green Bond Principles: Voluntary Process Guidelines for Issuing Green Bonds," ICMA. As of June 2021. "Social Bond Principles: Voluntary Process Guidelines for Issuing Social Bonds," ICMA. As of June 2023. "Sustainability Bond Guidelines," ICMA. As of June 2021.

## Impact Reporting Engagement

It is important that use of proceeds bond issuers are able to report their generated impact in a way that allows investors' comparison and aggregation at least within the same industry or project type. Industry guidelines have been helpful in that regard and the analysts within the Sustainable and Impact Fixed Income team have also been contacted by issuers to share suggestions on how they could better present their report so that the report and metrics could be most useful for the audience.

Some suggestions that the analysts always mention in the feedback include using commonly adopted metrics recommended by industry guidelines so that it is possible for investors to aggregate for portfolio-level reporting. We also recommend that issuers do not claim one-off impact (e.g. installed renewable energy capacity) for projects that are being refinanced, thus minimizing the possibility of double counting across the industry. It is also helpful when issuers specify if impacts are reported ex-ante or ex-post, which helps clarify whether they have already been realized or are yet to be achieved.

These engagements will not affect the analyst's impact metrics collection process. They are rather the summary and thoughts from the analysts along with the discussion with the market participants with the intention of improving the level of harmonization for the impact reporting.

## Portfolio Impact Aggregation

To aggregate bond information at the portfolio level, we use the portfolio level share of allocation and impact per bond. This is calculated as the percentage of a bond's total issuance held by the fund. In this report, we use the portfolio holdings on December 31, 2025, for this calculation. The aggregated fund level use of proceeds, regional allocation, SDG contribution, and impact metrics can then be derived by adding up the portfolio-level share of weighted bond allocations, SDG contributions, and impacts.

In order to facilitate the coordination of the impact reporting across different investors, we tend to not include impact generated by certain enabling activities and certain OPEX in our portfolio level impact aggregation. For example, in the case of transmission and distribution of electricity project, the greenhouse gas emissions avoided from the electricity being transmitted will not be counted in our portfolio level impact aggregation. We deem the impact is attributable to the electricity generation project. Yet if the greenhouse gas emissions saving is derived from the grid loss reduction, the impact is accepted to be integrated on the portfolio level.

This methodology tends to yield a conservative estimate of portfolio-level impact for two main reasons. The first is that impact data is not available for newly issued bonds, because issuers usually only publish their allocation and impact reports one year after issuance. For the newly issued bonds in our portfolio, we usually look for older bonds from the same issuer. If both the new and older bonds fall under the same framework and are subject to the same eligible asset pool, we assume the new issue's impact is the same as that of the older bond. If a bond is the first from a given issuer, however, we adopt a conservative approach and assume its impact is zero.

The second reason arises when we have doubts as to how an issuer arrives at the impact figures they provide. If our concerns remain unresolved after dialogue with the issuer, we again adopt a conservative approach and assume the bond's impact is zero.

Portfolio holdings and/or allocations shown above are as of the date indicated and may not be representative of future investments. The holdings and/or allocations shown may not represent all of the portfolio's investments. Future investments may or may not be profitable.

# Biodiversity Themed Strategy

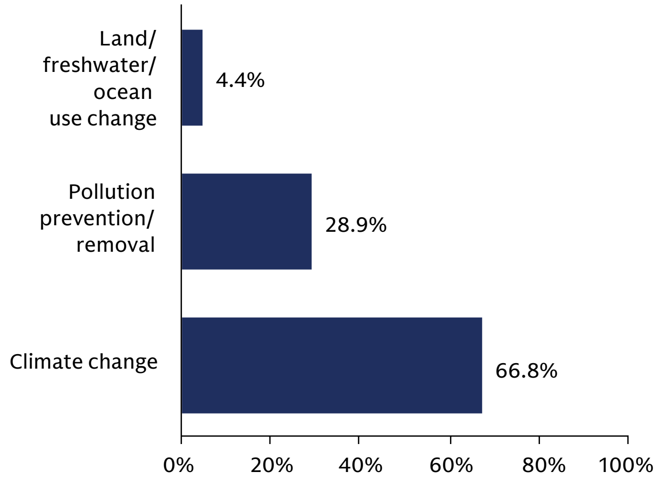
In 2025, we launched the Goldman Sachs Biodiversity Bond fund. This is one of the first fixed income funds available to investors who are seeking to reduce some of the key biodiversity loss drivers. It invests in both labeled bonds, whereby the proceeds of the bonds are applied towards biodiversity-related projects or activities, as well as unlabeled bonds issued by companies with revenues supporting the reduction of biodiversity loss drivers.

# Contribution to the SDGs and Reduction of Biodiversity Loss Drivers

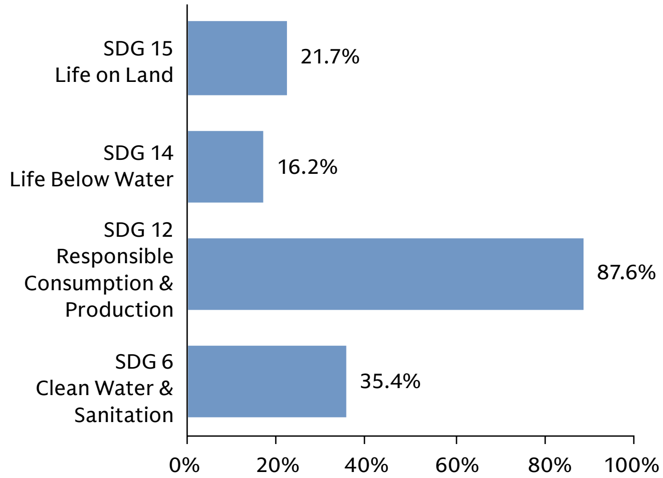
The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services identifies land/freshwater/ocean use change, pollution, natural resource use and exploitation, climate change, and invasive species[26] as the key biodiversity loss drivers.

Our Biodiversity Bond fund identifies issuers whose revenues or use of proceeds contribute to reducing at least one of these drivers. The main drivers of focus for the fund are climate change, pollution prevention and land/freshwater/ocean use change. The main SDGs which the fund is contributing to are SDG 6 (Clean Water and Sanitation), SDG 12 (Responsible Consumption and Production), SDG 14 (Life Below Water), and SDG 15 (Life on Land).

**Portfolio MV% by Contribution to Reduction of Biodiversity Loss Driver**




**Portfolio MV% by SDG**




Source: Goldman Sachs Asset Management, as per December 31, 2025. Portfolio positions can have exposure to multiple SDG themes. Portfolio holdings and/or allocations shown above are as of the date indicated and may not be representative of future investments.

26 IPBES. Models of drivers of biodiversity and ecosystem change. Accessed as of 2019.

# Biodiversity-Related Reporting

Biodiversity-related reporting at issuer and bond-level are both still at a nascent stage compared to climate-related reporting. Nevertheless, there are some key biodiversity metrics and initiatives which issuers in the strategy have reported and undertaken in 2024. In this section, we present these metrics by aggregating the reported outcomes from each company held in the portfolio. We also present the investment pro-rated version of these metrics to demonstrate how the fund investment could be associated with issuers' biodiversity initiatives and the outcomes. The metric collection and aggregation methodology can be found in the Biodiversity Impact Calculation Methodology section.

**Hectares of land/habitat under conservation, protection, or restoration**

| | |
|---|---|
| 2,828,809 (aggregate at the company level) | 125 (pro-rated per end 2025 investment) |

Ecosystem conservation and restoration are central pillars of the Global Biodiversity Framework.[27] Companies in the forestry sector are naturally well positioned to contribute to these goals through initiatives such as sustainably managing forestry assets, and securing certifications under FSC, PEFC or High Conservation Value Area (HCVA) standards. Within the portfolio, 9% of issuers reported this metric.

**Trees planted**

| | |
|---|---|
| 115,000,388 (aggregate at the company level) | 5,090 (pro-rated per end 2025 investment) |

Deforestation is a key part of the land use change biodiversity loss driver. While deforestation initiatives are underway to prevent further deforestation, replanting of trees lost also contributes towards this goal. Within the portfolio, 5% of issuers reported this metric.

**Metric tons of waste diverted from disposal**

| | |
|---|---|
| 15,507,864 (aggregate at the company level) | 189 (pro-rated per end 2025 investment) |

Pollution is one of the key biodiversity loss drivers and by increasing the amount of recycling, reuse, and recovery of operational waste, this can help reduce the pressure pollution exerts on biodiversity. 84% of issuers within the portfolio reported this metric.

**Metric tons of secondary materials are used in production**

| | |
|---|---|
| 3,586,839 (aggregate at the company level) | 106 (pro-rated per end 2025 investment) |

The use of secondary materials such as recycled aluminium, steel, paper, and other aggregates reflects the efforts to reduce reliance on virgin resource extraction and limit land-use change and other pressures on biodiversity. Increased use of recycled materials supports more resource-efficient and circular production models. Within the portfolio, 19% of issuers reported this metric.

Of the issuers, 7% also reported the number of employees trained in biodiversity conservation, which is encouraged as a means to strengthen internal capacity for this topic.

27 Kunming-Montreal Global Biodiversity Framework.

# Operation in Intact Biodiversity Areas

Intact biodiversity areas are regions with minimal human disturbance, which support species composition and essential ecological functions. Protecting these environments is central to global targets such as the conservation of at least 30% of the world's land, freshwater, and marine areas by 2030[28] under the Global Biodiversity Framework. Companies operating near or within such areas may contribute to heightened biodiversity loss. For investors, understanding a company's exposure to intact ecosystems is therefore an important consideration in assessing nature-related risks.

The fund's exposure to intact biodiversity areas is assessed by evaluating its portfolio companies' operations within these regions. Compared to the Bloomberg Global Aggregate Corporate Bond index, the biodiversity bond fund exhibits significantly lower exposure to intact biodiversity areas.

| | Goldman Sachs Biodiversity Bond fund | Bloomberg Global Aggregate Corporate Bond index |
|---|---|---|
| % of issuers with Operations in Intact Biodiversity Areas (% within covered scope) | 37% | 55% |
| Portfolio coverage[29] | 80% | 64% |

Source: Goldman Sachs Asset Management, MSCI. As of December 31, 2025. MSCI marks companies with three or more known physical assets in areas with intact biodiversity or with an above average Mean Species Abundance (MSA>=0.56) as having operations in intact biodiversity areas. Mean Species Abundance (MSA) is commonly used to evaluate biodiversity intactness. MSA measures the abundance of original species in a given area relative to an undisturbed baseline, with higher values indicating lower external pressure.

# Journey towards Biodiversity Integration

The emergence of key frameworks and initiatives such as the Taskforce on Nature-related Financial Disclosures (TNFD) Recommendations, the revised GRI 101 Biodiversity Standard[30], and investor-led engagement initiatives including Nature Action 100 have tried providing guidance on biodiversity integration and reporting.

When engaging with issuers on biodiversity-related topics, there are six focus areas :

- Ambition
- Assessment
- Goals
- Implementation
- Governance
- Engagement

Together they reflect the full management cycle of biodiversity-related dependencies, impacts, risks, and opportunities. For each focus area, we discuss measurement practices, delivery mechanisms, accountability structures, and influence across value chains. This engagement data is an important way of tracking progress from issuers within their specific sector and is a core part of our biodiversity strategy.

**GSAM Biodiversity Engagement**

Since the launch of the Goldman Sachs Biodiversity Bond fund in 2025, we have engaged with 30 issuers. The majority of these issuers are based in Europe (57%), and the Americas (37%). In terms of the sector breakdown, industrials were most prominent, accounting for 50% of our total outreach.[31]

**Number of Issuers Engaged with in 2025**

| | Financial Institutions | Agency | Industrial | Utility | Local Authority | Total |
|---|---|---|---|---|---|---|
| Europe | 5 | 2 | 5 | 4 | 1 | **17** |
| Americas | 0 | 0 | 10 | 1 | 0 | **11** |
| Asia | 1 | 0 | 0 | 0 | 0 | **1** |
| Oceania | 1 | 0 | 0 | 0 | 0 | **1** |
| **Total** | **7** | **2** | **15** | **5** | **1** | **30** |

28 Kunming-Montreal Global Biodiversity Framework.
29 Portfolio coverage denotes the percentage of number of issuers that are covered by MSCI for the Operations in Intact Biodiversity Areas metric.
30 Global Reporting Initiative. GRI 101 Biodiversity 2024.
31 Bloomberg BCLASS 2 is Bloomberg's sector classification framework used to group issuers by primary business activity. The Financial Institutions category at the BCLASS 2 level includes issuers that are primarily real estate-related, such as real estate investment trusts (REITs), rather than traditional banking institutions.

# Key Findings in 2025

| Key Engagement topics | What we assess | Why it matters |
|---|---|---|
| **Ambition** | Company commitments to align with global biodiversity goals and science-based nature targets. | Assess clarity and alignment of nature ambition with global frameworks and timelines. |
| **Assessment** | Identification of key nature impacts, dependencies, risks, and opportunities across operations and value chains. | Evaluate robustness, transparency, and decision-usefulness of nature-related assessments. |
| **Goals** | Time-bound and measurable nature goals addressing material nature-related issues. | Assess whether goals credibly translate into risk management and positive outcomes. |
| **Implementation** | Execution of nature commitment through operations, value chains, KPIs, and capital allocation. | Evaluate effectiveness of actions, investments, and progress toward nature targets. |
| **Governance** | Board and management oversight, accountability, and expertise on biodiversity and nature issues. | Assess governance structures, policies, and accountability for nature-related decisions. |
| **Engagement** | How companies engage suppliers on nature issues through policies, traceability, and incentives. | Evaluate supplier engagement effectiveness in addressing key nature-related risks. |

### Overall holding performance

Based on our biodiversity engagement framework, we assessed issuers' performance across six focus areas. Overall results indicate stronger performance in Biodiversity Ambition and Assessment, while Goal-setting, Implementation, and Governance remain areas requiring further progress. The higher the score, the more positive responses the issuers had for our engagement questions on the key biodiversity integration steps. This pattern reflects a broader market trend in which high-level commitments and risk identification are more advanced than the translation of biodiversity considerations into measurable goals, operational practices, and governance structures.

| Indicators | Average Score |
|---|---|
| Indicator 1. Ambition | 60% |
| Indicator 2. Assessment | 65% |
| Indicator 3. Target | 50% |
| Indicator 4. Implementation | 41% |
| Indicator 5. Governance | 45% |
| Indicator 6. Engagement | 62% |

Average scores are calculated on an equal-weighted basis per issuer and not based on Net Asset Value (NAV) weightings in the portfolio.

### Regional level insights

European issuers on average demonstrated more developed nature and biodiversity action, although the sample size was limited.

| Region | Average Score | Number of Issuers |
|---|---|---|
| Europe | 64% | 17 |
| Americas | 29% | 11 |
| Asia | 36% | 1 |
| Oceania | 32% | 1 |

Average scores are calculated on an equal-weighted basis per issuer and not based on Net Asset Value (NAV) weightings in the portfolio.

### Sector level insights

Financial Institutions demonstrate the highest average biodiversity consideration score (63%). This suggests a moderate level of integration of sustainability or biodiversity-related considerations within this sector, potentially reflecting growing awareness of nature factors in investment decisions and real estate development.

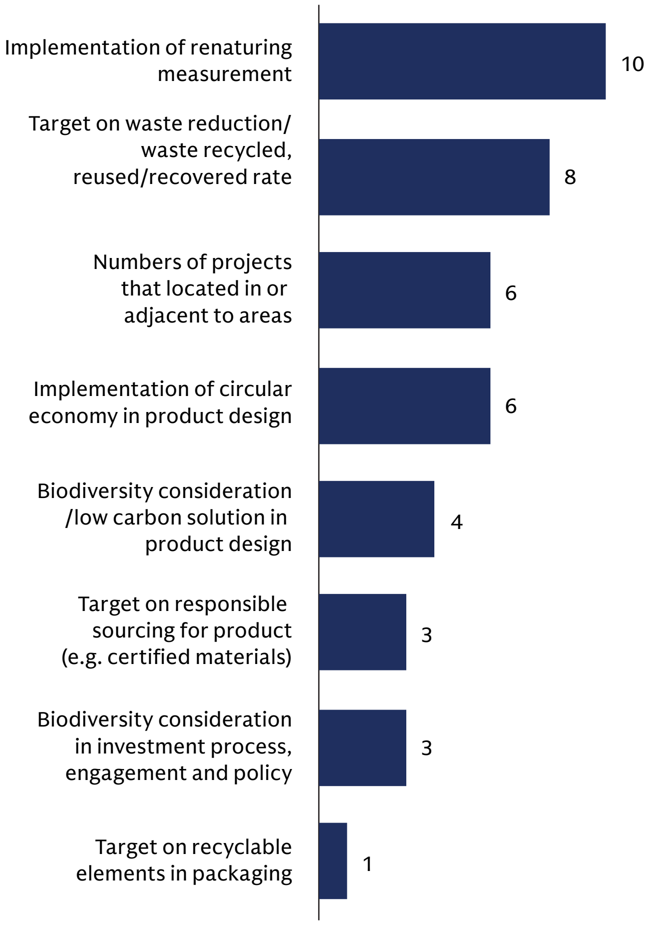
| Sector | Average Score | Number of Issuers |
|---|---|---|
| Financial Institutions (i.e. REITs) | 63% | 7 |
| Agency | 50% | 2 |
| Industrial | 38% | 15 |
| Utility | 61% | 5 |
| Local Authority | 61% | 1 |

Average scores are calculated on an equal-weighted basis per issuer and not based on Net Asset Value (NAV) weightings in the portfolio.

### Indicators on biodiversity integration

In total, we identified 130 normalized indicators spanning direct ecosystem-management actions, climate- and resource-related transition measures, and governance frameworks. The chart below highlights eight examples of common indicators reported by companies, and the number of portfolio companies that adopted each indicator in their reporting, offering a tangible view of how issuers are addressing their biodiversity risks.

### Biodiversity-related Indicators Adopted by Number of Portfolio Companies



# VGP

INSIGHTS FROM ISSUERS


A European owner, manager and developer of logistics and commercial real estate.[32]

**Martijn Vlutters**
Vice President, Member of the Executive Management at VGP

**What is the role of Biodiversity in VGP's overall company strategy?**
Biodiversity is vital for project acquisition—demonstrating positive nature capital and aesthetic appeal is essential for winning new projects and gaining municipal approval. It's also a powerful tool for climate risk mitigation. Green areas in our parks, like biotopes, help cool temperatures, and manage rainwater, reducing risks like flooding and avoiding costly infrastructure. In addition, parks with flourishing nature enhances appeal for all our stakeholder—tenants, communities, joint venture partners, shareholders, and bondholders—contributing to long-term asset quality and value.

**Can you provide some examples of VGP's initiatives in nature and biodiversity?**
We avoid protected areas and prioritize brownfield sites and bring in biologists to create master plans for nature enhancement. We have robust policies and frameworks, including biodiversity impact criteria for all new developments. Additionally, we use FSC-approved timber, and are piloting material reuse projects during the deconstruction phase. Our initiatives also lead to cost savings and risk mitigation. For instance, biotopes reduce the need for expensive water management and can lower insurance claims. Green areas also help cool temperatures, potentially saving energy costs for tenants. Avoiding protected areas prevents future fines and reputational damage. These efforts significantly increase asset value and appeal.

**Which metrics does VGP track to measure its direct and indirect impacts on biodiversity?**
Measuring biodiversity is a significant challenge, so we don't try to aggregate a single 'nature capital' metric. Instead, we track specific, tangible interventions, such as the number of biotopes created, green roofs or facades installed, and measures to make water basins habitable for plants and wildlife. These direct impacts are assessed on a site-by-site basis, often with input from local biologists. Indirectly, our efforts in waste reduction are significant—we achieved a 92% recycling rate for construction waste last year—which lessens pressure on natural resources. Our targets for reducing water, electricity, and gas consumption also indirectly provide biodiversity benefits.

32 This interview has been edited for brevity and clarity. The views and opinions expressed are those of the speaker as of January 23, 2026. They are presented here for informational purposes only, do not constitute any investment advice or recommendation by Goldman Sachs Asset Management, and may be subject to change. We have relied upon and assumed (without independent verification) the accuracy and completeness of such information and neither agree nor disagree with the content herein. Individual portfolio management teams for Goldman Sachs Asset Management may have views and opinions and/or make investment decisions that, in certain instances, may not always be consistent with the views and opinions expressed herein.

# Biodiversity Impact Calculation Methodology

## Impact Metrics Collection

Each bond's exposure to SDGs and contribution to the reduction of biodiversity loss drivers is determined through a combination of bond-level and issuer-level mapping. For use of proceeds bonds, each issuer is assigned one primary SDG and biodiversity loss driver based on the main project financed by the bond proceeds, with the dominant allocation applied where proceeds allocate to multiple project categories.

For unlabeled bond issuers, alignment is assessed based on revenue exposure derived from publicly disclosed business activities, provided by external data providers such as MSCI or Sustainalytics. Where external data is unavailable, analyst-led manual assessment and mapping are conducted based on the issuer's disclosures and reported business activities.

Key reporting indicators—including hectares conservation or restoration, tree planted, waste diverted from disposal, and secondary materials used in production—are sourced from issuers' 2024 annual sustainability reports and other publicly disclosed impact documentation. Only data that is explicitly reported by issuers and attributable to the reporting year is included. These indicators were selected based on the relevance to biodiversity loss drivers.

## Portfolio Impact Aggregation

To aggregate bond-level contribution to SDGs and the reduction of biodiversity loss drivers at the portfolio level, we apply each bond's market value weight within the portfolio. The market value weights of bonds mapped to each category are aggregated to calculate the portfolio's overall exposure by SDG and by contribution to the reduction of biodiversity loss drivers.

Key reporting indicators are aggregated at the company level by summing reported issuer-level annual figures across all holdings in the portfolio, where the indicators are available from issuers. These aggregated metrics represent the outcomes associated with biodiversity initiatives supported by the fund's invested capital.

In order to demonstrate how these key reporting indicators could be associated with the fund's investment, we also present the pro-rated aggregation of the key reporting indicators, calculated by applying the fund's ownership share — measured as the percentage of each holding relative to the issuer's enterprise value including cash (EVIC).

## Score Calculation for Engagement

Based on our Biodiversity Engagement Framework, we assessed issuers' biodiversity performance in the six focus areas. For each area, we have scored the issuer's answers between 0 and 2 points. A score of 0 would typically mean that the issuer has not begun that phase of their biodiversity integration. A score of 2 would mean that the issuer has reached that phase of their biodiversity integration and publicly disclosed it. For easier readability, we have converted the scores into percentages and subsequently averaged for each focus area. With this framework, we convert qualitative engagement insights into comparable metrics to better understand issuers' biodiversity integration progress across our holdings.

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Date of First Use: June 8, 2026

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