

## Goldman Sachs Asset Management's Statement in Support of the Singapore Stewardship Principles

Effective Date: July 22, 2024

**Goldman Sachs Asset Management fully supports *The Singapore Stewardship Principles*.** At Goldman Sachs Asset Management<sup>1</sup>, we are committed to promoting and exercising effective stewardship among the companies represented in the portfolios we manage on behalf of our clients.

### Principle 1. Develop and articulate stewardship responsibilities and governance structures.

**Responsible investors demonstrate how their internal stewardship and governance policies protect and enhance the interests of their clients and beneficiaries.**

#### Our purpose

At Goldman Sachs, our clients always come first. We serve them through a global network powered by partnership, integrity, and a shared purpose of advancing sustainable economic growth and financial opportunity. We serve a broad range of companies, organisations and institutions through our financing, investing, execution and advisory capabilities.

#### Our business model and strategy

Drawing on over 150 years of experience working with the world's leading businesses, entrepreneurs, and institutions, at Goldman Sachs we mobilize our people, culture, technologies, and ideas to advance the success of our clients, broaden individual prosperity, and accelerate sustainable economic progress for all.

Bringing together traditional and alternative investments, Goldman Sachs Asset Management provides clients around the world with a dedicated partnership and focus on long-term performance. As the primary investing area within Goldman Sachs, we deliver investment and advisory services for the world's leading institutions, financial advisors and individuals, drawing from our deeply connected global network and tailored expert insights, across every region and market.

At Goldman Sachs Asset Management, we are committed to promoting and exercising effective stewardship among the companies represented in the portfolios we manage on behalf of our clients.

#### Our culture and values

We aspire to be the world's most exceptional financial institution, united by our shared values of partnership, client service, integrity, and excellence.

Our purpose comes to life through our four core values: Partnership, Client Service, Integrity, and Excellence.

#### Our core values

- **Partnership:** We prioritize collaboration and believe in the strength of the collective, creating a culture that fosters teamwork and belonging in the pursuit of professional and personal growth.
- **Client Service:** We lead with a service mindset, working to earn our clients' trust and exceed their expectations by understanding and overdelivering on their goals.

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<sup>1</sup> For the purpose of this statement, "Goldman Sachs Asset Management" or "we" refers to all the relevant investment teams within the Goldman Sachs' Asset Wealth Management division. Please note that some of the investment teams or the investment capabilities discussed at this statement may not be directly relevant to the business conducted by Goldman Sachs Asset Management (Singapore) Pte. Ltd.

- **Integrity:** We hold ourselves accountable to the highest ethical standards, insisting on transparency and vigilance from our people as we learn from our experiences and make decisions that instil a sense of pride in our firm.
- **Excellence:** We aspire to nothing less than excellence, striving for exceptional performance and superior results for our clients, our shareholders, and our communities.

### **Our investment beliefs**

Goldman Sachs Asset Management is made up of distinct investment teams, aligned with the key asset classes that comprise our investment capabilities, which employ investment processes tailored towards the specific asset classes and in keeping with their own distinct investment philosophy and investment beliefs.

### **PUBLIC MARKETS**

Our investment capabilities include the following teams: Fundamental Equity, Fixed Income, Quantitative Investment Strategies ("QIS"), Quantitative Equity Solutions ("QES") and the External Investing Group ("XIG").

For purposes of this statement, we will focus on the activities of our investment teams specialising in:

- Fundamental Equity
- Fixed Income
- Quantitative Investment Strategies
- Quantitative Equity Solutions

### **ALTERNATIVES**

At Goldman Sachs, we provide investment management solutions across all major asset classes to a diverse set of institutional and individual clients. We believe that stewardship extends beyond our public markets activities and has relevance across all the asset classes in which we operate. The Goldman Sachs Alternatives business ("GS Alternatives")<sup>2</sup> composes investment teams that, while they work closely together on many issues, are separate, and employ distinct investment processes in keeping with their own distinct investment philosophy and investment beliefs.

Our global investment teams bring local market and industry-specific expertise to source, evaluate and execute investments across a range of private markets strategies. For the purposes of this report, we will focus on the direct investment activities of our investment teams specialising in:

- Corporate Private Equity
- Growth Equity
- Sustainable Investing
- Private Credit
- Infrastructure
- Real Estate

The application of our investment activities, policies and frameworks varies across our GS Alternatives, reflecting varying degrees of influence and/or control across asset classes.

### **How we resource stewardship**

We believe the strength of our culture, our ability to execute our strategy and our relevance to clients depend on a diverse workforce and an inclusive environment that encourages a wide range of perspectives. We are a full-service asset manager comprising diverse investment teams. Goldman Sachs Asset Management is headquartered in New

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<sup>2</sup> GS Alternatives was previously known as Private Markets Investing in prior Stewardship statements and reporting.

York and has offices around the world. Our investment professionals bring their diverse experience and insights to their respective roles in our investment processes, analysis, integration and engagement. We firmly believe that investment ideas are enriched by global expertise and local insights and that proximity to clients in various regions creates strong working relationships.

## **PUBLIC MARKETS**

### **About the Global Stewardship Team**

Within the public markets investment business, the Goldman Sachs Asset Management Global Stewardship Team drives the continued enhancement of our approach to stewardship and serves as a dedicated resource to our public markets investment teams globally. The work of the Global Stewardship Team is centered around three core activities:

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

### **The organizational structure supporting our stewardship**

<b>Global Stewardship Team</b>				
<b>Our Investment Teams</b>				
Fixed Income	Fundamental Equity	External Investing Group	Quantitative Equity Solutions	Quantitative Investment Strategies
<b>Additional Resources</b>				
<b>Legal</b>		<b>Compliance</b>		<b>Operations</b>
Advise on engagement initiatives and proxy proposals Assist in annual Stewardship Policy/Guideline review		Maintain internal policies and procedures designed to ensure integrity of information barriers and mitigate conflicts of interest Advise on reputational, regulatory and policy matters		Proxy voting execution by Asset Servicing / Trade Management teams Client reporting via Institutional Fund Reporting team

The above table describes how our organizational structure supports our stewardship activities. Our Global Stewardship Team works alongside our investment teams as appropriate in different ways according to different investment strategies and is supported by additional resources including from compliance, legal, operations and risk as needed. Alongside our approach of integrating stewardship into the activities of our investment teams, this structure allows us to appropriately resource our stewardship activities in a flexible and responsive way.

### **Global Stewardship Team governance structure**

The Goldman Sachs Asset Management senior leadership team and the various relevant Boards have the ultimate responsibility for all our stewardship related activities.

In 2023, our Global Head of Stewardship reported to the CIO of the Fundamental Equity business.

To govern our proxy voting responsibilities, we have created an Asset Management Public Markets Equity Business Proxy Voting Council, comprised of stakeholders from our Global Stewardship Team, equity investment teams, divisional management and our legal and compliance teams. The purpose of the Proxy Voting Council is to bring together key stakeholders to: annually review and recommend potential policy changes; discuss any potential changes to the voting process; and convene on voting topics that may arise during the year.

We believe that this governance structure supports effective stewardship and we intend to keep it under review as our business continues to grow and develop over future periods. We may seek to add additional dedicated resources

or additional internal support resources as needed over time. As our business changes and develops, we may also seek to adjust our internal governance structures.

### **Our stewardship philosophy and policies**

Our [Approach to Stewardship](#) and our [Global Proxy Voting policy](#) are annually reviewed and updated as necessary to ensure they enable effective stewardship. This process is led by our Global Stewardship Team and involves seeking input and feedback from a range of investment professionals and teams across our business. The annual review of these policies ensures that our stewardship activities are aligned to our priorities and investment beliefs.

We have a robust, global engagement effort that combines the expertise of our dedicated Global Stewardship Team with that of our fundamental investment teams. Please see [Our Approach to Stewardship](#) document on our website for information related to our approach to engagement. In this document, we present our stewardship framework, which describes our key stewardship objectives and explains how our voting and engagement efforts aim to help us meet them. The Global Stewardship Team updates this framework annually.

Our [Global Proxy Voting Policy](#) is annually approved by the various investment teams to ensure that our guidelines support effective stewardship.

### **ALTERNATIVES**

#### **How we resource stewardship**

First-line	Second-line
Investment Teams	Legal, Compliance, Operations, Risk
<b>Additional Resources</b>	
Investment Committees Sustainability and Impact team Sustainability Leadership Council Value Accelerator	

Within the GS Alternatives, the process of investing in or lending to a company or asset is primarily carried out by the investment team, overseen by the respective investment committee(s) and with input from other Goldman Sachs committees or working groups, as may be applicable. Investment teams may also hire external advisors and consultants.

**Investment teams:** With the oversight and support of our senior leadership, investment teams are responsible for ensuring that relevant stewardship considerations are integrated into the deal lifecycle. GS Alternatives has ESG Business Leads who are embedded in the Corporate Private Equity, Private Credit, Infrastructure, SIG and Real Estate businesses. They are responsible for integrating and implementing applicable stewardship and sustainability best practices into the investment process for their business unit.

**Second line functions:** Advice and counsel is provided by second-line control side functions, such as Legal, Compliance and Risk. The Operational Risk Environmental Group is an in-house team of environmental professionals with strong technical expertise, who conduct in-depth due diligence on Environmental, Health and Safety (“EHS”) and climate-related issues to identify and mitigate transactional risk for business teams. In addition, the firmwide Goldman Sachs’ Physical Commodities Review Group (“PCRG”) ensures that Goldman Sachs has a consistent approach to evaluating and managing EHS risks associated with engaging in, investing in, or providing financing to, physical commodity-related activities.

**Investment Committees:** Each GS Alternatives business has its own Investment Committee (“IC”) comprised of the senior professionals and other control-side professionals of Goldman Sachs. ICs approve investments in line with the respective strategies and fund mandates including those linked to sustainability and/or ESG. The IC considers

relevant ESG risks and opportunities alongside business, legal, regulatory, reputational, and other risks and issues, as appropriate, when evaluating potential investments. Potential climate-related risks are generally escalated to ICs through the IC memo.

**Sustainability and Impact Team:** The Sustainability & Impact (“S&I”) team is led by the Chief Sustainability Officer for Private Markets Investing and is focussed on institutionalising ESG practices across GS Alternatives, enhancing data collection and monitoring, implementing, and reporting on new regulatory requirements and codes, and communicating with GS Alternatives about updates in the sustainable finance space. This includes conducting training, designing, and implementing ESG governance frameworks, analysing ESG data and developing strategic initiatives. The S&I team is continuously assessing upcoming and developing ESG regulatory and industry standards, leveraging guidance from internal resources as well as external conferences, counsel or advisors and implement improvements to our ESG processes as necessary. The S&I team partners closely with investing professionals, Alternatives Capital Formation (“ACF”), Fund & Information Management Group, Legal, Compliance and Operational Risk Environmental Group among others to design, implement, deliver, enhance, and monitor the ESG programme for GS Alternatives..

**Sustainability Leadership Council:** The Council consists of senior leaders from across the business and control-side individuals and provides additional oversight and guidance of ESG-related topics, including strategic goals and commitments for the division. The Council helps drive the sustainability strategy (including responsible investment) and key sustainability initiatives for GS Alternatives. Members include the Global Head of Sustainable Investing for Private Investing, Business Unit Leaders, ACF representatives, Chief Operating Officers for each asset class, and representation from control-side groups such as Legal and Compliance.

**Value Accelerator:** GS Alternatives supports a number of our portfolio companies by facilitating access to the wider Goldman Sachs network and our highly distinguished operating advisors and sector experts through the Goldman Sachs Value Accelerator (“GS Value Accelerator”). The GS Value Accelerator is a centralised platform that partners with our portfolio companies to build enduring businesses and create incremental value. Working with portfolio companies worldwide, the GS Value Accelerator delivers support to management teams. Focusing on equity investments, the GS Value Accelerator seeks to drive value for portfolio companies in five key areas:

1. Scaling Revenue
2. Operational Excellence
3. Technical, Digital and Data Transformation
4. Talent and Organisational Strategy
5. Sustainability Optimisation

## Principle 2. Monitor investments regularly.

### Responsible investors exercise due diligence in overseeing their investment portfolios.

#### How we integrate stewardship and investment

We believe material ESG factors may be important tools for identifying investment risk and capturing opportunity. Our investment teams may analyze material ESG information in a manner consistent with their investment style and specific strategy guidelines. ESG factors may be utilized to set exclusions, drive tilts, or seek to select securities. In addition, for our clients who focus their investments toward greater sustainability, we are committed to helping our clients deploy their capital in a manner that we believe is impactful and financially sound.

We devote considerable resources to sustainability capabilities and have certain investment professionals who spend the majority of their time on sustainability related research, portfolio management, stewardship, data, analytical tools, and risk management. These professionals are generally embedded within our investment and advisory teams. We have also made a substantial investment in a proprietary set of platforms to equip our portfolio managers with access to ESG information and portfolio construction techniques.

Among our investment offerings, there is a range of practice in terms of how ESG factors may be integrated. In certain strategies we may not integrate ESG factors. Where applicable, our ESG integration may take a range of approaches, which may include analysis, screening and portfolio construction considerations.

#### Systems, processes, research and analysis

##### PUBLIC MARKETS

We have invested and continue to invest in technology to support our stewardship activities and initiatives. Our investment teams are able to leverage sophisticated proprietary systems and tools to better understand our investments and serve our clients' needs. Systems and processes in place for certain investment teams include:

**Goldman Sachs Asset Management ESG Assessment Framework:** For certain portfolios, our investment teams aim to conduct ESG analysis as a core component of fundamental research, utilising our proprietary ESG assessment framework. This helps our research analysts to parse ESG data and assess material risks and opportunities at the issuer level in a standardised manner. We seek to leverage the Sustainability Accounting Standards Board ("SASB") sector guidance and our own proprietary views to focus on ESG factors that we believe are material to a company's growth, profitability and risks. The assessment framework captures both quantitative and qualitative analysis, which is built upon thousands of research meetings each year, including meetings with company management, customers, suppliers and competitors.

**Fluent:** Where applicable our investment teams utilize a centralized research platform that, among other things, houses our proprietary ESG assessment framework, which includes proxy voting records, engagement information and company-specific ESG data, as well as in-house views for select companies based on our ESG assessment framework where applicable.

**Concert:** Where applicable our investment teams are able to leverage a proprietary portfolio management tool that leverages MSCI data to run portfolio diagnostics, assess carbon intensity attribution, and analyze product involvement, among other functions.

#### Third-party service providers

We have retained a third-party proxy voting service, Institutional Shareholder Services ("ISS"), to assist in the implementation of certain proxy voting-related functions, including, without limitation, operational, recordkeeping and reporting services. Among its responsibilities, the proxy service prepares a written analysis and recommendation (a "Recommendation") of each proxy vote that reflects the proxy service's application of the guidelines to the particular proxy issues. In addition, in order to facilitate the casting of votes in an efficient manner, the proxy service generally prepopulates and automatically submits votes for all proxy matters in accordance with such Recommendations,

subject to our ability to recall such automatically submitted votes. If the proxy service or Goldman Sachs Asset Management becomes aware that an issuer has filed, or will file, additional proxy solicitation materials sufficiently in advance of the voting deadline, we will generally endeavour to consider such information where such information is viewed as material in our discretion when casting its vote, which may, but need not, result in a change to the Recommendation, which may take the form of an override or a revised Recommendation issued by the Proxy Service. We retain the responsibility for proxy voting decisions.

## **ALTERNATIVES**

GS Alternatives has invested and continues to invest in tools to support our investment teams and their stewardship activities, as well as to support our portfolio companies. These include but are not limited to:

- **Integration of Sustainability Risks and ESG:** Investment teams incorporate ESG due diligence findings in IC memos through standardised templates which are customised to each business unit and a fund's ESG commitments. As part of the review of a proposed investment, the IC considers ESG risks and opportunities where relevant. The IC may also provide guidance on the future management of each investment, including ESG factors (e.g., required pre- and/or post-closing conditions inclusive of 100-day plans), and review the proposed investment's ability to meet the fund's commitments.
- **ESG Data Collection:** During 2023, GS Alternatives rolled out a software tool to enhance ESG data collection efforts across select equity portfolio companies in its Corporate Private Equity, Infrastructure, SIG and Growth Equity sleeves, to gather and analyse ESG and impact data. Portfolio companies can access their historical submissions, as well as access an ESG metrics library that is aligned with industry and regulatory frameworks. Additionally, portfolio companies can compare their ESG performance to universal benchmarks and over 200 sector-specific benchmarks for reporting periods post-2022. To support portfolio companies onboarding this new tool, the S&I team hosted live training webinars with support from employees of the software tool.
- **Physical Climate Risk:** In 2023, GS Alternatives enhanced physical risk scenario analysis capabilities for portfolio monitoring and the eventual due diligence of potential investments. These capabilities include identification and collection of information on companies' site exposures to natural catastrophes and chronic climate-related hazards, assessment of potential business vulnerabilities, and indicators that can identify remediation needs as a result of risk exposure. GS Alternatives selected vendors to pilot risk assessment tools based on scenario-based general circulation models and natural catastrophe models to assess climate risks at a site, asset, and portfolio level through to 2050. Custom reports for climate scenario outputs intended for sharing with portfolio companies were developed with participation from investing professionals, the internal Risk team, and the S&I team. The Real Estate teams also launched and completed a pilot with a risk engineering firm to triage risks for site-level adaptation and resiliency measures that may economically reduce damage at potentially highly-impacted properties.
- **Climate Transition Risk:** In 2023, GS Alternatives developed and piloted an enhanced transition risk vulnerability assessment due diligence framework and a flexible, in-house scenario analysis tool for transition risk sensitivity analysis. The transition risk vulnerability assessment due diligence framework systematises a process for sector-based risk assessment developed in 2022, incorporating a rating system developed through expert consultation and market research and containing nearly 70 questions mapped to typical sector risk exposures. The scenario analysis tool assesses sensitivity of portfolio company and infrastructure investment financials to regulatory carbon price changes, shifts in market share and size due to market and technology shifts, and macro environment shifts, accounting for potential mitigation actions. Once piloting is complete, the tool is intended for company-level due diligence, portfolio reporting, and post-investment analysis across Corporate Private Equity, Growth Equity, Infrastructure, and Private Credit.
- **Greenhouse Gas Emissions Accounting:** Since 2021, GS Alternatives has partnered with a GHG accounting platform to help participating portfolio companies develop higher quality GHG emissions data.

In 2022 in response to regulatory, fund, and LP requirements, we began footprinting our GS Alternatives portfolio at scale, covering portfolio companies with either estimated GHG emissions or primary measurement support.<sup>3</sup> In 2023, GS Alternatives focussed on expanding this programme to help participating portfolio companies from measurement through the first steps of decarbonisation to drive company value creation or realise fund requirements. Through a negotiated agreement with a GHG accounting service provider, portfolio companies have access to activity-based GHG emissions accounting across Scope 1 and 2 emissions as well as coverage of Scope 3 emissions with spend-based estimations. Our offering includes an inventory planning exercise co-developed by GS Alternatives that was completed in 2023, alongside recommendations on data improvements that can enhance the quality and actionability of GHG footprints. Based on footprint results, our provider also shares high-level decarbonisation recommendations with portfolio companies, allowing them to consider the next best actions to decarbonise their portfolios. Companies can also choose to set up a secondary negotiated package of services to unlock net zero planning, upstream Scope 3 analysis, and decarbonisation planning through enhanced Software as a Service (“SaaS”) offerings.

In 2023, 28 portfolio companies were covered through this programme, and our work allowed us to accelerate pilots to bring activity-based GHG emissions data from due diligence into more detailed decarbonisation exercises. Data was also used in fund-level decarbonisation opportunity assessment and planning to target efforts and impact at material sources of financed emissions. We continue to expand coverage across our portfolio and identify learnings from our work to date, including strategies to improve portfolio company data quality, enhance data validation and controls, and provide more actionable insights to companies across all three GHG emissions scopes.

**Utility Data Collection:** The Real Estate team uses a utility data collection platform that collects the energy, water and waste data of certain assets, allowing the Real Estate investment teams to track operational carbon emissions.

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

For example, in 2023, we conducted our annual due diligence meeting with ISS to review the processes and procedures they follow when making proxy voting recommendations based on our custom Global Proxy Voting Policy and to discuss any material changes in the services, operations, staffing or processes.

We perform both systematic and ad-hoc data quality control checks on the data we receive from our service providers. At times, we identify issues with the data we receive from vendors. We will continue to keep our service providers under review.

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<sup>3</sup> Please refer to our 2023 AWM TCFD report for more information on our GHG emissions collection efforts: <https://www.goldmansachs.com/investor-relations/corporate-governance/sustainability-reporting/2023-awm-tcf-report.pdf>



### Principle 3. Stay active through constructive and purposeful engagement.

Responsible investors conduct regular, effective and fair communication and enhance engagement outcomes.





#### PUBLIC MARKETS

##### 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 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.

We classify our engagements into four categories.

	 Thematic Engagements	 Proxy Related Engagements	 Providing Feedback	 Investment Research and Monitoring Engagement
<i>Definition</i>	<b>Thematic engagements</b> focus on a particular theme and have pre-defined goals in line with our stewardship framework.	<b>Proxy-Related engagements</b> are intended to help inform our proxy voting decisions.	<b>Providing Feedback</b> is generally conducted at the request of issuers seeking guidance on reporting or other matters.	<b>Investment Research and Monitoring engagements</b> are undertaken primarily to seek information or to inform our investment decisions.
<i>Example</i>	Engaging with an issuer that does not meet our board diversity thresholds to encourage them to increase the percentage of women on the board.	Engaging with an issuer ahead of its annual meeting to discuss executive compensation.	Engaging with an issuer that has asked for feedback on their most recent sustainability report.	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.

For further information, please refer to our [Approach to Stewardship](#).

## **ALTERNATIVES**

Active monitoring of and engagement with our portfolio companies, sponsors and asset managers, where applicable, is an important aspect of our business and we take our responsibility as active owners and / or lenders very seriously. We work in partnership with our portfolio companies, sponsors and asset managers, where applicable, to find opportunities for value creation and preservation in our engagement efforts. Our investment teams work alongside the management team, where appropriate, to strengthen the governance and operations of the company or asset in which we have invested. However, methods and frequency of engagement vary across investment strategies and / or asset classes depending on the nature of the investment and degree of influence that we have. We have included examples and case studies to show the different ways in which our approach may be put into practice.

Our objectives for portfolio company engagement are generally identified during the due diligence process for a new investment, informed by a fund's mandate and may be updated during the ownership period. We generally conduct our engagements via meetings (in person or virtual). Management and engagement activities may be discussed in the respective IC on a periodic basis, where appropriate.

A key component of our engagement efforts in 2023 was systematising our processes of collecting ESG data, which can be challenging to obtain, especially for private markets. Recognising the need for decision-useful data and analytics, GS Alternatives has onboarded a software tool to assist in the bi-annual data collection process to collect primary ESG data, including climate-related metrics, from portfolio companies across Infrastructure, SIG, Corporate Private Equity and Growth Equity. This effort is led by a dedicated ESG data specialist on the S&I team. Throughout 2023, the S&I team, in conjunction with team members from the ESG data collection tool, provided guidance and trainings to portfolio companies in-scope for the data collection process. These portfolio companies benefitted from numerous discussions with the S&I team on how to collect data, as well as detailed customised analysis of the data provided which suggested areas for improvement and an overview of a company's maturity relative to peers. Some areas for improvement included onboarding a suitable GHG accounting tool, assessing supply chain management, reviewing employee compensation, improving energy efficiency, evaluating physical climate risk, and other resiliency recommendations.

We also support certain portfolio companies through the Goldman Sachs Value Accelerator, a centralised platform that partners with our portfolio companies by leveraging the Goldman Sachs network, our differentiated resources, and our highly distinguished operating advisors and sector experts.

### **Examples of how we engage as a private shareholder:**

SIG develops sustainability value creation plans for portfolio companies, which are used to support companies to develop and implement the tools, internal expertise and skills to integrate sustainability into their core strategy and drive impact transformation.

The value-creation plans include sustainability-related recommendations and/or requirements as identified and recommended during the due diligence process, as well as other value-creation opportunities. The plans typically include low, medium and high priority items, primary responsible party, and timeline for implementation.

Each plan is agreed upon by both the portfolio company management and the investment team.

SIG monitors and tracks implementation of the agreed priorities through to completion; each plan is generally reviewed on a quarterly basis and updated at least semi-annually.

### **An example of how we engage as a board member:**

When we hold an equity position in a company, individuals from our investment teams may also serve as members of the board of directors of portfolio companies. In this capacity, we may have the ability to guide general corporate strategy, particularly on important matters such as the company's commitment to observing best practices with respect to ESG risks. This structure enables us to closely monitor issues that may impact the value of our investment and address them, as appropriate.

In certain infrastructure strategies, since June 2023, the Infrastructure team has produced periodic ESG scorecards for portfolio companies. These scorecards provide an assessment of a company's ESG performance in regard to fund-specific commitments (where relevant) and identify priority topics on which GS board directors of portfolio companies can encourage and influence broader board & company engagement and uplift.

**An example of how we have engaged as a lender:**

During 2023, as a follow-up to ESG-focussed annual monitoring on a portfolio company in the IT sector, the Private Credit team sought updated information on the company's ESG performance. Through the receipt of information, the Private Credit team identified several areas where the company had improved its ESG programme since the initial ESG due diligence undertaken prior to the investment being made, and that the company had made new commitments to sustainability-related goals. This process helped the Private Credit team to better understand the company's exposure to ESG risks and programmatic mitigants that the portfolio company has implemented across GHG emissions, waste management, gender pay equity, and employee engagement, among other topics. As a result of the annual monitoring process and the portfolio company's progress across ESG programmes, the Private Credit team recalculated the company's ESG score via a proprietary scorecard, which led to a nine per cent increase in the company's year-on-year ESG score. The Private Credit team will continue to monitor the company's progress against its ESG risk exposure and goals annually.

**Principle 4. Uphold transparency in managing conflicts of interest.**

**Responsible investors disclose their conflicts of interest and prioritise the interests of clients and beneficiaries.**

**Potential conflicts we face**

We face a range of potential conflicts in our business, which are disclosed in our regulatory filing with the Securities and Exchange Commission ("SEC") on "[Form ADV](#)". Some of the potential conflicts are connected to our stewardship responsibilities. These include the possibility, for example, that Goldman Sachs (and where applicable Goldman Sachs & Co personnel) may have multiple advisory, transactional and financial and other interests in investments that may be purchased, sold or held by Goldman Sachs Asset Management on behalf of our clients; hence, these activities could in theory influence our decisions regarding trading, shareholder voting and other interactions with investee companies such as engagement. Potential conflicts could also arise where the investee company, or a related party, such as its pension scheme, is itself a client of Goldman Sachs Asset Management.

**Our conflicts policy and mitigation procedures**

The arrangements put in place by Goldman Sachs Asset Management to seek to manage its conflicts of interests include:

**Information barriers / separation of functions**

Both Goldman Sachs & Co among its various divisions, and Goldman Sachs Asset Management between certain businesses, have established certain physical, procedural and electronic information barriers. These barriers are designed to restrict the flow of information and to achieve arms-length interaction among different parts of Goldman Sachs & Co and Goldman Sachs Asset Management. This enables business to be carried out within the firm while minimizing the possibility of that business being influenced by any conflicts that may exist.

**Policies and procedures (building on regulatory requirements)**

There are many different laws and regulations to which Goldman Sachs and Goldman Sachs Asset Management are subject around the world that prohibit or require Goldman Sachs / Goldman Sachs Asset Management to manage situations where a conflict of interest may arise. Goldman Sachs Asset Management has policies and procedures, including escalation protocols, designed to ensure compliance with these laws and regulations and, in Goldman Sachs Asset Management's case as an investment management agent or advisor, designed to ensure that it manages its conflicts in a way that is compatible with its duty to act as trusted agent or advisor of the client.

#### Governance and control oversight

Through compliance monitoring, review oversight and targeted testing, as well as governance oversight by relevant committees and management bodies including boards, and internal audit reviews of key areas on a rolling basis Goldman Sachs Asset Management seeks to ensure that the practice of its business operations are carried out in line with its information barriers, policies and procedures, and duties to clients.

#### Compensation / rewards structure

Goldman Sachs Asset Management's compensation policy seeks to align employee, shareholder and Goldman Sachs Asset Management client interests to the extent appropriate while not encouraging excessive risk-taking by employees.

#### Disclosure / client understanding

Whilst disclosure is not itself a substitute for the appropriate management of conflicts in all respects, it is important that in deciding to partner with Goldman Sachs Asset Management, clients understand the potential conflicts to which Goldman Sachs Asset Management is subject and why, so that they understand the context in which Goldman Sachs Asset Management operates its business.

### **PUBLIC MARKETS**

#### **Stewardship specific applications**

We have implemented processes designed to prevent conflicts of interest from influencing our proxy voting decisions. Our investment teams generally cast proxy votes consistently with the guidelines and the recommendations of our Global Proxy Voting Policy.

Each investment team, however, may on certain proxy votes seek approval to diverge from the guidelines or a recommendation by following a process that seeks to ensure that override decisions are not influenced by any conflict of interest. For voting policy overrides initiated by Fundamental Equity, each request is approved by the Fundamental Equity CIO, compliance and legal. As a result of the override process, different investment teams may vote differently for particular votes for the same company. In addition, the Global Stewardship Team may on certain proxy votes also seek approval to vote differently from our guidelines. Certain delegates of the Quantitative Investment Strategies investment team also approve the request and the Global Stewardship Team will follow the override process described above.

Additional information on our conflict of interest policy is available in [Our Approach to Stewardship](#) which you can find on our website.

#### **Addressing conflicts - Voting on Goldman Sachs Group Inc. or a Goldman Sachs Asset Management managed fund**

To mitigate conflicts of interest when a proxy is for shares of The Goldman Sachs Group Inc. or a Goldman Sachs Asset Management managed fund, we will generally instruct that such shares be voted in the same proportion as other shares are voted with respect to a proposal, subject to applicable legal, regulatory and operational requirements.

### **ALTERNATIVES**

Within GS Alternatives, conflicts of interest can arise in a number of circumstances as part of our investment and stewardship activities. Certain procedures are followed to manage actual or apparent conflicts of interest, including for example when the firm provides investment banking or other services to GS Alternatives portfolio companies. In such instances, relevant conflicts may be managed with board recusal and documentation of fees.

## **Principle 5. Exercise rights and responsibilities on an informed basis.**

**Responsible investors ensure they make informed decisions based on their ownership policies, with the best interests of clients and beneficiaries in mind.**

### **PUBLIC MARKETS**

#### **How we exercise our rights and responsibilities**

##### **Fixed Income**

For Fixed Income assets, we employ an engagement approach when seeking amendments to terms and conditions in indentures or contracts, and, when reviewing prospectus and transaction documents. This is described in more detail below:

##### **SEEKING AMENDMENTS TO TERMS AND CONDITIONS IN INDENTURES OR CONTRACTS**

We employ a member of the investment team to assist in the engagement on amendments to terms and conditions as warranted. Our focus is generally on provisions that are deemed 'off-market' relative to documents for similar levels of credit or structure risk. In addition to legal expertise on the investment team, we maintain access to in-house legal counsel as well as third party legal counsel if deemed necessary.

##### **REVIEWING PROSPECTUS AND TRANSACTION DOCUMENTS**

For certain portfolios and as appropriate, the investment team generally aims to review relevant documents for issuances with a focus on diversions from market norms. To support this effort, we may in some circumstances leverage a third-party consultant and historical database of prospectus terms to identify anomalies. We may engage directly with debt capital markets and the Issuer (or Issuer counsel) in situations where the investor protections are deemed weak or inadequate.

We mainly invest in marked-to-market traded bonds where there is limited option to influence corporate action on impairment rights or seeking access to information provided in trust deeds.

##### **Equities**

Exercising our rights via proxy voting is an important element of the public equity portfolio management service we provide to our advisory clients who have authorised 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 favouring proposals that in our view maximise 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.

Goldman Sachs Asset Management has developed a customised Global Proxy Voting Policy (the Policy), in order 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 broken down regionally and allows us to take a nuanced approach to voting that is region and country specific. Please refer to the Policy in full for more details on our approach.

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.

## **ALTERNATIVES**

### **How we exercise our rights and responsibilities**

GS Alternatives primarily invests in private assets (and not listed equity), and we therefore do not consider the disclosure of a formal voting policy to be appropriate or proportionate for this business. On the rare occasions where GS Alternatives may hold listed equity, for example when a portfolio company goes public, we will exercise our shareholder rights and engage with the company in a manner that we consider to be appropriate.

The very nature of GS Alternatives' business model means that we seek to exercise our rights and responsibilities in order to support the growth of our portfolio companies and assets for the long-term benefit of our clients. As outlined throughout this report, where we exercise our rights and responsibilities, where appropriate.

### **Principle 6. Report stewardship activities periodically.**

**Responsible investors document and provide relevant updates on their stewardship activities.**

## **PUBLIC MARKETS**

We communicate our stewardship activities to our clients in a number of ways. Our [Stewardship Report](#) outlines the efforts of the Global Stewardship Team, which focuses on proxy voting and engagement initiatives. The report is released annually on our website. 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.

Additionally, we are able to provide clients with portfolio-specific proxy voting and engagement reporting on a quarterly, semi-annual or annual basis upon request. We have the ability to automate and customise these reports and welcome the opportunity to discuss the content and frequency of these reports with our clients' subject to their needs.

## **ALTERNATIVES**

Our clients receive regular updates on fund activity and performance through quarterly and annual reports specific to the funds in which they are invested and one-on-one update meetings, as appropriate. GS Alternatives is also often asked to complete investor due diligence questionnaires and periodic monitoring questionnaires regarding our overall approach to sustainability and stewardship.

For certain investment strategies, we also provide ESG specific reporting to our clients. For example, for our environmental and climate strategy, we publish an annual sustainability report for investors which includes impact key performance indicators ("KPIs") for each portfolio company.

### **Principle 7. Take a collaborative approach in exercising stewardship responsibilities where appropriate.**

**Responsible investors collaborate, where appropriate, to influence investee companies and issuers.**

### **How we have worked with others**

## **PUBLIC MARKETS**

### **How we have worked with others**

Leveraging resources and knowledge across Goldman Sachs helps make the Global Stewardship Team a thought leader for our clients. The team represents Goldman Sachs Asset Management at various conferences and industry forums and supports strategic industry initiatives.

We participate in numerous forums and media events each year to gain perspective on the evolving corporate governance and sustainability landscape across different regions. Goldman Sachs Asset Management seeks to build industry influence and promote best practices in stewardship through its memberships and affiliations.

## **ALTERNATIVES**

**An example of how the GS Alternatives business has worked with other stakeholders to promote continued improvement of the functioning of financial markets;**

Across GS Alternatives, we partner with other private markets stakeholders to establish and promote market best practices, and continued improvement. For example, since 2021 we have participated in the Institutional Limited Partners Association ESG Data Convergence Initiative (“EDCI”), which convenes leading General Partners and Limited Partners in an effort to standardise ESG data collection, including climate-related data, in the private equity sector.