

STEWARDSHIP REPORT 2023

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

TABLE OF CONTENTS

3	Letter from the Global Head of Stewardship	16	Engagement
4	Our Approach to Stewardship	28	Industry Leadership
5	The Global Stewardship Team	31	Deep Dive: Climate Transition
6	Our Stewardship Framework	42	Deep Dive: Inclusive Growth
7	Key Developments in 2023	48	Deep Dive: Strong Corporate Governance
8	2023 By the Numbers	59	Looking Ahead
10	Proxy Voting	62	Appendix

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) 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 our clients' feedback into our investment capabilities. In 2023, we executed over 118,000 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 continue to work alongside other stakeholders to play our part in the wider industry stewardship landscape. For example, we have been a member of the Sustainability Accounting Standards Board (SASB) Investor Advisory Group since 2018 and continue to support its work as part of the International Sustainability Standards Board (ISSB). A key part of our investment-led approach to issuer engagements is to encourage the use of the ISSB and SASB standards, as well as the Task Force on Climate-related Financial Disclosures (TCFD) frameworks, when appropriate. Our participation in these industry leadership forums help us serve our clients and their investments.

We are proud to present our sixth annual Stewardship Report for the 2023 calendar year. This report covers the work of the public markets investing business, composed of members of the Global Stewardship Team, Fixed Income, Fundamental Equity, Quantitative Equity Strategy, and Quantitative Investment Teams, demonstrating our strong culture of internal collaboration. The objective of this report is to provide you with insights into our stewardship activities and highlight some examples of the work we did in 2023.

Sincerely,

Catherine Winner, Global Head of Stewardship

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 \$2.8 trillion in assets under supervision as of December 31, 2023.¹

Within Goldman Sachs Asset Management, the public markets investing business is committed to promoting and exercising effective stewardship among the companies in the portfolios we manage on behalf of our investing clients. We evaluate companies' corporate strategies, investment and financing activities, management incentives, resource use, regulatory policies, and environmental impact, as well as overall effect on and engagement with consumers, workers, and the communities in which they operate to assess and promote long-term value creation.

Our Core 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; and
- **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 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.

With respect to engagement, several of our thematic engagements are conducted across the various asset classes. For example, the Global Stewardship Team works closely with the Fixed Income Investment team to engage with companies on board diversity and material greenhouse gas emissions. In addition, the Global Stewardship Team, Fundamental Equity and Fixed Income Investment teams engage together 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 is led by Catherine Winner and currently has 10 team members located in New York, Tokyo, and London.² The team is further supported by the broader Goldman Sachs Asset Management platform, that includes coordination among legal, compliance, and operations.³

Global Head: Catherine Winner

Americas Head: Lydia Mulyk

Americas Coverage: Grace Williams

APAC Head: Chris Vilburn

APAC Coverage: Takehiro Akamatsu, Mayu Nishimura, Cheuk Kei (Johnny) Wong

EMEA Head: Jen Sisson

EMEA Coverage: Zoe Motabhoy, Isabel Shaw

Global Reporting: Marina Marchand

Global Stewardship Team members have a wide range of experiences drawn from a variety of professional backgrounds: **5 languages spoken; over 80 years of stewardship and industry experience; and 72% gender diverse.**

The team's proxy voting expertise is supported by a member with over 10 years of experience advising corporate issuers and hedge funds on corporate governance matters. Two members of the team have over 23 years of combined research experience. They joined from Goldman Sachs Global Investment Research, where they were part of the sustainability-focused research team, GS SUSTAIN. The team's ESG reporting and regulatory expertise is aided by a member with over four years of experience at the UK Financial Reporting Council and more than a decade of previous experience in auditing and advising companies on ESG reporting. Other team members also have a range of experience in areas including risk, audit, insurance broking, and NGO fundraising.

OUR STEWARDSHIP FRAMEWORK

The framework sets out our key stewardship objectives and explains how our voting and engagement efforts help us meet them.

	Engagement Themes⁴	Engagement Objectives⁵	How We Vote to Promote Our Objectives⁶	Other Engagement Areas
Climate Transition	<p>Material GHG Emissions Data</p> <p>Material GHG Emissions Reduction Targets</p> <p>Climate Transition Strategy</p> <p>Biodiversity and Nature</p>	<p>Encourage disclosure of material GHG emissions</p> <p>Discuss companies' goals to reduce GHG emissions where material</p> <p>Engage with companies in high-impact industries on the implementation of a robust and quantifiable climate transition strategy where material</p> <p>Identify and address adverse impacts on biodiversity and nature, resulting from deforestation and plastics in the supply chain</p>	<p>We vote case by case on all management and shareholder proposals related to the environment</p> <p>We may vote against board members for failure to disclose material climate-related information</p>	<p>Encourage the use of the ISSB and SASB standards and TCFD frameworks</p> <p>Encourage the assessment of supply chain risks and target setting related to biodiversity and nature</p>
Inclusive Growth	<p>Board Diversity</p> <p>Workforce Diversity in Japan</p>	<p>Focus attention on gender and ethnic diversity on corporate boards globally</p> <p>Promote best practices and disclosure with respect to diversity and inclusion in the workforce</p>	<p>We may vote against members of the nominating committees if the board does not meet the board diversity requirements of local listing rules, corporate governance codes, national targets or is not representative relative to the board composition of companies in their market</p> <p>We may vote against members of the nominating committees of S&P 500 and FTSE100 boards that lack at least one diverse director from a minority ethnic group, in addition to meeting our gender expectations</p>	<p>Encourage the publication of workforce diversity data using EEO-1 forms or similar</p> <p>Encourage the use of best practices for diversity and inclusion initiatives</p>
Corporate Governance	<p>Global Norms Violations⁷</p> <p>Controversial Incidents</p> <p>Regional Governance Best Practices</p>	<p>Identify and address the impacts of controversial business practices and violations of global norms</p> <p>Strengthen shareholder rights and commitments to best governance practices</p>	<p>We may vote against certain board members at companies, which, in our view, may have violated global norms</p> <p>We may vote against certain board members at companies, which, in our view, do not meet the governance expectations stated in our Proxy Voting Policy</p>	<p>Encourage alignment between executive compensation and shareholder interests</p> <p>Gather information to make informed proxy voting decisions</p>

KEY DEVELOPMENTS IN 2023⁸

Area	2023 Developments	2024 Next Steps
Global Stewardship Team Resourcing	<ul style="list-style-type: none"> • Welcomed a new Global Stewardship Team member to help focus on our public and client facing reporting 	<ul style="list-style-type: none"> • Continue to evaluate the effectiveness of our structure and identify areas for enhancement • Continue to collaborate with our technology businesses on robust and transparent stewardship reporting for our clients
Engagement	<ul style="list-style-type: none"> • Introduced new engagement frameworks focused on deforestation and controversial business activities • Further improved our engagement tracking and reporting tools, adding granularity to our reporting and the ability to monitor outcomes and progress 	<ul style="list-style-type: none"> • Continue to incorporate client feedback to expand our engagement capabilities
Proxy Voting	<ul style="list-style-type: none"> • Strengthened our approach to voting on low dividend payments at companies in Asia Pacific to promote capital allocation in the best interest of shareholders • Escalated our concerns about a lack of material disclosures by voting against select members of the board • Strengthened our governance expectations to include language in our proxy voting policy stating our expectation that US operating companies with classified boards should have a disclosed sunset provision • Set expectations that US operating companies should have equal voting rights to all shareholders 	<ul style="list-style-type: none"> • Further develop our internal systems and processes including enhancements to our proprietary system, Fluent
Integrating Stewardship and Investment	<ul style="list-style-type: none"> • Fostered collaboration between investment teams on key proxy voting and engagement initiatives • Partnered with portfolio managers to conduct in depth engagement for certain portfolios 	<ul style="list-style-type: none"> • Deepen integration of stewardship in our investment process and continue coordinating thematic engagement across asset classes

2023 BY THE NUMBERS⁹

Proxy Voting

12,148

meetings voted

48%

meetings with at least one
vote against management

118,528

proposals voted

12%

proposals voted
against management

70

markets proxy voted

51%

shareholder proposals
supported

2,465

directors voted against for
lack of board diversity

Engagement¹⁰

2,184

engagements conducted
by all public markets
investing business

920

engagements with CEO, CFO
and/or directors

60

markets represented
through engagement

1,518

issuers engaged

387

thematic

217

proxy related

342

providing feedback

1,238

investment research
and monitoring

Industry Leadership

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

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

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 the 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 developed 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 update 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 investment teams generally cast proxy votes in line with the Policy. Each investment team, however, may on certain proxy votes seek approval to diverge from the Policy by following a process that seeks to ensure that decisions to grant such exceptions are not influenced by any conflict of interest. For voting policy overrides initiated by the Fundamental Equity Investment team, each request must be approved by the portfolio manager and/or the CIO, compliance and legal. As a result of this process, different investment teams may vote differently on proposals at the same company. When the Global Stewardship Team makes an adjustment to vote differently from the Policy, the request is approved by the investing businesses holding the shares to be adjusted and legal. In these instances, all shares following the Policy are adjusted and 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 and 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

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. We also generally disclose our voting publicly on a quarterly basis on our website for company proxies voted according to the Policy. 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.

To learn more, see [Global Approach to Proxy Voting](#) on our website.

Our Votes in 2023

We implemented new and enhanced global voting policies in 2023 that included raising our expectations for corporate governance in various regions. Some key trends in our voting and policy updates include:

- We refined our guidelines for voting on proposals related to named executive compensation at US companies. Globally, we voted against 18% of management executive compensation-related proposals, up 16% from 2022.
- We expanded our governance views to include the expectations that US operating companies should have equal voting rights for all shareholders and boards should be de-staggered allowing shareholders to vote on all directors at every annual meeting.
- The roll out of the Universal Proxy Card (UPC) for contested elections in the US allowed shareholders to have additional flexibility in voting on directors in proxy contests. We continued to analyze all proxy contests on a case-by-case basis. When the case for change was clear, however, the UPC gave us the opportunity to look at all the incumbent and dissident directors' skill sets and choose those best suited to address the company's risks and opportunities from both slates.
- In Japan, we strengthened our policy regarding income allocation and dividend proposals to promote capital allocation in the best interest of shareholders. As a result, the number of votes against income companies' allocation plans increased by 180% from the previous year.
- In Asia ex-Japan we introduced a new in-house analysis process for assessing corporate capital allocation based on business performance and financial conditions. We voted against the income allocation proposals at 15 companies when we concluded that the dividend level was not in shareholders' best interest.

PROXY VOTING SNAPSHOT¹¹

Meetings

12,148

meetings voted

48%

of meetings with at least one vote against management

Proposals

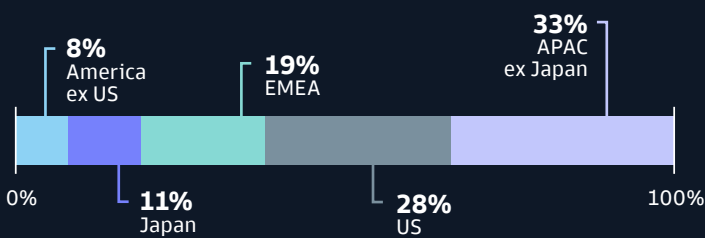
118,528

proposals voted

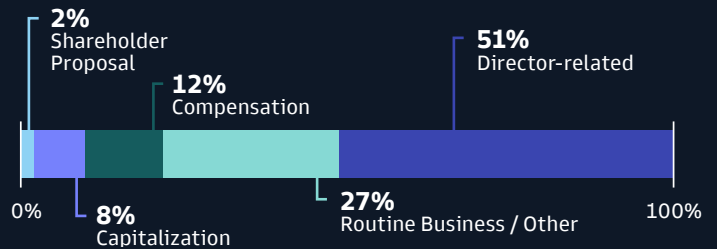
12%

of all proposals voted against management

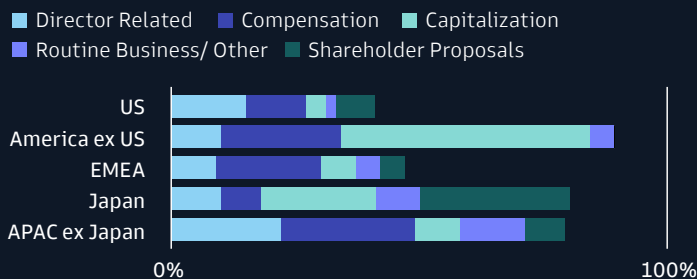
Meetings and Proposals Voted by Region¹²



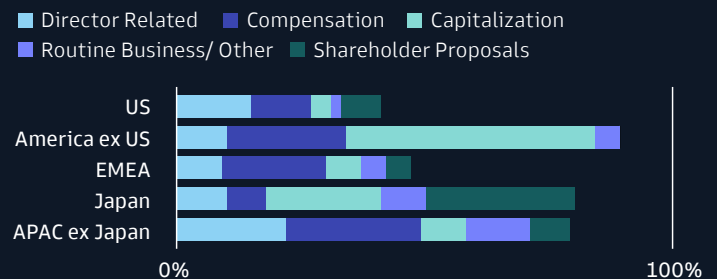
Proposals Voted by Category¹³



Proposals Voted by Category and Region



Percentage of Votes Against Management



Director Elections¹⁴

7,537

numbers of directors voted against globally

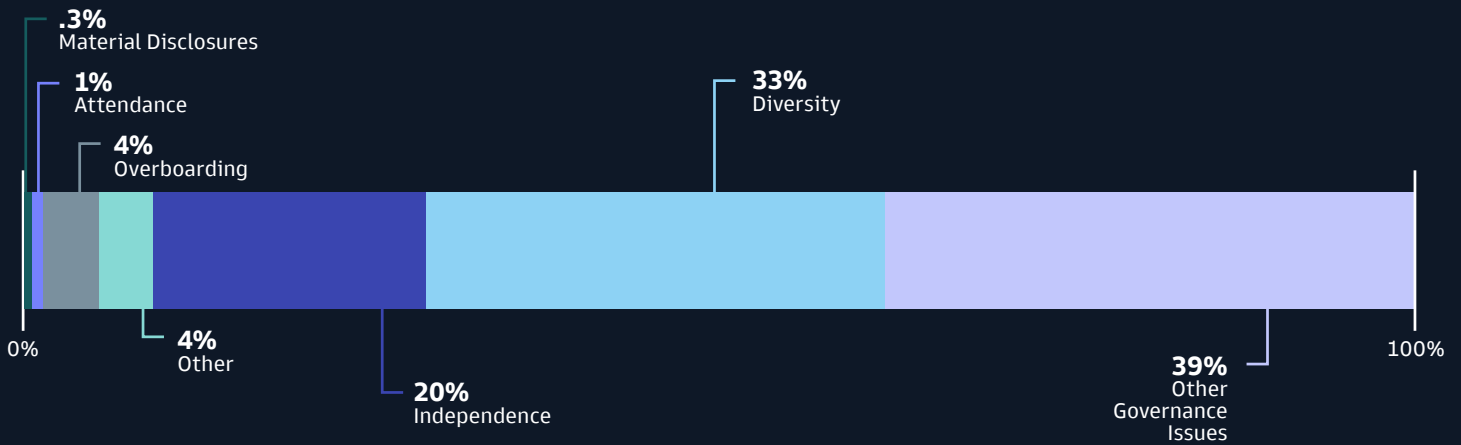
14.5%

percentage of directors voted against globally

We continued to hold boards accountable for their actions by voting against the election of directors where appropriate.

The percentage of directors we voted against fell from 16% in 2022 to 14.5% in 2023. This decrease was due in part to an increase in board diversity globally.

In 2023, we voted against directors globally for the reasons shown in the following chart.¹⁵



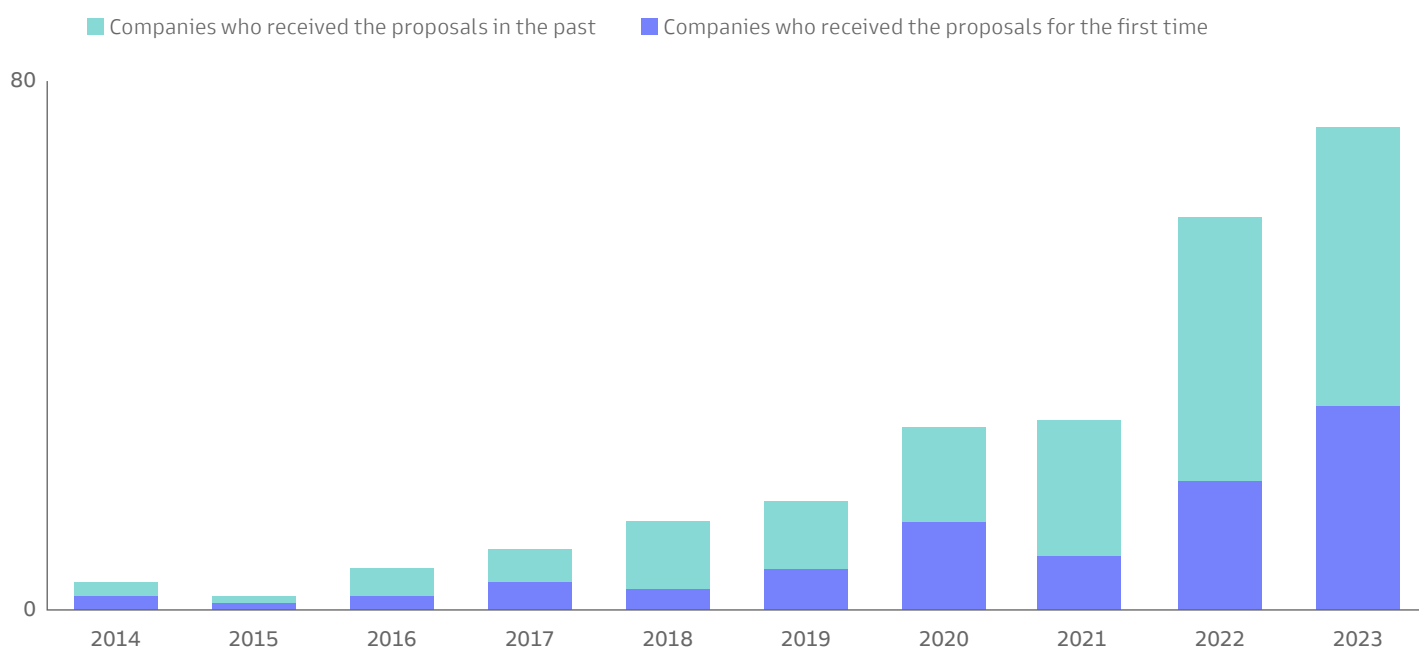
SHAREHOLDER PROPOSALS

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. We prefer for the board to disclose the shareholder proponent's name in the proxy statement for each shareholder proposal on the ballot. When evaluating shareholder proposals, we seek to assess their purpose and impact considering the long-term overall benefit to shareholders. Some shareholder proposals on environmental and social topics 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 2023, Goldman Sachs Asset Management voted on 2,921 shareholder proposals globally, supporting management approximately 92% of the time.

SHAREHOLDER PROPOSALS IN JAPAN

In Japan, 2023 was a record year for shareholder proposals submitted to a shareholder vote. We believe shareholders who present high-quality proposals to companies play an important role in the Japanese capital market. For these proposals, we often engage with companies ahead of shareholder meetings to conduct thorough due diligence and make proxy voting decisions in the best interest of shareholders. The Global Stewardship Team engaged with 34 Japanese companies in 2023 to discuss shareholder proposals.

The Number of Japanese Companies Receiving Shareholder Proposals¹⁶ (Including ESG-related shareholder proposals)



CASE STUDY

Sector: Industrials

Country: Japan

Category: Proxy Related

Theme: Corporate Governance

In February 2023, members of the Global Stewardship Team engaged with executives from a Japanese industrials company to discuss shareholder proposals raised for their upcoming annual meeting. The shareholder proposals centered around nominating new external directors and introducing new compensation programs.

We had concerns around the company's governance practices for two main reasons. First, at the 2022 annual meeting the same shareholder was running a campaign to stop the re-election of the former CEO. The company withdrew the proposal, re-elected the

former CEO and named him as Chairman of the company. Second, the former CEO was under third-party investigation for potentially inappropriate real estate transactions through the company.

Prior to the engagement meeting, we attended an investor briefing held by the shareholder proponent, allowing all the candidates the opportunity to explain the value they would add to the board. Overall, we believed the external director candidates nominated by the shareholder would add value to the company based upon their previous experience and skill sets. For this reason, we voted for the shareholder nominees. However, we voted against one shareholder resolution to give board members performance-linked compensation because we believed it could compromise the board's independent oversight function.

At the extraordinary meeting, shareholders voted to remove three of five directors, and approved four candidates nominated by the shareholder.

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. Engagement can also inform our proxy voting activities as well as provide insights to support the investment research process.

We classify our engagements into four categories:¹⁷



Thematic Engagements

Definition: Thematic engagements focus on a particular theme and have pre-defined goals in line with our stewardship framework.

Example: Engaging with an issuer that does not meet our board diversity thresholds to encourage them to increase the percentage of women on the board.



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.



Providing Feedback

Definition: Providing Feedback is 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 their most recent sustainability report.



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.

Our 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 the majority 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 process. 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.

2023 ENGAGEMENT SNAPSHOT¹⁸

2,184
engagements conducted

1,518
unique issuers engaged

Engagements by Category



387
thematic engagements



217
proxy related engagements



342
providing feedback



1,238
investment research and monitoring engagements

Engagements by Region¹⁹

899
in Americas

582
in EMEA

703
in APAC

60
markets

Engagements by Issuer Type²⁰

2,167
corporates

13
sovereigns

4
supranational, municipal or agency

Engagements by Mode²¹





2,081
active engagements

103
written communications

2023 ENGAGEMENT STATISTICS²²

920 Engagements with the company's CEO, CFO, Chairman and/or Director. 29% of Global Stewardship Team's engagements included a member of the Fixed Income or Fundamental Equity team

Engagements by Team by Category

	Global Stewardship	Fundamental Equity	Fixed Income	Multiple Teams
	627	931	352	274
 Thematic Engagements	268	1	24	94
 Proxy Related Engagements	170	4	0	43
 Providing Feedback	189	5	25	123
 Investment Research and Monitoring Engagements	0	921	303	14

Our Engagement Reporting

We continue to enhance our client reporting capabilities. In 2023, we began offering clients portfolio-specific engagement reports to provide transparency on how we engage on behalf of our clients' assets. In 2024, we have begun thematic

engagement reporting to support our clients in their stewardship objectives and to provide additional transparency and accountability around our thematic engagement efforts.



THEMATIC ENGAGEMENTS

Thematic engagements have pre-defined objectives and goals. Each engagement theme has an overarching objective and specific goals tailored to the individual issuer. These themes are contained in the Global Stewardship Team's Stewardship Framework, which also sets out our key stewardship objectives and explains how our voting and engagement efforts help us meet them. For 2023, our thematic engagements remained focused on the climate transition, inclusive growth and strong corporate governance. Please see the "Deep Dive" sections in this report for more information on each of these areas.

Our thematic engagements are reviewed, enhanced and monitored to ensure they incorporate our clients' and investment teams' feedback on current issues and evolving views on material topics. In determining our engagement themes, we consider the materiality of various issues across our portfolios, and we aim to identify areas where our stewardship

activities can effectively promote long-term value creation and support our investment process. To inform this thinking, we seek to listen to feedback from our clients and gather it internally via the Engagement Working Group, which brings together colleagues from the public markets investing business.

Our 2023 Thematic Engagements²³

Engagement Theme	Goal of the Engagement Theme
Climate – Disclose Data	Encourage issuers to disclose material GHG emissions data
Climate – Set Targets	Encourage issuers to set targets to reduce GHG emissions where material
Climate – Execute Strategy	Engage on a robust and quantifiable climate transition strategy
Biodiversity and Nature -Plastics	Encourage disclosure of material packaging metrics
Biodiversity and Nature -Deforestation	Encourage issuers to evaluate and manage deforestation risks in their operations and supply chain
Board Diversity	Encourage issuers to increase levels of board diversity
Japan Workforce Diversity	Encourage best practices in workforce and board diversity
Global Norms	Address potential violations of Global Norms
Controversial Incidents	Address controversial business practices at issuers
Japan Fundamentals	Encourage a thoughtful capital allocation strategy at Japanese issuers
Japan Governance	Encourage best governance practices at Japanese issuers

Tracking Progress

We have developed a classification system to track progress on our thematic engagements.

For each thematic engagement, we track two data points: **Engagement Status** and **Progress on Objectives**.

Engagement Status describes the level of engagement we have reached with an issuer.²⁴

- Identified: Issuer has been identified for engagement
- Initiated: We have reached out to the issuer to request engagement
- Ongoing: Engagement meeting(s) have taken place and are ongoing
- Completed: Issuer has met the objectives of the thematic engagement

Progress on Objectives describes our assessment of an issuer's progress toward our pre-set objectives.

- Not Achieved: Issuer does not meet the expectations of the engagement theme
- Partially Achieved: Issuer meets some but not all the expectations of the engagement theme
- Achieved: Issuer meets the expectations of the theme

Escalation

From time to time, it may be appropriate to escalate our stewardship activities in relation to an issue or a specific company. This decision is made on a case-by-case basis. When repeated engagement does not lead to improvement, we can leverage the full toolkit available to an active manager, including but not limited to:

Escalating our expectations across our investments

- Evolving our proxy voting to reflect our developing views on issues.
- Expanding or developing our expectations for a particular thematic engagement.

Example:²⁵

180%

Increase in number of votes against the allocation of income at Japanese companies

In 2023, we strengthened our approach on low dividend payments to promote capital allocation in the best interest of shareholders.

Escalating our activities related to a specific entity

- Voting against management on a relevant item at a company meeting.
- Supporting a relevant shareholder proposal.
- Seeking to engage with a member of the board or other more senior company representatives.
- Actively buying or selling shares.
- Using other forms of active engagement (e.g., letter writing).

Example:²⁶

11

Votes against company directors due to lack of disclosure of material greenhouse gas emissions

5

Votes against company directors due to violations of Global Norms



PROXY RELATED ENGAGEMENTS

Members of the public market investing business regularly engage with companies to inform our proxy voting decisions. These engagements are primarily conducted by the Global Stewardship Team in many cases alongside our Fundamental Equity Investment team. This gives us the opportunity to discuss the proposals on which we vote.

During 2023, the Global Stewardship Team conducted **217** proxy-related engagements, an increase of **22%** year over year.

CASE STUDY

Sector: Industrials

Country: US

Category: Proxy Related

Theme: Corporate Governance

- In May 2023, members of the Global Stewardship Team engaged with the CEO and directors of a US industrials company regarding an upcoming proxy contest. Members of the Global Stewardship Team also engaged with the dissenting nominees.
- During the engagement with the company, we discussed the skill sets of the four contested incumbent director nominees

and the refreshment and succession planning of the board. We also discussed key points in the dissident nominees' argument, including gaps in business strategy and customer approval surveys.

- After engagement with both sides, we ultimately supported two of the dissident nominees: one whose ascension to the board had already been confirmed by the company, and a second who we believed would provide a valuable shareholder perspective. We withheld our votes from the Chair of the Nominating and Governance Committee due to long tenure and planned retirement.
- The proxy resulted in the election of four of the five dissident nominees, including the two that we supported, and the re-election of three other directors, including the CEO.



PROVIDING FEEDBACK

The Global Stewardship Team regularly engages at the request of issuers seeking guidance on reporting or other matters. These engagements can also involve expressing our preferences regarding reporting frameworks such as SASB and TCFD.

During **2023**, the Global Stewardship Team conducted **342** feedback engagements, up from **208** the previous year.

CASE STUDY

Sector: Financials

Country: India

Category: Providing Feedback

Theme: Governance and Environmental

- In December 2023, members of the Global Stewardship Team, Fundamental Equity and Fixed Income Investment teams engaged with the Investor Relations and Sustainability teams from an Indian financials company to discuss recent governance issues and the company's climate transition plan.
- On governance topics, we addressed third-party allegations of insider trading. In response to the allegations, the company has conducted a full investigation and strengthened the governance control system and oversight functions across its group entities. Over the past few years, the company has been working with regulators and implementing best practices.
- On environmental topics, we encouraged the company to disclose a target and strategy for managing and reducing financed GHG emissions in alignment with the company's future climate scenario within their loan portfolio. The company is internally tracking and scaling down their exposure in carbon-intensive sectors and is also considering a plan to disclose data after assuring accuracy and quality.
- We will seek to continue engaging with the company on these issues.

CASE STUDY

Sector: Information Technology

Country: United States

Category: Providing Feedback

Theme: Executive Compensation

- In November 2023, members of the Global Stewardship Team engaged with the General Counsel, Corporate Secretary, and Investor Relations team of a US information technology company to discuss executive compensation.
- We had engaged with the company in July 2022 to provide feedback on the executive compensation plan. We voted against the proposed plan in 2022. It received 64% shareholder support due to concerns around the long-term award structure. We engaged with the company and encouraged it to enhance disclosure around the CEO's equity awards, including how award size is determined, the award's retirement provisions, and how long the awards are meant to cover. We also recommended the company move to a higher percentage of performance-based awards. In 2023, the company increased disclosure around the compensation program and the percentage of performance-based awards.
- As a result, we discussed the increased support for the executive compensation plan proposal, which received 89% shareholder support at the 2023 meeting.



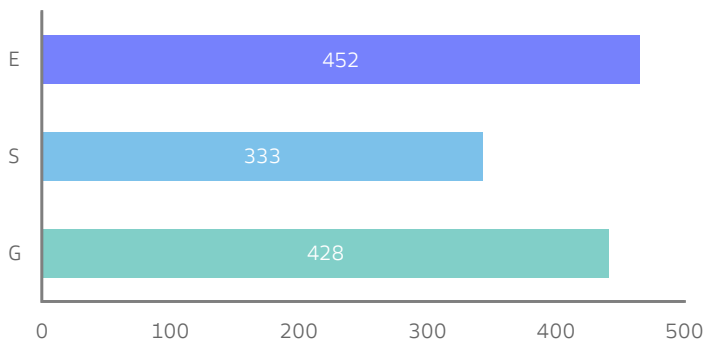
INVESTMENT RESEARCH AND MONITORING ENGAGEMENTS

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 process. These engagements are designed to help inform investment decision-making.

Fundamental Equity Investment Team²⁷

931

engagements



The Fundamental Equity Investment team incorporates engagement with management into their research process. Information from these engagement meetings may inform investment selection and may also give the team an opportunity to encourage positive corporate change.²⁸

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.

CASE STUDY

Sector: Industrials

Country: Japan

Category: Investment Research and Monitoring

Theme: Controversial Incidents

- In September and December 2023, members of the Fundamental Equity Investment team and members of the Global Stewardship Team engaged with the Treasurer and the Investor Relations team of a Japanese industrials company due to concerns around controversial weapons exposure.
- In late 2023, our third party ESG data providers flagged the company for involvement in weaponry containing white phosphorus. Within Fundamental Equity's exclusionary framework applied across European domiciled mutual funds, a binary exclusion is implemented concerning controversial weapons. While white phosphorus itself is not banned by international law its use can be against international law in various scenarios.
- Through our initial engagement we confirmed that, whilst a very small portion of the company's sales, the company processes and assembles metal parts as the main contractor of the weaponry item in question, while firing agents and smoke agents containing white phosphorus are prepared by another company.
- In our subsequent engagement, we sought to confirm whether these items can be used inappropriately or if they can only create smoke screens.
- The company was not able to provide technical and specific responses on this topic, and thus given the lack of clarity on the item, the decision was taken to immediately exit the position across the portfolios in early December 2023.

CASE STUDY

Sector: Information Technology

Country: Sweden

Category: Investment Research and Monitoring

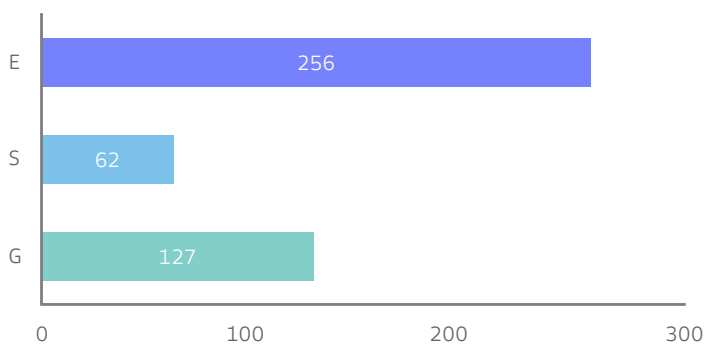
Theme: Governance

- In September 2023, members of the Fundamental Equity Investment team engaged with a Swedish information technology company to discuss how it was managing board independence given the recent step down of three board members and a short report accusing management of misconduct.
- During engagement the company refuted the accusations in the short report, and we inquired on plans to improve board independence, as the resignation of three directors brought board independence to less than 50%
- We were pleased to note the company's responses, alongside feedback around the independence issue their goal to add two more independent board members – an item that we continue to monitor.
- In addition, the company also outlined increased financial disclosures, new reporting segments and increasing transparency around acquisitions and realigning management incentives to be in line with 2026 targets.

Fixed Income Investment Team²⁹

352

engagements



The corporate credit teams engage regularly with the companies they cover on topics ranging from corporate strategy, leverage and balance sheet management to sustainability performance. These discussions can provide insights into the sustainability of future cash flows and the resulting ability of the issuer to meet its interest and debt obligations. The sustainability focus of these discussions is driven by the materiality of such factors for the sector; for example, the environmental performance of energy companies is a priority. 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 specialist team. The corporate credit analysts and portfolio managers may also use the process to encourage companies to improve performance on sustainability issues that can affect credit risk. Regular and open communication with issuers in our fixed income process also enables analysis and discussion of sector trends, which is critical to our efforts to be positioned ahead of credit risks materializing.

The Fixed Income Investment team members also collaborate with the Global Stewardship Team on our thematic engagement programs. Specifically, we work together across the capital structure to engage with issuers on material topics relating to the climate transition and board diversity, as well as global norms violations.

CASE STUDY

Sector: Telecommunications

Country: United States

Category: Investment Research and Monitoring

Theme: Ecological Impact and Land Use

- In July 2023, members of the Fixed Income Investment Grade Credit, ESG and Green, Social and Impact team engaged with a US telecommunications issuer following reports the company's lead-sheathed cables have a detrimental impact on soil and water.
- The company has not deployed lead-sheathed cables for the past few decades, but shared plans to engage with third party experts to undertake tests at its sites. We encouraged the issuer to speed up disclosure.
- The company has since published a release on third-party testing which shows average soil lead levels lower than the relevant state department of environmental protection soil remediation level.
- We will seek to continue engaging with the issuer and monitor developments.

CASE STUDY

Sector: Industrials

Country: United States

Category: Investment Research and Monitoring

Theme: Cyber Security and Data Privacy

- In November 2023, members of the Fixed Income High Yield credit research team engaged with the Chief Financial Officer of a US industrials issuer to discuss cyber security risks.
- The team asked if the company had faced any recent cybersecurity breaches. While the company has not experienced any recent breaches, this remains one of the key risks and focus of management.
- The issuer has a dedicated cybersecurity team that undertakes an annual cybersecurity simulation to reinforce procedures in the event of a breach.
- We will seek to continue engaging with the issuer and monitor progress.

Sovereign, Supranational, Municipal and Agency Engagements

There are fewer direct channels for engagement with sovereign, supranational, agency and municipal issuers compared with corporate issuers, but 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 ESG integration and 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

Organization Type: Sovereign

Region: Europe

Category: Investment Research and Monitoring

Theme: Climate Change and Energy

- In March 2023, members of the Fixed Income Green, Social and Impact team engaged with this issuer to discuss its approach to green and transition finance.
- The team encouraged the issuer to disclose more material ESG data, including those related to the Sustainable Finance Disclosure Regulation's Principal Adverse Indicators.
- The issuer provided information on government initiatives that seek to address this data gap, including for companies domiciled within the country.
- We will seek to continue engaging with the issuer and monitor progress.

CASE STUDY

Organization Type: Sovereign

Region: Middle East

Category: Investment Research and Monitoring

Theme: Climate Change and Energy

- In February 2023, members of the Emerging Markets ESG Investment team engaged with the debt management office of this issuer to discuss its energy policy.
- The discussion focused on renewable energy projects including solar power. The country has a 2050 target of 50% clean energy capacity. The team discussed the potential to finance through the private sector and green debt issuance.
- We will seek to continue engaging with the issuer and monitor progress.

CASE STUDY

Organization type: Sovereign

Region: South America

Category: Investment Research and Monitoring

Theme: Social

- In July 2023, members of the Fixed Income Green, Social and Impact team engaged with this issuer to discuss its sustainable finance mobilization strategy.
- The team discussed the issuer's SDG sovereign bond framework as well as the country's sustainable taxonomy which has three main objectives: climate change mitigation, adaptation and gender equality.
- We will seek to continue engaging with the issuer and monitor progress.

INDUSTRY LEADERSHIP

Our Approach to Industry Leadership

Leveraging resources and knowledge across Goldman Sachs and through external memberships help make the Global Stewardship Team a thought leader for our clients.

We participate in numerous forums and media events each year to gain perspective on the evolving corporate governance and sustainability landscape across regions. Goldman Sachs Asset

Management seeks to build industry influence and promote best practices in stewardship through its memberships and affiliations.

Regional Highlights:

Americas

Investor Stewardship Group (“ISG”) signatory since 2018

17

Industry conferences, round tables, working group meetings and policy discussions participated in

14

Speaking roles at external conferences and events

EMEA

UK and Dutch Stewardship Code Signatories

21

Industry conferences, round tables, working group meetings and policy discussions participated in

7

Speaking roles at external conferences and events

Asia Pacific

Japan Stewardship Code Signatory

49

Industry conferences, round tables, working group meetings and policy discussions participated in

3

Speaking roles at external conferences and events

Industry Spotlight for 2023

Throughout 2023, members of the Global Stewardship Team participated in over **50** forums and events focused on stewardship to share and gain perspectives on the evolving stewardship landscape. Examples include:

Corporate Director Symposium

In July, Catherine Winner represented the Global Stewardship Team at Goldman Sachs' 2023 Director Symposium, hosted by the Goldman Sachs Global Banking and Markets. During the "Investor Engagement: Best Practices for a Changing Landscape" breakout session Catherine spoke on a panel to discuss the current landscape of sustainability issues and best practices for effective engagement. Catherine explained our approach to stewardship and identified critical areas of engagement for investors and directors to consider.

Fall Engagement Summit

In October, Isabel Shaw represented the Global Stewardship Team at the 2023 US Fall Engagement Summit. Isabel presented on a panel discussing our approach to engagement and trends from the 2023 proxy season. The panel was attended by more than 100 corporate representatives including investor relations managers, corporate secretaries, general counsels and other stewardship professionals.

Client Seminar

In October, prior to the Principles for Responsible Investment conference in Tokyo, Catherine Winner and Chris Vilburn hosted a sustainable investment seminar titled "Investment Opportunities in the Transition to a Sustainable World," followed by a reception for our clients.

Membership Spotlight for 2023

Throughout 2023, members of the Global Stewardship Team participated in over **90** events organized by our external memberships. Examples include:

Japan's ESG Disclosure Study Group

In May, Takehiro Akamatsu and the Japan Public Equity Client Portfolio Management Team spoke at the ESG Disclosure Study Group to share our views on sustainability issues and investment processes. The event had over 100 attendees including investor relations professionals from publicly traded companies, representatives of other financial institutions, and industry-leading experts.

The ESG Disclosure Study Group is a Japan-based organization focused on carrying out research related to ESG information disclosure best practices to enhance corporate value and growth as well as the sustainable development of society.

Goldman Sachs Asset Management became a founding member of the ESG Disclosure Study Group in June 2020.

IFRS International Sustainability Standards Board (ISSB)

In May, members of the Global Stewardship Team participated in a corporate-investor dialogue hosted by the ISSB. The event brought together representatives from institutional investors and corporates to share views and feedback on the ISSB standards for corporate sustainability reporting, their application, and future development.

Goldman Sachs Asset Management has been a member of the Sustainability Accounting Standards Board Investor Advisory Group since 2018 and continues to support its work as part of the ISSB. We currently hold two seats on the ISSB Investor Advisory Group.

Council of Institutional Investors (CII)

In September, Catherine Winner moderated a fireside chat on board diversity trends in the technology sector at the Council of Institutional Investor's Fall Conference in Long Beach, California. The conversation focused on the challenges women of color face on public and private boards and identified opportunities for companies to expand gender and ethnic diversity.

Catherine also served as a member of the Corporate Governance Advisory Council (CGAC) for the CII in 2023.

The CGAC provides input to the CII board and staff on corporate governance developments and trends, including thought leadership on best practices. It also advises on CII activities that can best promote effective corporate governance and enhance the value of CII membership. Finally, the CGAC shares insights relevant to CII policy development and recommends speakers and topics for CII events, policies and other initiatives.

Goldman Sachs Asset Management has been a member of CII since 2017.

30% Club Japan

In December, the 30% Club Japan Thought Leadership sub-group hosted a training event for approximately 30 senior women leaders from 30% Club member companies to help develop the pipeline of future women executives and directors. Chris Vilburn helped guide the conversation on brainstorming strategies such as providing a flexible work environment, diversifying management, and nurturing and promoting talent.

The Japan chapter of the 30% Club is dedicated to promoting gender diversity at all levels of an organization. Composed of investors and companies, the 30% Club aims to achieve corporate diversity comprehensively and efficiently, with the ambition of reaching 30% women officer representation at TOPIX100 companies by 2030.^{30, 31}

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

Demonstrating Our Commitment to Stewardship

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.

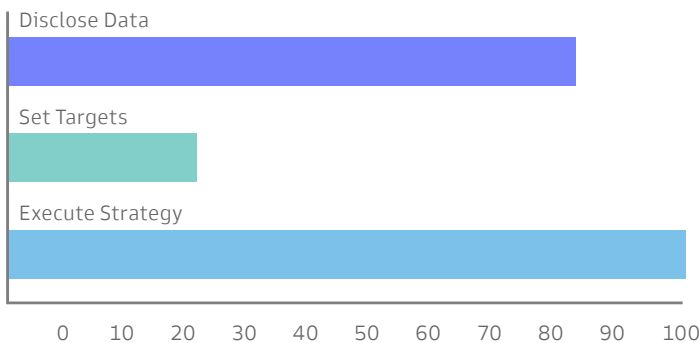
- UK Stewardship Code
- Japan Stewardship Code
- Investor Stewardship Group
- The Singapore Stewardship Principles for Responsible Investors
- EU Shareholder Rights Directive II³²

CLIMATE TRANSITION

Overview: Climate Engagements³³

188 **174**
engagements issuers

Number of Engagements by Objective



Our Approach to the Climate Transition

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 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 navigating the transition to a lower-carbon economy.

How We Engage on Climate-Related Issues

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.

Building on our historic engagement initiatives, in 2023 we expanded our engagement efforts by assessing companies representing 70% of our financed emissions against the criteria in our proprietary **Paris Alignment Lens**. 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 to provide a forward-looking categorization of its alignment with the aims of the 2015 Paris Agreement.

We use this analysis to identify companies for potential engagement,³⁴ encouraging companies to:

1. Disclose Data

We encourage disclosure of greenhouse gas (GHG) emissions data considered material to a company's business.

2. Set Targets

We discuss companies' goals to reduce greenhouse gas emissions where material.

3. Execute Strategy

We engage with companies in high-impact industries on the implementation of a robust and quantifiable climate transition strategy.

OBJECTIVE 1: Disclose Data

Material data on GHG emissions can be a useful tool for our public markets investing business to incorporate into their investment process and for clients who want to understand the material emissions associated with their investment portfolio.³⁵

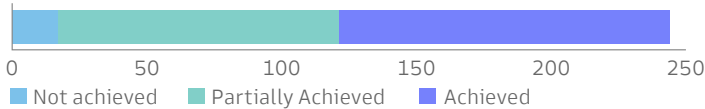
We have been engaging with companies on data disclosure since 2020. For each company, we identify the scopes we consider material under the SASB standards and seek to engage with companies that are not disclosing all the material categories of emissions.

Climate - Disclose Data³⁶

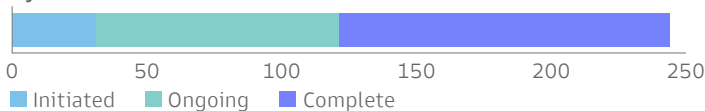
244 **78** **75**

issuers identified engagements issuers

By Progress



By Status



Beginning in March 2022, we escalated our expectations for material-emissions disclosures by voting against board directors of relevant committees at companies that had not made progress on disclosing material emissions data where material to the business.

We voted against 20 directors at 11 companies in 2023.

CASE STUDY

Sector: Consumer Staples
 Country: Japan
 Category: Thematic
 Theme: Climate – Disclose Data
 Status: Ongoing
 Progress: Not Achieved

- In May 2023, members of the Global Stewardship Team engaged with an internal director of a Japanese consumer staples company to discuss its approach to material emissions disclosure. We had identified the company for engagement under our Climate – Data Disclosure engagement initiative in which we seek to encourage disclosure of material emissions data under SASB standards.
- We began engagement with the company in 2021 because it was not disclosing greenhouse gas emissions. In 2022, the company set up a Sustainability Committee to identify material ESG topics to accelerate its sustainability initiatives.
- During this most recent engagement, we emphasized the importance of disclosing scope 1 and 2 emissions data. The company noted it had completed a materiality assessment and planned to disclose CO₂ data and targets, reporting in line with TCFD recommendations.
- Ultimately, we voted against a director at the company's 2023 annual meeting due to the continued lack of disclosure.
- We will seek to continue engaging with the company to encourage the disclosure of material emissions data.

OBJECTIVE 2: Set Targets

For companies in industries where GHG emissions are material, we believe disclosure of an emission reduction target can serve as an important data point for use in our investment analysis. Where GHG emissions are material, we believe companies without targets may struggle to manage their GHG footprint.

Since 2021, we have been seeking to engage with certain companies whose GHG emissions are material under SASB but which have no reduction targets.

Climate - Set Targets³⁷

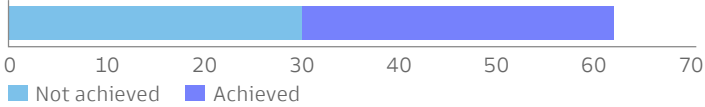
62 **26** **25**

issuers
identified

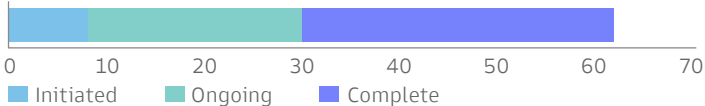
engagements

issuers

By Progress



By Status



CASE STUDY

Sector: Industrials
 Country: Japan
 Category: Thematic
 Theme: Climate – Set Targets
 Status: Complete
 Progress: Achieved

- In July 2023, members of the Global Stewardship Team and the Fundamental Equity Investment team engaged with the Investor Relations team of a Japanese industrial company to discuss GHG emissions. We had identified the company for engagement under our Climate- Set Targets engagement initiative in which we encourage companies in high-impact industries to set emissions-reduction targets.
- We first engaged with the company in June 2022. At that time, it had no target to reduce emissions. We discussed the company's approach to managing its GHG emissions and encouraged it to set a target and disclose material scopes of GHG emissions.
- Since our most recent engagement, the company has disclosed its mid-term (by 2030) target to reduce GHG emissions and committed to achieve net zero emission by 2050.

CASE STUDY

Sector: Industrials
 Country: United states
 Category: Thematic
 Theme: Climate – Set Targets
 Status: Complete
 Objective: Achieved

- In July 2023, members of the Global Stewardship Team engaged with the Investor Relations team at a US industrial company to discuss GHG emissions. We had identified the company for engagement under our Climate – Set Target engagement initiative in which we encourage companies in high impact industries to set emissions-reduction targets.
- We discussed the company's approach to managing its GHG emissions during a previous engagement. We encouraged the company to set a target to reduce emissions and align its ESG reporting with SASB and TCFD.
- The company has since published its first ESG report, which includes reporting aligned with the SASB standards, scope 1, 2 and 3 emissions data, and information on emissions-reduction initiatives. The company said it intends to align its reporting with TCFD in the future.
- We noted, however, that the report did not include explicit targets to reduce GHG emissions. In our July engagement we therefore asked about its progress on setting targets to reduce emissions. We encouraged disclosure of a target and a roadmap for achieving these goals.
- Later in 2023, the company published a goal to reduce emissions from flight operations (tank-to-wake) by 10% per revenue ton kilometer (RTK) by the end of 2030.

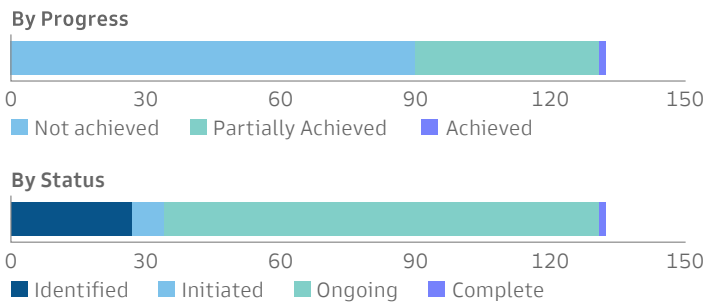
OBJECTIVE 3: Execute Strategy

We conduct these engagements with companies in high- impact industries, whose GHG emissions are material to their business. We encourage them to implement a robust and quantifiable climate transition strategy.

These engagements are guided by our Paris Alignment Lens.

This tool categorizes companies as either "Achieving Net Zero," "Aligned," "Aligning," "Committed to Aligning," or "Not Aligned," based on their performance against six criteria:

Climate - Execute Strategy³⁸



- 1. Ambition:** A 2050 goal consistent with achieving global net zero
- 2. Targets:** Short- and medium-term emissions reduction targets (scope 1, 2 and material scope 3)
- 3. Emissions performance:** Current emissions intensity performance
- 4. Disclosure:** Disclosure of scope 1, 2 and material scope 3 emissions
- 5. Decarbonization Strategy:** A quantified plan setting out the measures that will be deployed to deliver GHG targets, the proportions of green revenue and increases in green revenue where relevant
- 6. Capital Allocation Alignment:** Demonstration that CAPEX is consistent with achieving net zero emissions by 2050

We evaluate the company's progress using the Paris Alignment Lens and set an objective for the companies to achieve alignment.

CASE STUDY

Sector: Materials

Country: India

Category: Thematic

Theme: Climate – Execute Strategy

Status: Ongoing

Progress: Partially Achieved

- In November 2023, members of the Global Stewardship Team engaged with the Investor Relations and Sustainability team at an Indian materials company to discuss the company's climate transition plan. We had identified the company for engagement under our Climate – Execute Strategy 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 Paris Alignment Lens, we identified the following areas for engagement: emissions performance; decarbonization strategy; capital allocation strategy.
- We discussed the company's climate transition goals for its aluminum production to achieve net zero. The company has multiple 2025 targets but has not set its mid-term to long term targets and commitments. We encouraged the company to consider establishing probable but ambitious pathways.
- We also discussed transition strategies in detail focusing on specific technologies such as recycling, hydrogen generation and carbon capture and utilization to better understand its transition roadmap.
- We will seek to continue engaging with the company on its climate transition plan.

CASE STUDY

Sector: Materials

Country: Germany

Category: Thematic

Theme: Climate – Execute Strategy

Status: Ongoing

Progress: Not Achieved

- In September 2023, members of the Global Stewardship Team and the Fixed Income Investment team engaged with the Investor Relations team at a German materials company to discuss its climate strategy. We had identified the company for engagement under our Climate – Execute Strategy 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 Paris Alignment Lens, we identified the following areas for engagement: long-term ambition, interim targets, emissions performance, decarbonization strategy, and capital allocation strategy.
- We engaged with the company in 2021 and 2022, encouraging it to set a scope 3 target. The company said it was working on reviewing its overall scope 3 emissions and assessing how to set a credible and actionable target.
- We further encouraged the company to publish a detailed capex plan to demonstrate the link between capital expenditure and planned emissions reductions pathways and allow investors to understand how this will help the company reach its net zero goal by 2050. The company confirmed this is an area of priority and that it anticipates disclosing additional information in the future.
- In December 2023, the company set a new target to reduce scope 3 emissions from the production of purchased goods and services by 15% by 2030 over a 2022 baseline, and to achieve net zero in this category by 2050.
- We will seek to continue engaging with the company on its targets and capital allocation plan and monitor its progress on these material issues.

PROXY VOTES 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. In 2022, we updated our proxy voting policy to vote against relevant directors at companies on our engagement list that had not made improvements to its material emissions disclosures. In 2023, we voted against 20 directors at 11 companies.

Climate Transition Plans

When evaluating climate transition plans for proxy voting purposes (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 the company’s strategy relative to industry peers and best practices.

In general, 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 the company have reasonable GHG reduction targets?
- 3. Credibility:** Has the company provided a credible strategy for implementing its plan?

In 2023, we voted on 33 management-sponsored “say on climate” proposals, supporting 94%.³⁹ We also voted on seven shareholder-sponsored “say on climate” proposals, supporting none.

HOW WE ENGAGE ON BIODIVERSITY AND NATURE

Biodiversity loss can pose a key investment risk that can manifest itself in a company’s operations or across its supply chain. Biodiversity has 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.⁴⁰

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.

In 2023, we focused our stewardship work related to biodiversity on two themes:

- **Plastics:** Encouraging companies to disclose plastics 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 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.⁴¹

We seek to engage with FMCG companies for whom plastic packaging represents a potentially material investment risk to encourage disclosure of plastic packaging usage in line with SASB standards:

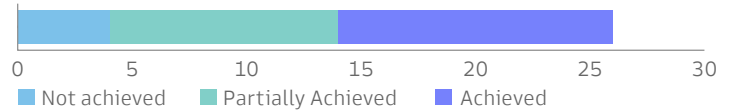
- Total weight of packaging in metric tons, by type;
- Percentage of packaging made from recycled or renewable materials;
- Percentage of packaging that is recyclable, reusable and/or compostable.

Plastics⁴²

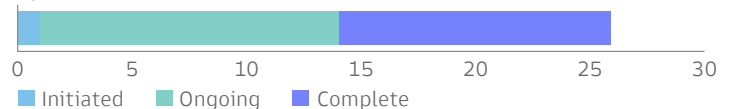
26 **18** **16**

issuers identified engagements issuers

By Progress



By Status



CASE STUDY

Sector: Consumer Staples

Country: Netherlands

Category: Thematic

Theme: Biodiversity and Nature – Plastics

Status: Ongoing

Progress: Partially Achieved

- In November 2023, 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 encourage disclosure of packaging metrics in line with SASB.
- We engaged with the company in December 2022 to discuss its ‘maximizing circularity’ strategy and how it was reducing the use of plastics in its packaging. We discussed the company’s strategy for improving the recyclability of packaging across all its products.
- In November 2023, the company confirmed that 38% of its packaging is now recyclable. We also discussed the impacts of potential future public policy changes on its operations, for example the rollout of more deposit return schemes for different types of packaging.
- We encouraged the company to disclose its metrics around packaging within its operations in line with SASB, allowing us to track this information and measure progress over the long-term.
- The company confirmed it is in the process of calculating this information and aims to disclose in the next annual report.
- We will seek to continue engaging with the company on its progress on its packaging disclosures and strategy.

CASE STUDY

Sector: Consumer Staples

Country: Japan

Category: Thematic

Theme: Nature and Biodiversity – Plastics

Status: Ongoing

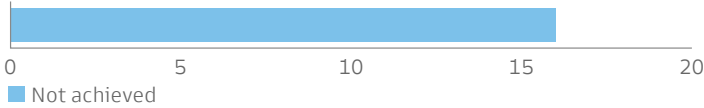
Progress: Partially Achieved

- In December 2023, 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 encourage disclosure of packaging metrics in line with SASB.
- We encouraged the company to disclose the total weight of plastics used for their products in line with SASB.
- On its progress towards achieving 100% sustainable bottles by 2030, the company noted regulations in some Asian countries that forbid the use of recycled plastics. However, changes to regulations in Vietnam in 2022 and Thailand in 2023 have led to increased use of recycled plastics.
- We will seek to continue engaging with the company on its progress on its packaging disclosures and strategy.

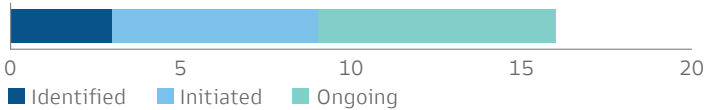
Deforestation⁴³

16 issuers identified
7 engagements
7 issuers

By Progress



By Status



Deforestation

About two thirds⁴⁴ of global deforestation in the past decade was driven by the production of a few agricultural forest risk commodities: palm oil, timber and paper products, soy, beef and leather.⁴⁵

In response, the Global Stewardship Team engages with companies with exposure to deforestation risks from these commodities. We seek to engage with companies that have not disclosed deforestation-reduction plans, and are large holdings across public markets investing business portfolios, and where those companies do not have publicly disclosed deforestation reduction plans. Discussion topics during these engagements include:

1. Deforestation risk assessment
2. Targets and strategies in place to mitigate deforestation risk
3. Progress reporting
4. Supply chain management

As data availability improves, we aim to enhance our deforestation risk exposure analysis for our investee companies.

CASE STUDY

Sector: Consumer Discretionary

Country: Japan

Category: Thematic

Theme: Nature and Biodiversity – Deforestation

Status: Ongoing

Progress: Not Achieved

- In May 2023, members of the Global Stewardship Team and the Fundamental Equity Investment team engaged with the company's executive officers and the Sustainable Development Goals team of a Japanese 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 approach 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. The company responded that it is not currently undertaking initiatives to eliminate deforestation completely but acknowledged the importance of the issue, given the challenges of tracking the procurement paths for materials such as Medium Density Fiberboard (MDF).
- We also discussed the company's methods to monitor its upstream supply chains. It is working with suppliers through training and educational programs and has an escalation process whereby issues within the supply chain are promptly reported to the Board of Directors. It is also considering including deforestation risk as a checkpoint in supply chain audits in the future.
- We will seek to continue engaging with the company to monitor its progress on raw material procurement and addressing deforestation risk.

CASE STUDY

Sector: Consumer Discretionary

Country: South Africa

Category: Thematic

Theme: Nature and Biodiversity – Deforestation

Status: Ongoing

Progress: Not Achieved

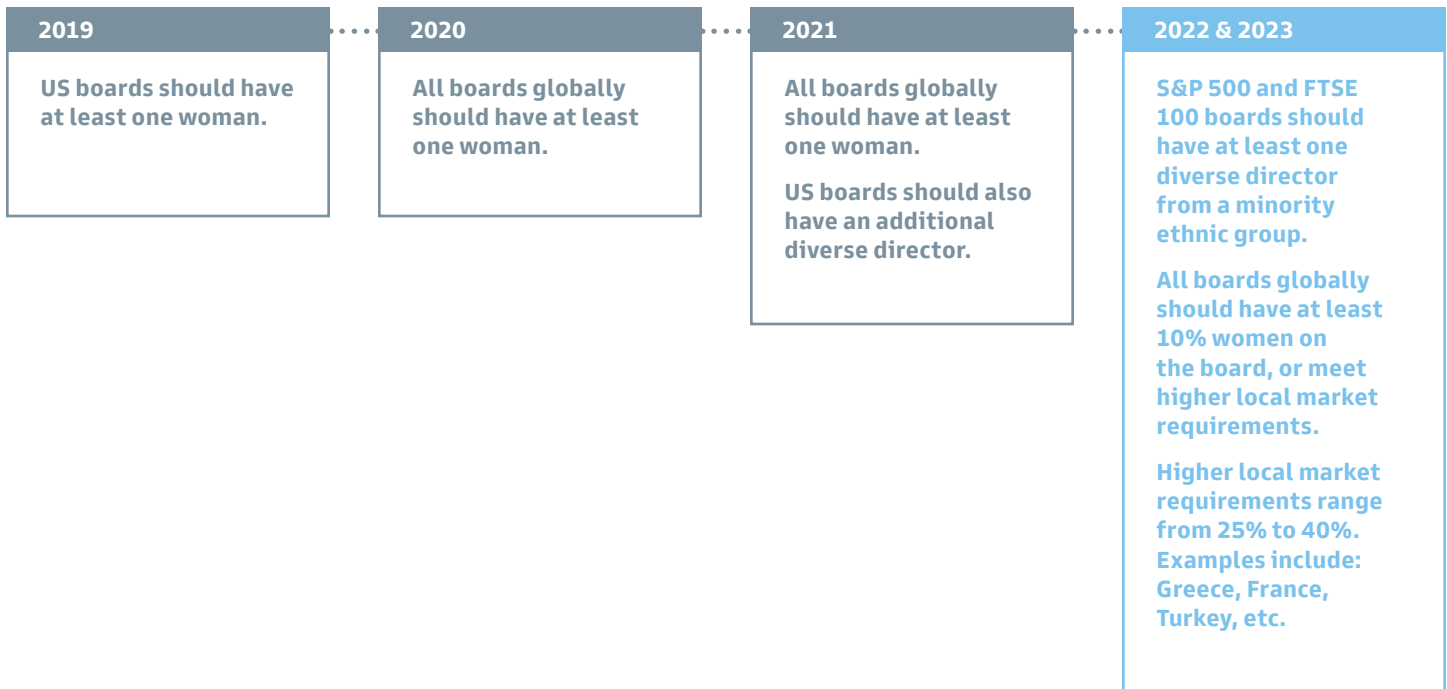
- In December 2023, the Global Stewardship Team engaged with the Sustainability Officer and the Investor Relations team of a South African consumer discretionary company. We had identified the company for engagement under our Biodiversity and Nature - Deforestation engagement initiative in which we seek to engage with companies on their approach to key risks and opportunities related to deforestation.
- The company has become a Forestry Council member and is working with its supply chain on deforestation and ensuring tier 1 suppliers have Forestry Stewardship Council certification.
- The company does not have a deforestation policy. We encouraged the company to consider publishing one to explain its approach to managing deforestation in its operations and supply chain.
- We will seek to continue engaging with the company to monitor its progress on raw material procurement and addressing deforestation risk.

INCLUSIVE GROWTH

Our Approach to Board Diversity

We believe diverse teams have the potential to outperform and we expect our portfolio companies to demonstrate diversity at the board level. Based on our belief that diversity is a business imperative, we have evolved the expectations in our proxy voting policy over several years to promote board diversity at portfolio companies. We view our voting activities as the primary method of engagement on board diversity with companies held in our public markets investing business portfolios.

Evolution of our Proxy Voting Policies



Proxy Votes on Board Diversity

We voted against 2,465 directors at 1,038 companies in 2023 for lack of board diversity.

Companies voted against for lack of board diversity by region⁴⁶



Companies voted against for lack of board diversity by sector⁴⁷

Sector	# of Companies	Sector	# of Companies
Communication Services	52	Industrials	203
Consumer Discretionary	114	Information Technology	123
Consumer Staples	49	Materials	102
Energy	48	Other ⁴⁸	4
Financials	131	Real Estate	67
Health Care	111	Utilities	34

Engaging on Board Diversity⁴⁹

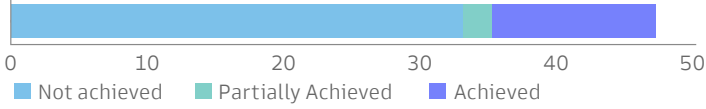
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issuers identified

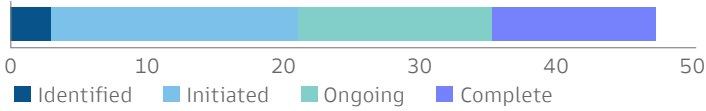
engagements

issuers

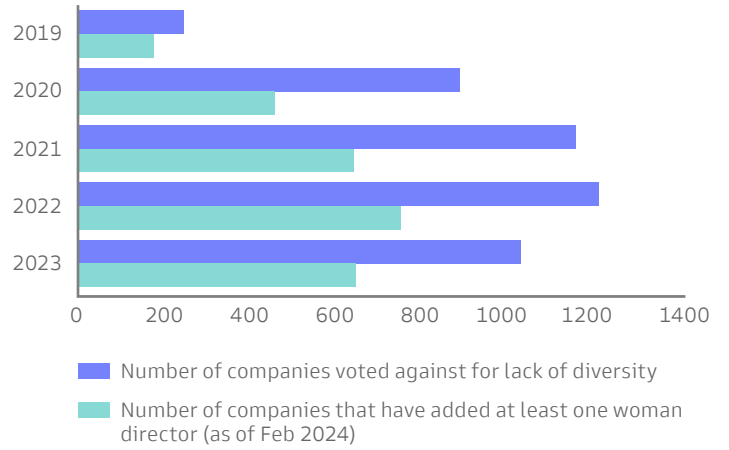
By Progress



By Status



History of Promoting Board Diversity Globally⁵⁰



US: OUR VOTING ACTIVITIES ON BOARD DIVERSITY

We have evolved our proxy voting policy in recent years to promote board diversity at US companies. Of the US-listed companies where we voted against directors in 2019 because the board had no women, **72% have since added at least one woman director.**

In 2023, we voted against 303 companies due to lack of diversity on the board, compared with 465 in the previous year, which reflects the overall increasing levels of gender diversity on US boards.

Sector breakdown⁵¹

Sector	# of US Companies Voted Against
Communication Services	23
Consumer Discretionary	23
Consumer Staples	8
Energy	17
Financials	69
Health Care	58

Sector	# of US Companies Voted Against
Industrials	40
Information Technology	30
Materials	11
Real Estate	18
Utilities	6

🔍 EMEA: INCREASING OUR GENDER DIVERSITY EXPECTATIONS

Board composition continues to be an area of focus, with regulations and codes across the region increasing expectations of levels of board diversity. We engage with companies to explain our expectation that they meet local best practices in this area.

We continue to update our proxy voting policy to reflect our expectation that all public company boards globally have at least 10% women directors or meet a higher local market standard.

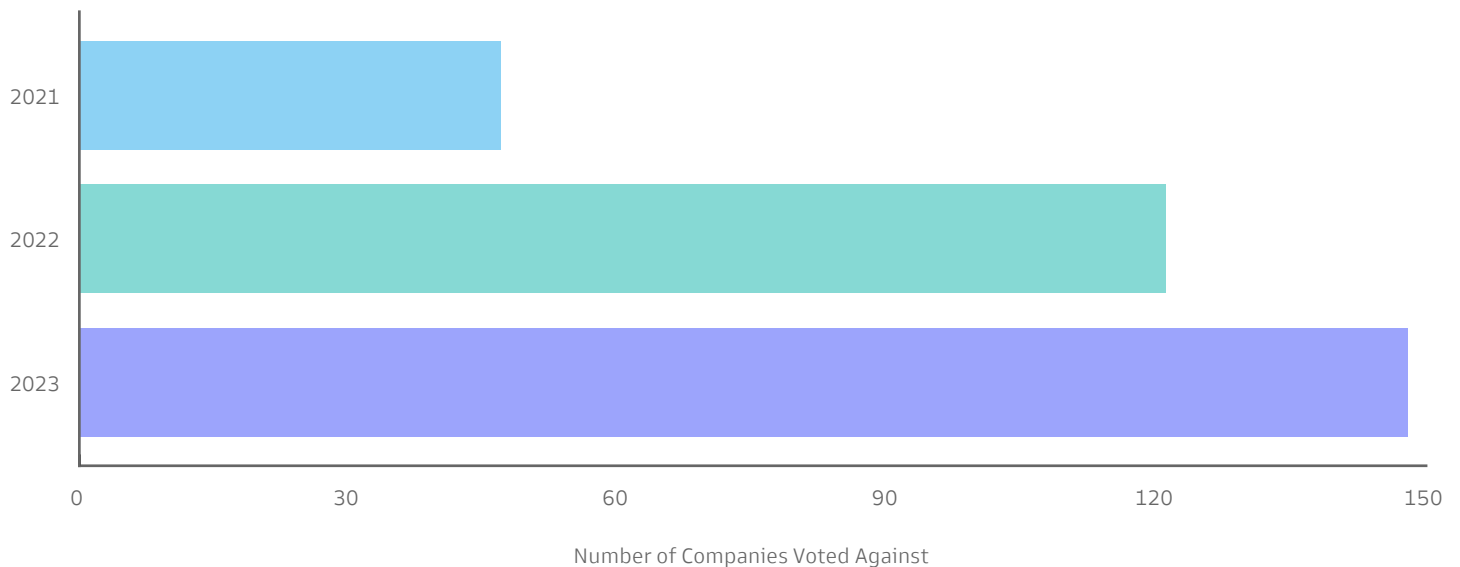
For example, some EMEA markets set targets of 30% to 40% women director representation. France has a market requirement of 40% of each gender at board level; other markets with

requirements include Italy, Spain, the Netherlands, Norway and Portugal.

We will seek to continue to adapt our policies as market requirements and the macro environment evolve.

In 2023, we voted against directors at 148 companies in EMEA, compared with 121 in the previous year.

Number of EMEA Companies Voted Against Due to Lack of Gender Diversity on the Board⁵²





JAPAN: ENGAGING AND PROMOTING DIVERSITY THROUGHOUT THE WORKFORCE

Japan ranks 125th out of 146 countries by gender gap in 2023, the country's lowest-ever ranking and the lowest in the East Asia and Pacific region.⁵³ We aim to narrow the gender gap at Japanese companies through constructive engagement.

Japan Workforce Diversity⁵⁴

70 **35** **35**

issuers
identified

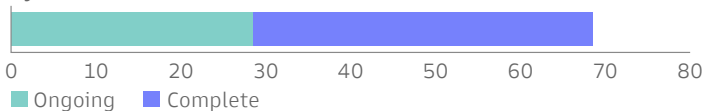
engagements

issuers

By Progress



By Status



Our approach to engaging with Japanese companies on workforce diversity includes our internal screening using data points including the ratio of women in directorships, executive and management roles. We also consider gender pay and mobility gaps and paternity leave. Our aim is to identify companies with significant room for improvement on diversity.

We added the gender pay gap in 2023 to reflect a new regulatory requirement in Japan for listed companies to disclose this data in their "Yuho" securities report.⁵⁵ We seek to review the company's status annually and engage to encourage improvements.

Best Practice Presentation: We have created a presentation outlining best practices in diversity initiatives from Japanese companies. We generally share this presentation with

our portfolio companies in diversity engagements. The presentation, which is refreshed every year, can be a resource for companies to strengthen their diversity programs.

CASE STUDY

Sector: Consumer Discretionary

Country: Japan

Category: Thematic

Theme: Japan Workforce Diversity

Status: Ongoing

Progress: Not Achieved

- In August 2023, members of the Global Stewardship Team engaged with the Investor Relations team at a Japanese consumer discretionary company. We had identified the company for engagement under our Japan Workforce Diversity engagement initiative in which we seek to promote gender diversity on the boards and in the workplace.
- We have been engaging on gender diversity with the company regularly for the past three years. In previous engagements, we discussed its low paternity leave ratio, which the company informed us has increased from only one-fifth to more than half in the last two years. Top management has committed to achieving a 100% paternity leave ratio and strives to address employee concerns through education and increasing resources.
- The company also disclosed its female target ratio for new graduate hires and its aim to help them become future female leaders.
- While the company has made material improvements to workforce diversity since we began our engagements, it still does not meet our screening thresholds. We seek to review the company's status annually and we will seek to continue engaging with the company as it pursues its diversity initiatives.

STRONG CORPORATE GOVERNANCE

We believe that sound corporate governance can create a framework for managing a company in the interests of its shareholders. We seek to hold boards accountable for actions and results related to their governance responsibilities. When directors do not meet our expectations, we may seek to hold them accountable through proxy voting.

We generally believe companies should seek to comply with commonly accepted corporate governance best practices as well as the corporate governance standards applicable in their jurisdiction of incorporation. The Global Stewardship Team has developed a process for evaluating companies that have been identified by third party data providers as in violation of global norms including the United Nations Global Compact

and the Guidelines for Multinational Enterprises developed by the Organisation for Economic Co-operation and Development (OECD). We also engage with companies that, in our view, exhibit poor governance practices and those involved in controversial incidents.

Please refer to the Proxy Voting section of this report for further details.

The Board of Directors

We seek to hold company Board of Directors accountable for actions and results related to their responsibilities. Boards of Directors should be accountable to shareholders and stakeholders and should base their decisions on serving the long-term interests of the company, its shareholders and its stakeholders.

Boards should have a majority of independent directors or meet local market best practices. We generally believe diverse teams have the potential to outperform and we expect the directors of public companies to have diverse skill sets and experiences. Diversity of ethnicity, gender, and experience are important considerations in board composition. Boards should generally consist of directors with varied tenures and focus on succession planning for refreshment of directors over time.

Boards should establish committees to oversee areas such as audit, executive and non-executive compensation, director nominations and risk oversight as required by their local market best practices or as appropriate for the company's circumstances and operations. The responsibilities and membership of these committees should be publicly disclosed.

Board members should ensure they have sufficient time available to discharge their duties and should attend board and committee meetings regularly.

Number of Directors Voted Against for Not Meeting Our Expectations⁵⁶

Topic	Our Expectation	Number of Directors Voted Against for Not Meeting Our Expectations
Diversity	Directors represent diverse skill sets and backgrounds	2,465
Independence	Boards demonstrate independent oversight	1,491
Director Commitments	Directors can devote sufficient time and are not overboarded	279
Attendance	Directors attend at least 75% of meetings	97

Shareholder Rights

We generally believe all shareholders should have the opportunity to participate effectively and on an informed basis in shareholder meetings.

Companies should facilitate the exercise of ownership rights by all shareholders, including by giving shareholders timely and adequate notice of all matters proposed for a shareholder vote. Generally, "one-share-one-vote" declassified board structures are preferable for operating companies.

In 2023, we engaged with 48 US companies to discuss shareholder rights and we supported all shareholder proposals to approve recapitalization plans for all stock to have one vote per share and for boards to be declassified.

CASE STUDY

Sector: Health Care

Country: United States

Category: Providing Feedback

Theme: Corporate Governance

- In December 2023, members of the Global Stewardship Team engaged with the Chairman and CEO of a US health care company to discuss its corporate governance framework.
- This was a follow-up to a previous engagement on governance topics where we recommended that the Board adopt a declassified board structure allowing shareholders to vote on each director

annually. We also explained our history of voting against selected board members due to the company's classified board structure and other bylaws which limited shareholders rights.

- During the December engagement, the company announced a plan to seek shareholder approval to declassify the board at the 2024 annual meeting. Additionally, the company proposed amendments to its articles of incorporation that will provide shareholders the right to amend bylaws and call special meetings.
- We will seek to continue engaging with the company to monitor its progress and to provide feedback as the company evolves its corporate governance framework.

Executive Compensation

Executive compensation plan structures are generally an important element of the corporate governance framework. We expect compensation plans to have characteristics that can attract and retain key executives and align management's compensation with long-term shareholder value creation and shareholders' best interests. We believe that Compensation Committees are best placed to oversee the executive compensation plan and we will generally be supportive of plans that broadly meet the characteristics we consider important.

In 2023, we voted on 4,798 management-sponsored executive compensation proposals, opposing 18%.

In cases where we have persistently voted against executive compensation proposals and the board has not implemented sufficient changes, we may seek to escalate our view by voting against members of the Compensation Committee.

CASE STUDY

Sector: Consumer Discretionary

Country: United States

Category: Providing Feedback

Theme: Executive Compensation

- In November 2023, members of the Global Stewardship Team engaged with the Non-Executive Chair of the board of a US consumer discretionary company to discuss executive compensation.
- At the company's shareholders' meeting in June 2023, we voted against the management executive compensation proposal because the long-term plan was majority time-based and there was overlap of a performance metric in the short-term and long-term plans, causing double pay out opportunities.
- During the engagement, we explained that our proxy voting policy states that executive compensation plans should not contain overlapping performance metrics, because this increases the risk of overreliance on a single metric. Additionally, the long-term plan should contain at least three-year measurement periods. The company said it intended to make changes to its compensation plan.
- We will seek to continue engaging with the company to monitor its changes to executive compensation and to vote in the best interest of shareholders.



REMUNERATION IN AUSTRALIA

In 2023, 40 companies in the ASX 300 received votes against from at least 25% of shareholders on the remuneration reports, up from 22 companies the previous year.⁵⁷ Shareholders raised concerns about the lack of transparency or of detailed links between the awards and company performance. The Global Stewardship Team reviews all remuneration proposals and voted against 19% of those voted at Australian companies in 2023. The Global Stewardship Team will continue to conduct thorough analysis when evaluating these proposals on a case-by-case basis. We also seek to engage where further clarification is needed.

A Regional Approach to Governance Issues

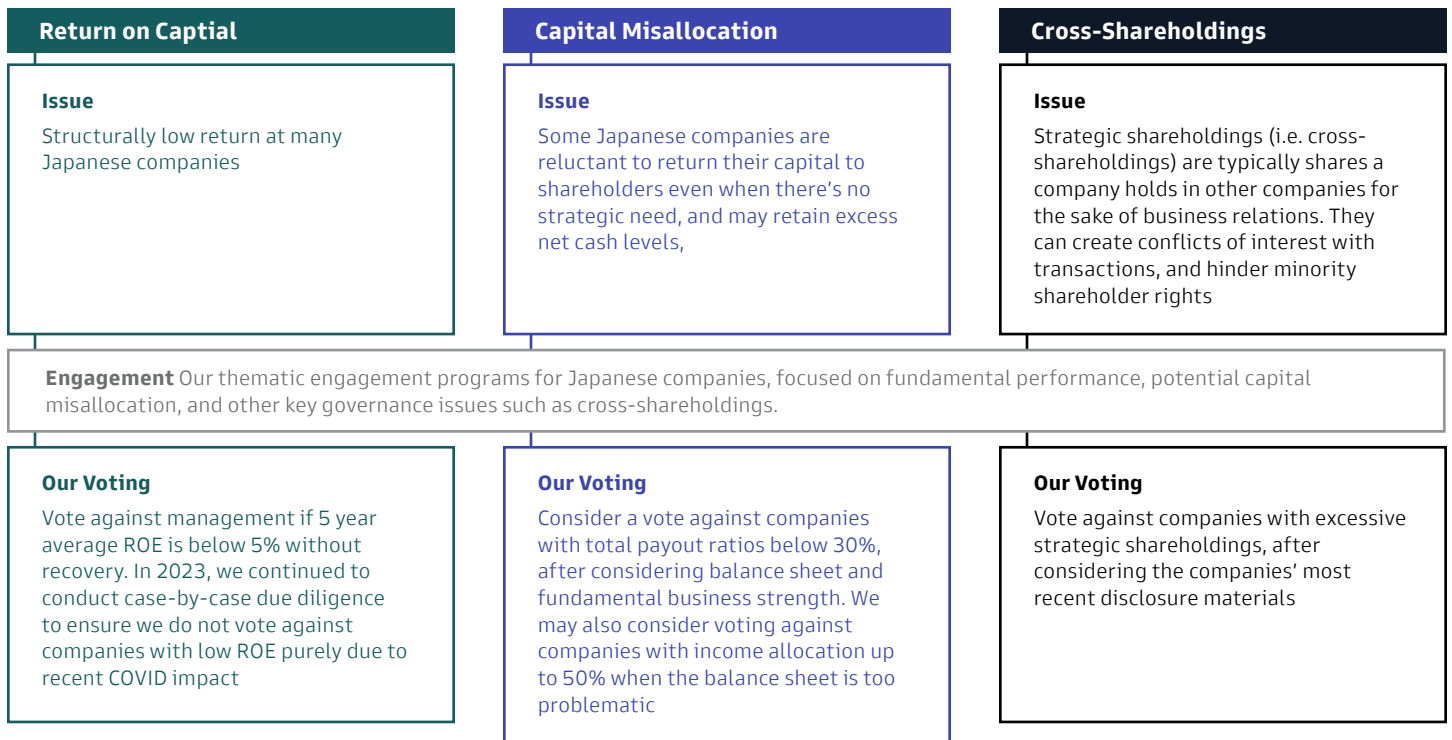
For promoting strong corporate governance, we believe it is particularly important to consider region-specific issues and nuances, because each market has its own regulations, corporate governance standards, problems, and norms. We have enhanced our public Proxy Voting Policy with more region- and country-specific policies, and we have worked to provide more transparency on our expectations for various markets.

GOVERNANCE IN JAPAN

To encourage portfolio companies in their governance development, we have a Japan-specific governance engagement program focused on a wide range of ongoing governance concerns. We integrate our engagement with our proxy voting efforts and incorporate Japan-specific governance and fundamental issues into our Proxy Voting Policy and implementation. We seek to conduct in-house case-by-case analysis on companies' return on equity (ROE), dividend payout

and cross-shareholdings to ensure that our decisions reflect each company's situation and are decided in the best interests of shareholders.

In 2023, we strengthened our criteria for income allocation. As a result, the number of companies we voted against due to problematic income allocation increased to 28 from 10 the previous year.

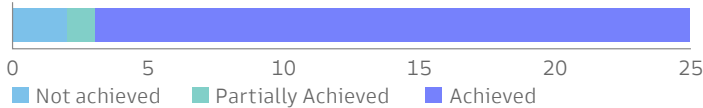


Japan Fundamentals⁵⁸

25 16 16

issuers identified engagements issuers

By Progress



By Status

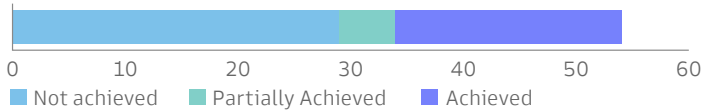


Japan Governance⁵⁹

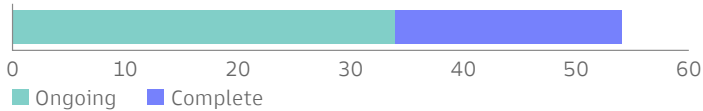
54 46 46

issuers identified engagements issuers

By Progress



By Status



CASE STUDY

Sector: Financials
Country: Japan
Category: Providing Feedback
Theme: Fundamentals

In May 2023 and November 2023, members of the Global Stewardship Team engaged with the CEO of a Japanese financials company to discuss the progress of its new return on equity (ROE) improvement strategy. We had identified the company for engagement under our Japan Fundamental engagement initiative area. We have been engaging with the company this issue for the past five years. In April 2022, the company updated its medium- to long-term management strategy, including for the first time, a capital realignment and shareholder return policy.

The company outlined several key measures to enhance corporate value and ROE: It reorganized its business structure, freeing up over ¥100bn in capital, which it will use to repay subordinated debt, do shares buybacks until reaching the highest-level P/B ratio among Japanese regional banks and will acquire strategic growth investments. Additionally, the company implemented a competitive stock-based compensation system among regional banks for executives and all employees linked to ROE with a target for achieving above 5% ROE. Lastly, the company has also committed to reduce cross-shareholding by 50% in three years with a final goal of achieving zero cross-shareholdings.

The bank's trailing ROE was below 5% over the past five years which normally triggers a vote against the CEO. However, we are supportive of the CEO's new revitalization plan. We believe it is in the best interest of shareholders to support the current CEO as the transition strategy moves forward and we voted in favor of the election of the CEO at the annual general meeting.

We will seek to continue engaging with the company to monitor its progress on this fundamental issue.

Our Approach to Controversies

We believe controversial incidents can be material to a company's long-term success and potentially destroy value.

Our approach to controversies arising at companies in our portfolios is made up of two distinct but complementary pillars.

1. 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 (Global Norms Reviewers) have implemented a proprietary approach to identify, review, evaluate and monitor companies who are either flagged by external data providers on various criteria or identified by members of the public markets investing business in order to establish a proprietary list of violators.

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

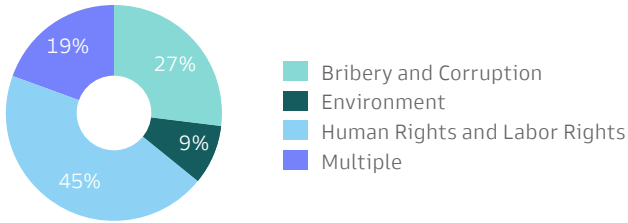
2. Controversial Incidents:

There are also controversies that may be material to a company's business but do not rise to the level of a global norms violation. For example, issues related to product quality and safety, labor-management relations, discrimination allegations, anticompetitive practices, marketing and advertising, and privacy and data security, among others.

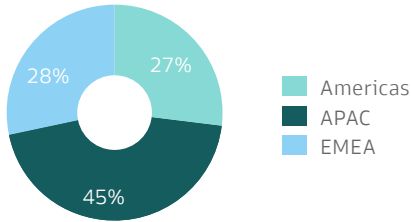
We have developed a process to identify and seek to engage with companies on these controversial incidents to understand and provide feedback on the company's path for remediation.

Global Norms by Subject, Region, Tiering:⁶⁰

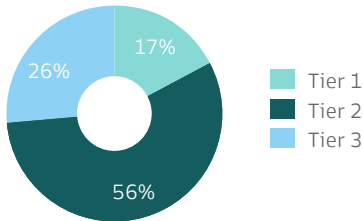
Corporate Groups by Subject



Corporate Groups by Region



Corporate Groups by Tiers

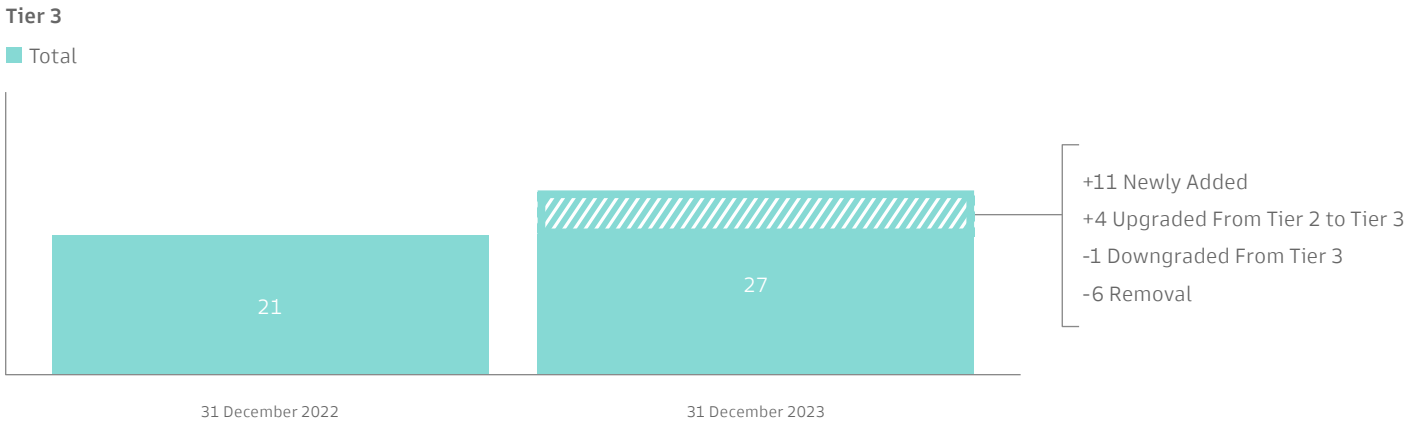
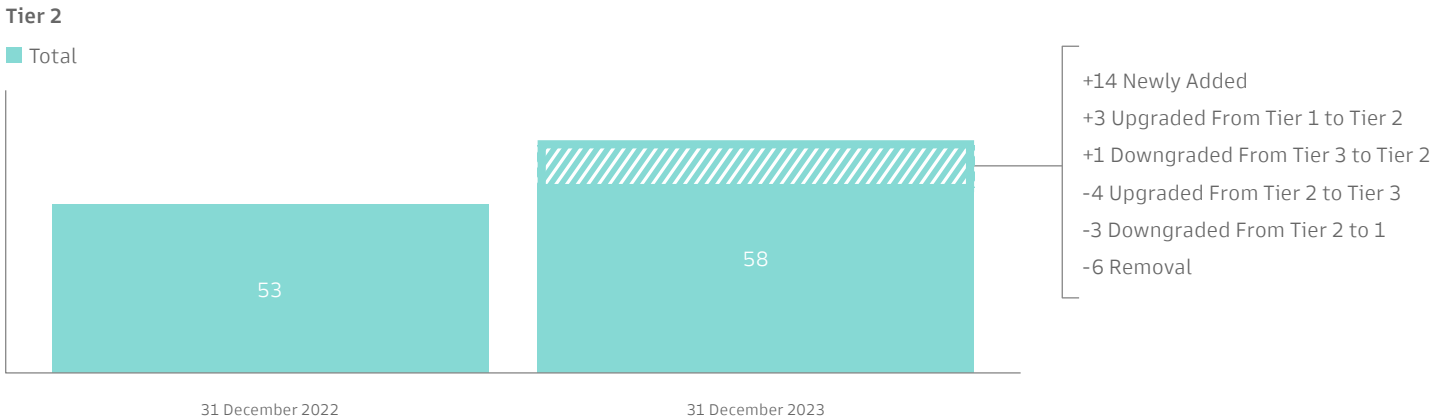
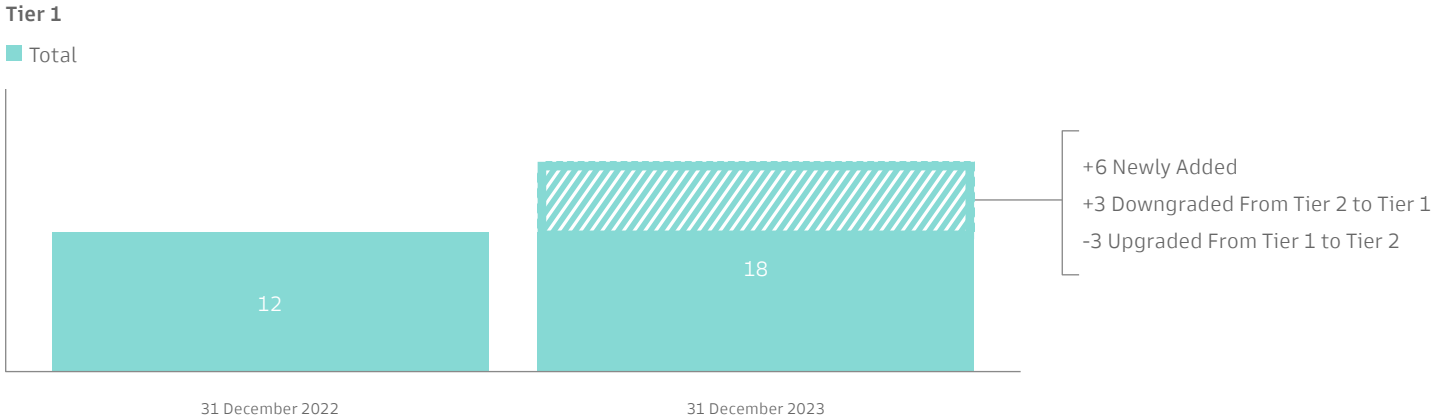


Global Norms Violations

When assessing companies within our Global Norms framework, Global Norms Reviewers classify companies in three tiers. As of December 2023, 103 corporate groups are in the scope of this process.

Tiering	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 considered a global norms violator.

In 2023, 31 corporate groups were added to our list. Of these, 14 were flagged by our external data providers and 17 through our proprietary research. We upgraded our assessment on seven companies, moving three companies from Tier 1 to Tier 2 and four from Tier 2 to Tier 3.



Global Norms⁶¹

76

issuers
identified

42

engagements

39

issuers

18

Tier 1
Corporate
Groups

58

Tier 2
Corporate
Groups

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

CASE STUDY

Sector: Communication Services

Country: South Africa

Category: Thematic

Theme: Global Norms

Status: Ongoing

Progress: Partially Achieved

- In October 2023, members of the Global Stewardship Team and the Fixed Income Investment team engaged with members of the Investor Relations and Sustainability teams of a South African communications services company. We had identified the company for engagement under our Global Norms framework due to concerns around alleged human rights violations through the company's close operational relationships with authoritarian governments. This was a follow-up to a previous engagement we had with the company in November 2022.
- During our most recent engagement we discussed the company's progress on exiting its operations in the Middle East. The company remained committed to exiting its operations in Afghanistan by the end of 2023 following the approved sale of its operations to another company. However, the company anticipated continued legal proceedings around its previous operations in the region. We encouraged the company to disclose as much information as possible on these legal proceedings and to provide updates as consistently as possible.
- The company has been implementing Digital Human Rights Impact Assessments across a number of its operations, as well as improved transparency reporting illustrating the number of shutdown requests it receives from authoritarian governments. While there had been an uptick in these requests, the company said this was due to increased geo-political tensions in the areas where it operates. The company said it intends to continue to work closely with local governments and non-governmental organizations to avoid total shutdowns where possible. We encouraged the company to continue its disclosures in its transparency reporting, especially around governmental requests.
- We will seek to continue engaging with the company on its progress on exiting operations in the Middle East

CASE STUDY

Sector: Information Technology

Country: Taiwan

Category: Thematic

Theme: Global Norms

Status: Complete

Progress: Achieved

- In April 2023, members of the Global Stewardship Team engaged with the Investor Relations team of a Taiwanese information technology company. We had identified the company for engagement under our Global Norms framework because the company has been the subject of allegations of forced labor of ethnic minorities within its labor transfer programs.
- During the engagement, we discussed the company's processes to reduce the risk of forced labor in its supply chain. The company follows several industry best practices; for example, it has become a member of the Responsible Business Alliance and implemented third-party validated assessment program audits on its key factories, with no forced labor identified.
- Further, the company noted it no longer has operations in, or employees from, high-risk regions, and all employees are treated equally and provided competitive compensation packages.
- The company has conducted third-party independent audits which found no evidence of forced labor. This is not considered to be a global norms violation at this time, and we consider the engagement complete.

CASE STUDY

Sector: Materials

Country: Canada

Category: Thematic

Theme: Global Norms

Status: Ongoing

Process: Partially Achieved

- In November 2023, members of the Global Stewardship Team engaged with the Sustainability team at a Canadian materials company. We had identified the company for engagement through our Global Norms framework due to allegations of human rights abuses and environmental impacts at its mine in Papua New Guinea. The mine has been closed on care and maintenance since 2019 when the government chose not to renew the company's lease.
- We had engaged with the company's CEO on these topics in 2021. In 2023 we voted against members of the board's ESG & Nominating Committee due to the lack of a clear remediation plan.
- During this most recent engagement, we discussed the company's progress in remediating legacy grievances and how the company would prioritize addressing them once the mine re-opens. The company also shared updates on its efforts to reestablish the operating license and outlined its work with local communities to secure the appropriate land rights. The company expects to re-open the mine in 2024.
- We also discussed the company's action plan to improve relationships with the local communities. The company uses community development committees, a partnership model that allocates an investment budget to the projects and initiatives most needed and desired by local stakeholders. The company is also focused on hiring from local and nearby communities.
- We will seek to continue engaging with the company on its efforts as the reopening of the mine approaches.

Controversial Incidents

We screen for potential controversial incidents using a variety of data sources, primarily drawing from third-party data providers but supplementing with internal research, findings from NGOs or media sources, and our own engagement efforts. Companies in Tier 3 of our Global Norms framework may also be candidates for engagement as part of this theme.

We generally aim to track a company’s progress 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?

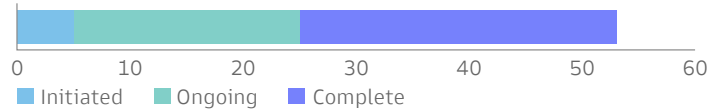
Controversial Incidents⁶²



By Progress



By Status



CASE STUDY

Sector: Consumer Discretionary
 Country: The Netherlands
 Category: Thematic
 Theme: Controversial Incidents
 Status: Complete
 Process: Achieved

- In August 2023, members of the Global Stewardship Team engaged with the General Counsel and the Investor Relations team of a Dutch consumer discretionary company. We had identified the company for engagement under our controversies engagement initiative due to concerns around diesel emissions.
- The company has acknowledged its manipulation of emissions data, and a US Department of Justice (DOJ) consent decree

was issued in 2019. The company advised it has undertaken a series of changes to its internal processes to avoid this situation arising again, including implementing a new training overview to ensure the teams that have direct responsibility over some of the recommendations have appropriate training to fulfil their duties. Additionally, independent auditors were appointed by the DOJ, to provide guidance on mitigation strategies, including more detailed reporting and updating its Code of Conduct.

- As a result of the company’s cooperation, the criminal lawsuit was settled via plea agreement in June 2022. Civil litigations are still pending. The company was not able to provide any further information but said the litigation will take time to resolve.
- We encouraged the company to continue to report clearly on the progress it makes in implementing the recommendations set out in the plea agreement.

LOOKING AHEAD

We hope this report provides a greater understanding of how the Global Stewardship Team works and partners with our public markets investing teams on key proxy voting, engagement, and industry leadership initiatives to promote best practices in corporate governance and sustainability on behalf of our investing clients.

New and emerging regulations in Europe have put increased focus on biodiversity-related engagements. We have begun engaging with companies to understand their plans to manage deforestation risk in their supply chains and to encourage disclosure of material plastic usage and waste metrics. We will continue these efforts in 2024.

Approximately 59%⁶³ of total worldwide emissions originate in the Asia Pacific region, mostly from countries such as China, India, Indonesia and Japan. Therefore, the global net-zero transition will heavily rely on Asia Pacific working toward carbon reduction initiatives. We will continue our focus on engaging with companies in high-impact industries to encourage them to implement a robust and quantifiable climate transition strategy that considers regional pathway considerations.

We will continue to focus on strengthening our reporting capabilities and to identify areas for enhancement. We aim to continue to deliver robust and transparent stewardship reporting for our clients.

We look forward to continuing our work to advocate for best practices in support of sustainable, long-term value creation for shareholders that helps our clients meet their investing needs.

FOOTNOTES

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 2023, and subject to change at any time.
3. As of December 2023.
4. In addition to thematic engagements driven by the Global Stewardship Team's objectives, for select portfolios we may perform additional targeted engagements.
5. Our engagement objectives are reviewed, enhanced, and monitored on an ongoing basis to ensure they incorporate current issues and evolving views about key ESG topics. There is no guarantee that objectives will be met.
6. This is a high-level summary of examples of some of our relevant voting activities, for further information please refer to the Global Proxy Voting Policy.
7. Based on our internal proprietary Global Norms assessment and tiering process
8. There is no guarantee that objectives will be met.
9. Source: Goldman Sachs Asset Management, as of December 2023
10. Engagements included discussion of environmental, social and/or governance issues. Investment teams may conduct additional engagements that may not cover these topics; these engagements are not included in this report.
11. Source: Goldman Sachs Asset Management, ISS, as of December 2023
12. Source: Goldman Sachs Asset Management, ISS, as of December 2023
13. Source: Goldman Sachs Asset Management, ISS, as of December 2023
14. Source: Goldman Sachs Asset Management, ISS, as of December 2023
15. Source: Goldman Sachs Asset Management, ISS, as of December 2023
16. <https://contents.xj-storage.jp/xcontents/AS02854/8d90936f/22b7/4cf8/a9f1/1d15ae6a959d/20240202150323407s.pdf>
17. 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.
18. The engagement statistics include only engagements which included discussion of E, S or G issues. Our investment teams may conduct additional engagements that do not cover these topics; these engagements are not included in this report. Please see the Appendix for more information. Source: Goldman Sachs Asset Management, as of December 2023
19. Source: Goldman Sachs Asset Management, as of December 2023
20. Source: Goldman Sachs Asset Management, as of December 2023
21. Source: Goldman Sachs Asset Management, as of December 2023
22. Source: Goldman Sachs Asset Management, as of December 2023
23. Source: Goldman Sachs Asset Management, as of December 2023
24. We also have an "Inactive" status for companies where we have paused or suspended engagement, for example where an issuer has been sanctioned or where our ownership has significantly declined. Inactive engagements are excluded from this report.
25. Source: Goldman Sachs Asset Management, ISS, as of December 2023
26. Source: Goldman Sachs Asset Management, ISS, as of December 2023
27. Includes only engagements with discussion of environmental, social and governance topics. Investment teams may conduct additional engagements which do not include these topics, which are not included here. Source : Goldman Sachs Asset Management, as of December 2023
28. Engagements with management teams may include discussions on ESG matters along with other topics, whereas in other cases we may conduct meetings focused specifically on ESG topics.
29. Includes only engagements with discussion of E, S or G. Investment teams may conduct additional engagements which do not include these topics, which are not included here. Source : Goldman Sachs Asset Management, as of December 2023
30. 30% Club Japan Chapter website <https://30percentclub.org/chapters/japan/>
31. The website links provided are for your convenience only and are not an endorsement or recommendation by Goldman Sachs Asset Management of any of these websites or the products or services offered. Goldman Sachs Asset Management is not responsible for the accuracy and validity of the content of these websites.

32. <https://www.gsam.com/content/dam/gsam/pdfs/common/en/public/miscellaneous/our-approach-to-stewardship.pdf?sa=n&rd=n>

33. Source : Goldman Sachs Asset Management, as of December 2023. Each thematic climate engagement may cover more than one objective.

34. Financed emissions measures a portfolios impact across a portfolio normalized by the size of the portfolio. To identify the companies accounting for 70% of our financed emissions, we leveraged the following formula, as recommended by PCAF:

$$\frac{\sum \left(\frac{\text{current value of investment}}{\text{issuer's EVIC}} \times \text{issuer's Scope 1 and Scope 2 GHG emissions} \right)}{\text{current portfolio value (\$M)}}$$

35. Greenhouse gas emissions are divided into three categories based on how they are produced:

- Scope 1 emissions are direct emissions from owned or controlled sources;
- Scope 2 emissions are indirect emissions from the generation of purchased energy; and
- Scope 3 emissions are all indirect emissions not included in scope 2 that occur in the value chain of the reporting company. Scope 3 can be broken down into upstream emissions (for example, the emissions produced by a company's suppliers) and downstream emissions (for example, the emissions produced by the use of a company's sold products). Please see Greenhouse Gas Protocol [website](#) for more information.

36. Source : Goldman Sachs Asset Management, as of December 2023

37. Source: Goldman Sachs Asset Management, as of December 2023

38. Source : Goldman Sachs Asset Management, as of December 2023

39. Source : Goldman Sachs Asset Management, ISS , as of December 2023

40. <https://www.unpri.org/sustainability-issues/environmental-social-and-governance-issues/environmental-issues/biodiversity>

41. UNEP (2018). SINGLE-USE PLASTICS: A Roadmap for Sustainability (Rev. ed., pp. vi; 6)

42. Source : Goldman Sachs Asset Management, as of December 2023

43. Source : Goldman Sachs Asset Management, as of December 2023

44. CLUA.(2014) Disrupting the global commodity business: How strange bedfellows are transforming a trillion-dollar industry to protect forests, benefit local communities, and slow global warming

45. RAUTNER, M., LEGGETT, M., and DAVIS, F.(2013) The Little Book of Big Deforestation Drivers, Global Canopy Programme; Oxford

46. Source : Goldman Sachs Asset Management, ISS, as of December 2023

47. Source : Goldman Sachs Asset Management, ISS, as of December 2023

48. Primarily includes UCITS fund meetings

49. Source: Goldman Sachs Asset Management, as of December 2023

50. Source: Goldman Sachs Asset Management, ISS, as of December 2023

51. Source: Goldman Sachs Asset Management, ISS, as of December 2023

52. Source: Goldman Sachs Asset Management, ISS , as of December 2023

53. World Economic Forum, Global Gender Gap Report.

54. Source : Goldman Sachs Asset Management , as of December 2023

55. Yuho is an annual securities report commonly known by Japanese investors that includes financial statements for Japanese companies that they need to publicize.

56. Source: Goldman Sachs Asset Management, ISS, as of December 2023

57. Source: ISS

58. Source: Goldman Sachs Asset Management, as of December 2023

59. Source: Goldman Sachs Asset Management, as of December 2023

60. Source: Goldman Sachs Asset Management, as of December 2023

61. Source: Goldman Sachs Asset Management, as of December 2023. The Global Stewardship Team will seek to take appropriate stewardship actions related to the corporate groups categorized as Tier 1 and Tier 2.

62. Source: Goldman Sachs Asset Management, as of December 2023

63. Global Carbon Budget (2023) <https://ourworldindata.org/co2-emissions>

APPENDIX

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.

We have three broad methods for engagement:

- **Single Team:** Engagement with a company conducted by members of a single team within Goldman Sachs Asset Management.
- **Multiple Team:** Engagement with a company conducted by members of more than one team within Goldman Sachs Asset Management
- **Industry Initiative:** Engagement with a company as part of an industry initiative

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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