

GOLDMAN SACHS ASSET MANAGEMENT ANNUAL STEWARDSHIP REPORT

Aligned with the principles
of the UK Stewardship Code 2020

Our **Annual Stewardship Report** for the year ended **31st December 2023** focuses on providing a detailed overview of the processes, policies, activities, and outcomes related to our responsibilities as stewards of the assets under our supervision. We have sought to provide a range of examples from across our investment teams for some of our relevant investment strategies. The processes, policies, activities, and outcomes reflected in this report may not be representative of all our investment activities. In this report, we highlight examples of our proxy voting and engagement initiatives, but there is no assurance that these activities alone directly caused the outcomes we describe.

For more information on our stewardship activities please visit our [website](#).

This report has been reviewed and approved by the board of Goldman Sachs Asset Management International.



Co-CEOs of Goldman Sachs Asset Management
International

29/04/2024

Date

This report covers the public markets and alternatives businesses of Goldman Sachs Asset Management. We have sought to identify which part of our business we are discussing under each principle where approaches differ.

For purposes of this document, "Goldman Sachs Asset Management" refers, collectively, to the Goldman Sachs Asset Management business of the following legal entities to the extent applicable: Goldman Sachs Asset Management, L.P.; Goldman Sachs Asset Management International; Goldman Sachs Hedge Fund Strategies LLC; GSAM Stable Value, LLC; Goldman Sachs Asset Management (Singapore) Pte. Ltd; Goldman Sachs Asset Management (Hong Kong) Limited.; Goldman Sachs Asset Management Co. Ltd.; Goldman Sachs Asset Management (India) Private Limited; GS Investment Strategies Canada Inc.; Goldman Sachs Asset Management Australia Pty Ltd; Goldman Sachs Services Private Limited.; Goldman Sachs Bank Europe SE; Goldman Sachs Asset Management Fund Services Limited; Aptitude Investment Management L.P.; Rocaton Investment Advisors, LLC; GSAM Strategist Portfolios, LLC; Goldman Sachs Asset Management B.V.; Goldman Sachs Asset Management Belgium S.A.; Goldman Sachs Towarzystwo Funduszy Inwestycyjnych S.A.; and Goldman Sachs Investment Management (Singapore) Ltd. References in this document to private markets refers to the private market business which is conducted out of Goldman Sachs Asset Management International since 1 April 2023 and certain affiliates

Principle 1: Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society

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 mobilise our people, culture, technologies, and ideas to advance the success of our clients, broaden individual prosperity, and accelerate 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 - overseeing approximately \$2.81 trillion in assets under supervision worldwide as of 31 December 2023¹.

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 leading 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 prioritise collaboration and value diversity, creating a culture that fosters inclusiveness, collaboration, and teamwork in the pursuit of professional and personal excellence.
- **Client Service:** We lead with a service mindset, enabling us to anticipate and adapt to the needs of our clients and customers by delivering thoughtful, innovative solutions.
- **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, consistently striving for exceptional performance and achieving outstanding results for our clients, our shareholders, and our firm.

¹ As of 31st December 2023. AUS includes assets under management and other client assets for which Goldman Sachs does not have full discretion.

Our 14 business principles:

1. Our clients' interests always come first. Our experience shows that if we serve our clients well, our own success will follow.
2. Our assets are our people, capital and reputation. If any of these is ever diminished, the last is the most difficult to restore. We are dedicated to complying fully with the letter and spirit of the laws, rules and ethical principles that govern us. Our continued success depends upon unswerving adherence to this standard.
3. Our goal is to provide superior returns to our shareholders. Profitability is critical to achieving superior returns, building our capital, and attracting and keeping our best people. Significant employee stock ownership aligns the interests of our employees and our shareholders.
4. We take great pride in the professional quality of our work. We have an uncompromising determination to achieve excellence in everything we undertake. Though we may be involved in a wide variety and heavy volume of activity, we would, if it came to a choice, rather be best than biggest.
5. We stress creativity and imagination in everything we do. While recognising that the old way may still be the best way, we constantly strive to find a better solution to a client's problems. We pride ourselves on having pioneered many of the practices and techniques that have become standard in the industry.
6. We make an unusual effort to identify and recruit the very best person for every job. Although our activities are measured in billions of dollars, we select our people one by one. In a service business, we know that without the best people, we cannot be the best firm.
7. We offer our people the opportunity to move ahead more rapidly than is possible at most other places. Advancement depends on merit and we have yet to find the limits to the responsibility our best people are able to assume. For us to be successful, our people must reflect the diversity of the communities and cultures in which we operate. That means we must attract, retain and motivate people from many backgrounds and perspectives. Being diverse is not optional; it is what we must be.
8. We stress teamwork in everything we do. While individual creativity is always encouraged, we have found that team effort often produces the best results. We have no room for those who put their personal interests ahead of the interests of the firm and its clients.
9. The dedication of our people to the firm and the intense effort they give their jobs are greater than one finds in most other organizations. We think that this is an important part of our success.
10. We consider our size an asset that we try hard to preserve. We want to be big enough to undertake the largest project that any of our clients could contemplate, yet small enough to maintain the loyalty, the intimacy and the esprit de corps that we all treasure and that contribute greatly to our success.
11. We constantly strive to anticipate the rapidly changing needs of our clients and to develop new services to meet those needs. We know that the world of finance will not stand still and that complacency can lead to extinction.
12. We regularly receive confidential information as part of our normal client relationships. To breach a confidence or to use confidential information improperly or carelessly would be unthinkable.
13. Our business is highly competitive, and we aggressively seek to expand our client relationships. However, we must always be fair competitors and must never denigrate other firms.
14. Integrity and honesty are at the heart of our business. We expect our people to maintain high ethical standards in everything they do, both in their work for the firm and in their personal lives.

This culture is an important part of how we think about and exercise our stewardship responsibilities.

You can read more about our culture in [Code of Business Conduct and Ethics](#), available on [gs.com](#).

Our investment beliefs

Goldman Sachs Asset Management is made up of distinct investment teams, aligned with the key asset classes that compose 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 report, we will focus on the activities of our investment teams specialising in:

- Fundamental Equity
- Fixed Income
- QIS
- QES

You can read more about our Alternative Investments and Manager Selection team’s approach to stewardship in Principle 7. Where appropriate, we have also included some examples of stewardship-related activities performed by these teams.

Some examples of investment beliefs from our investment teams include:

Fundamental Equity

The Goldman Sachs Asset Management Fundamental Equity team conducts bottom-up fundamental research to manage a range of strategies across market capitalisations, investment styles, spanning U.S., global-developed, growth and emerging markets. The team also uses macro analysis of numerous economic and valuation variables to anticipate changes in company earnings and the overall investment climate. Equity investments in an advisory account will generally be sold when the team believes that the market price fully reflects or exceeds the investments’ fundamental valuation or when other more attractive investments are identified. We invest with a long-term view and seek to allocate capital to companies with shareholder-oriented management teams and quality characteristics, trading at attractive valuations. There are three critical elements to our investment philosophy:

1. We seek to invest in quality companies with strong or improving fundamentals;
2. We aim to do so when they are trading at a discount to intrinsic value; and
3. Once we own, we aim to engage management teams to unlock additional stakeholder value

To identify high quality businesses, research analysts may look for characteristics such as sustainable and competitive operating advantages, as well as strong balance sheets, cash flow generation and management teams who are excellent stewards of capital. We may engage with company management teams to gain a better understanding of a company’s business, which we believe can be to the benefit of shareholders and stakeholders.

Driven by Fundamental Equity’s long-term investment horizon and focus on quality, material ESG factors may be integrated², where relevant, across certain portfolios which may improve risk-adjusted³ returns by reducing sustainability risks and/or uncovering compelling potential investment opportunities. Beyond integrating ESG factors as part of company level assessments of quality, portfolio management teams may also consider material ESG factors within portfolio construction and risk management. The Fundamental Equity team may utilise data sources provided by third-party vendors and/or engage directly with issuers when assessing the above factors.

The Fundamental Equity team employs a dynamic fundamental investment process that considers a wide range of factors, and no one factor, or consideration is determinative.

² As part of our investment process, we may integrate ESG factors alongside traditional factors. The identification of a risk related to an ESG factor will not necessarily exclude a particular investment that, in our view, is otherwise suitable and attractively priced for investment, and we may invest in an issuer without integrating ESG factors or considerations into our investment process. Moreover, ESG information, whether from an external and/or internal source, is, by nature and in many instances, based on a qualitative and subjective assessment. An element of subjectivity and discretion is therefore inherent to the interpretation and use of ESG data. The relevance and weightings of specific ESG factors to or within the investment process vary across asset classes, sectors and strategies and no one factor, or consideration is determinative. Goldman Sachs Asset Management in its sole discretion and without notice may periodically update or change the process for conducting its ESG assessments and implementation of its ESG views in portfolios, including the format and content of such analysis and the tools and/or data used to perform such analysis. Accordingly, the type of assessments depicted here may not be performed for every portfolio holding. The process for conducting ESG assessments and implementation of ESG views in portfolios, including the format and content of such analysis and the tools and/or data used to perform such analysis, may also vary among portfolio management teams.

³ The portfolio risk management process includes an effort to monitor and manage risk, but does not imply low risk.

Fundamental Equity – Global Equity

Goldman Sachs Asset Management's Global Equity team is responsible for managing all global and international portfolios. Proprietary, bottom-up research is the key driver of the team's investment process. The team seeks to identify businesses with strong or improving fundamentals and ESG credentials trading at a discount to the team's assessment of their intrinsic valuation. The team draws upon high conviction research ideas across the Fundamental Equity global platform (US Growth, US Value, and Global Equity). The portfolio managers ensure that the portfolio weights are consistent with current research opinions, conviction levels, risk objectives, and return objectives of the portfolio.

Fixed Income

The Global Fixed Income team seeks to capitalise on investment opportunities across countries, currencies, sectors and issuers. The team offers single-sector, multi-sector, short duration and government and municipal/tax-free strategies and uses independent specialist teams for bottom-up and top-down analysis, and for generating strategies within their areas of expertise. The Global Liquidity Management team within Global Fixed Income helps clients to construct liquidity management solutions that encompass commercial and government securities as well as multicurrency options. The team's investment process is generally based on four basic elements:

- Developing a long-term risk budget. The team establishes a “risk budget” or range that a particular Advisory Account may deviate from its respective benchmarks with respect to sector allocations, country allocations, securities selection and, to a lesser extent, duration. Following analysis of risk and return objectives, the team allocates the overall risk budget to each component strategy to seek to optimise potential return;
- Generating investment views and strategies. The strategy teams generate investment ideas within their areas of specialisation. Generally, there are top-down strategy teams responsible for cross-sector, duration, country and currency decisions and bottom-up strategy teams that formulate sub-sector allocation and security selection decisions;
- Portfolio construction. The strategy teams collaborate to build a diversified portfolio of individual securities consistent with each client's overall risk and return objectives; and
- Dynamic adjustments based on market conditions. As market conditions change, the volatility and attractiveness of sectors and strategies can change as well. In seeking to optimise an Advisory Account's risk/return potential within its long-term risk budget, the portfolio managers dynamically adjust the mix of top-down and bottom-up strategies. At the same time, the strategy teams adjust their strategies and security selections in an effort to seek to optimise performance within their specialty areas.

The Global Fixed Income team also invests in privately issued debt securities (“Debt Private Placements”) across a broad spectrum of issuers, sectors, geography, and maturities. These securities are primarily of investment grade credit quality (BBB- or above) and may be unrated or rated by a nationally recognised statistical rating organisation. Debt Private Placements may be issued in U.S. dollars or other currencies. The team utilises bottom-up analysis to evaluate investment opportunities through specialist teams dedicated to specific sectors within the Debt Private Placements market. Sector specialties include, but are not limited to, infrastructure and project finance (renewable energy, transportation, social infrastructure), Real Estate Investment Trusts (“REITs”), corporates, financial institutions, utilities, credit tenant leases and private asset-based securities. Investment opportunities are originated through agent bank relationships, issuer and sponsor contacts, and advisors.

The Global Liquidity Management team uses a combination of active duration management, term structure, and sector and security selection decisions. Duration and term structure decisions reflect the team's view on the timing and direction of monetary policy, as well as an Advisory Account's immediate and near-term cash requirements. Sector and individual security selection decisions also depend on Advisory Account guidelines, as well as on fundamental and quantitative sector research that seeks to optimise the risk/return profile of the portfolio. Security selection is restricted to issuers that meet certain credit standards.

For certain strategies, as part of its fundamental investment process, the Global Fixed Income and Liquidity Management team may integrate ESG factors with traditional fundamental factors. The identification of a risk related to an ESG factor will not necessarily exclude a particular fixed income security and/or sector that, in the Global Fixed Income and Liquidity Management team's view, is otherwise suitable and attractively priced for investment. The relevance of specific traditional fundamental factors and ESG factors to the fundamental investment process varies across asset classes, sectors and strategies. The Global Fixed Income and Liquidity Management team may utilise data sources provided by third-party vendors and/or engage directly with issuers when assessing the above factors.

The Global Fixed Income and Liquidity Management team employs a dynamic fundamental investment process that considers a wide range of factors, and no one factor, or consideration is determinative.

Quantitative Investment Strategies

The QIS team manages portfolios across a wide variety of equity alpha, alternative risk premia, and rules-based factor investing. The team uses a quantitative style of management which features factor-based security selection, thoughtful portfolio construction and efficient execution.

The QIS team members focussed on equity alpha strategies attempt to forecast expected returns on a global universe of stocks on a daily basis using proprietary models developed by the QIS team. These models are based on certain investment themes including, among others, fundamental mispricings, high-quality business models, sentiment analysis and market themes and trends.

- Fundamental mispricings. The team seeks to identify high-quality businesses trading at attractive prices relative to their intrinsic values and peer groups, which the team believes leads to strong performance over the long-run.
- High-quality business models. The team seeks to identify companies that are generating high-quality revenues with sustainable business models and aligned management incentives.
- Sentiment analysis. The team seeks to identify stocks experiencing improvements in their overall market sentiment.
- Market themes and trends. The team seeks to identify companies positively positioned to benefit from themes and trends in the market and macroeconomic environment.

The QIS team members focussed on alternative risk premia strategies create portfolios comprising liquid hedge fund beta and alternative risk premia strategies, including volatility and trend strategies. The methods and techniques that are utilised in the team's investment processes include:

- A customisable solution for implementing a hedge fund beta programme as well as practical tools for analysing and attributing an existing hedge fund portfolio;
- Construction, risk-management, and implementation of long/short alternative risk premia portfolios across asset classes; and Customised options-based overlay solutions for equity portfolios.

The QIS team members focussed on rules-based factor Investing strategies design rules-based equity portfolios that seek exposure to common investment factors. The methods and techniques that are utilised in the team's investment processes include:

- ActiveBeta® equity portfolios that employ a transparent, rules-based and patented methodology for constructing benchmark-aware factor portfolios that aim to achieve efficient exposure to a diverse set of investment factors.
- Rules-based ETFs that provide exposure to certain common factors, market beta and/or other thematic investment strategies.
- The team also offers customised multi-asset class allocations, risk management strategies, tactical investments and investment advisory solutions.

For certain strategies, the multi-factor models used by QIS assess a wide range of indicators, which may include certain ESG indicators. These ESG indicators may include, but are not limited to, emission intensity, labour satisfaction, reputational concerns, governance and management incentives. QIS Equity Alpha strategies also may also seek to address certain environmental risks, such as climate transition risk by weighting stocks based, in part, on certain proprietary emissions metrics. The relevance and weightings of specific ESG indicators to or within the investment process vary across asset classes, sectors and strategies and no one indicator is determinative.

QIS in its sole discretion may periodically update the indicators used in the investment decision-making process. The indicators applied by QIS are assessed in reliance on one or a number of third-party ESG vendors.

QIS, in its sole discretion, retains the right to disapply data and/or ratings provided by third-party vendors where it deems the data and/or ratings to be inaccurate or inappropriate.

Quantitative Equity Solutions

The QES team designs and builds personalised portfolios and investment solutions tailored to the investment goals and objectives of individual investors, including tax-managed, factor-based, income-oriented, value aligned, and environmental and socially responsible portfolios.

The QES team offers a comprehensive and customisable platform for implementing portfolios that provide broad and diversified global equity market exposure while incorporating client goals. The methods and techniques that are utilised in the team's investment processes include:

- Customised equity market exposure to domestic, international and global markets;
- Tax management techniques including year-round tax-loss harvesting; and
- Risk management and values alignment solutions through implementation of customised portfolio screens.

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") 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 GS Alternatives, reflecting varying degrees of influence and/or control across asset classes.

Corporate Private Equity

For decades, the Corporate Private Equity team has been deeply embedded and integrated within Goldman Sachs, which has a significant culture of collaboration across groups. The Corporate Private Equity investment teams leverage the expansive base of Goldman Sachs' relationships to identify unique opportunities and create value for our portfolio companies as differentiated owners. Management teams view the Corporate Private Equity team as a partner of choice because of the team's ability to offer a breadth and depth of resources not broadly available to companies in the size range we target. In addition, the Goldman Sachs Value Accelerator offers best-in-class capabilities to help our portfolio companies identify additional revenue opportunities and execute transformations. For further detail on the GS Value Accelerator please see content covered within Principle 2.

The Corporate Private Equity team makes investments in equity, equity-related and similar securities, or instruments, including debt or other securities or instruments with equity-like returns or an equity component, of portfolio companies and includes strategies such as leveraged buyouts.

Growth Equity

The Growth Equity team is advantaged by Goldman Sachs' unparalleled network of global relationships with leading entrepreneurs and Chief Executive Officers ("CEOs"), empowered by the deep sector, geography, and technology expertise of one of the world's largest financial institutions. The Growth Equity team works together to build enduring companies, accelerating their growth into the future, and implementing the team's proven investment strategy that focuses on capital preservation and asymmetric risk-return outcomes for investors.

The Growth Equity team invests in equity, equity-related and similar securities or instruments, including preferred equity, debt or other securities or instruments with equity-like returns or an equity component, in growth-stage companies with the potential for revenue growth, or that is otherwise characteristic of a growth equity opportunity. The Growth Equity team seeks investments across four primary industries - enterprise technology, financial technology, healthcare and consumer - but is not restricted from investing in other industries.

Sustainable Investing

The Sustainable Investing Group ("SIG") seeks to partner with clients through its Horizon platform for direct impact investing in private markets via a series of funds that focus on key trends in sustainability across climate transition and inclusive economic growth. SIG invests across the equity risk spectrum, focusing on areas where the team has observed compelling macro tailwinds and sectors in which the team has demonstrated expertise. As SIG deploys capital and seeks to grow its impact portfolio, Goldman Sachs' global brand and scale grants the team the ability to convene like-minded corporates, investors and industry stakeholders on key topics related to ESG and impact.

Private Credit

The Private Credit team is one of the largest alternative credit investors in the world, focussed primarily on direct origination to financial sponsor-backed companies. Combining deep expertise and a long-standing programme dating back to 1996, the Private Credit platform invests globally and across the capital structure, seeking to identify attractive risk-adjusted return opportunities across the credit spectrum, having invested across different market conditions, interest rate environments and macro backdrop since inception. The Private Credit platform is comprised of three main pillars: Senior Direct Lending, Mezzanine Debt and Hybrid Capital.⁴ The Private Credit team proactively engages with sponsors and borrower management teams to help add value and create customised solutions to support many different types of financing.

The Private Credit team invests in debt instruments across industries, geographic regions, economic cycles and financing structures. The team typically employs a "lend and hold" investment strategy that focuses on the provision of large-sized commitments to drive enhanced economics and terms and disciplined investment selection.

Infrastructure

The Infrastructure team invests in the infrastructure sector by making equity and equity-like investments primarily in transportation and logistics, energy transition and renewables, digital infrastructure and other essential services.

The team partners with experienced operators and management teams across multiple sectors, focussing on value-add, operating businesses with defensive, long-term cash flows, strong market position, and in assets and services that are critical to society. The Infrastructure team seeks control positions and value creation through operational, financial, and ESG improvement. The team's investment process has consistently navigated the evolving infrastructure asset class – be it thematic trends, market dislocations or opportunities that are underappreciated by the wider market.

Real Estate

The Real Estate team is one of the largest and longest-standing investors in private real estate, with three decades of experience investing through cycles. The team navigates complex markets, dislocation and change, driving value through innovative investment, asset management and risk management strategies across acquisitions, development and platform building. The Real Estate team invests across the risk spectrum (including both equity and credit) with a focus on sourcing and executing investments with attractive risk-adjusted returns.

⁴ In 2024, the Private Credit platform has added an additional pillar in its strategy, Investment Grade Private Credit.

The Real Estate team employs development, portfolio aggregation and build-up strategies, leveraging in-house real estate and operating expertise to build and exit scaled real estate portfolios and platforms. In-house teams are responsible for acquisitions, asset management, construction management, debt financing and ESG, and also leveraging the broad-based resources and capabilities of Goldman Sachs to source, underwrite, manage, finance and exit investments.

How we ensure our investment beliefs, strategy and culture enable effective stewardship

You can read about how our governance and oversight processes seek to ensure that our investment beliefs, strategy and culture enable effective stewardship in Principle 2.

PUBLIC MARKETS

To guide our approach, our Global Stewardship Team serves as a dedicated resource to our investment teams globally, with professionals in New York, London, and Tokyo.

ALTERNATIVES

We have a dedicated Sustainability and Impact team and ESG Business Leads that support our investment teams globally, with professionals in New York, London and Tokyo.

How our purpose and investment beliefs have guided our stewardship, investment strategy and decision-making

Within Goldman Sachs Asset Management, we believe that ESG factors can be material to investment performance. ESG is increasingly important to some of our clients who are seeking to build portfolios that integrate ESG considerations while maintaining the rigour and risk-return standards of investment management.

For more information on how effective stewardship has been achieved across our investment teams, please refer to Principle 7.

You can read more about the Global Stewardship Team's stewardship framework, which sets out our key stewardship objectives and explains how our voting and engagement efforts help us meet them, in Principle 9. Serving the best interests of our clients and beneficiaries

We believe that our long-standing client relationships reflect our ability to serve our clients effectively. You can read more about how we listen to our clients' feedback and communicate with them in Principle 6.

Principle 2: Signatories' governance, resources and incentives support stewardship

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 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.

GOLDMAN SACHS ASSET MANAGEMENT INTERNATIONAL

Goldman Sachs Asset Management International ("GSAMI") Board: The GSAMI Board is responsible for the oversight of climate strategy, including the management of climate-related risks and opportunities, and oversight of progress against any future climate-related goals and targets, where applicable, to the extent that this relates to GSAMI activities. The GSAMI Board has implemented an annual agenda item on climate-related risks where they receive an update on the metrics related to Task Force on Climate-Related Financial Disclosures ("TCFD") disclosure and contextual information on the relative climate considerations for Public Markets Investing and GS Alternatives compared to other businesses and peers. On an ad-hoc basis, climate-related topics may be discussed more frequently.

Asset Management Sustainability and Impact Solutions: Sustainability and Impact Solutions is a dedicated team within Goldman Sachs Asset Management that mobilises the full range of insights, advisory services and investment solutions across our Public Markets Investing, Alternatives and Private Wealth Management client segments.

PUBLIC MARKETS

About the Global Stewardship Team

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 centred 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; and,
- **Industry leadership** to share insights and build best practices across the stewardship space.

The Global Stewardship Team is led by Catherine Winner and currently has 10 team members located in New York, Tokyo, and London. The team is further supported by the broader Goldman Sachs Asset Management platform, that includes coordination among legal, compliance and operations teams.⁵

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-focussed 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 Council⁶ 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.

⁵ As of December 2023.

⁶ As of December 2023.

The organisational structure supporting our stewardship

Global Stewardship Team				
Our Investment Teams				
Fixed Income	Fundamental Equity	External Investing Group	Quantitative Equity Solutions	Quantitative Investment Strategies
Additional Resources				
Legal	Compliance		Operations	
Advise on engagement initiatives and proxy proposals Assist in annual Stewardship Policy/Guideline review	Maintains internal policies and procedures designed to ensure integrity of information barriers and mitigate conflicts of interest Advises 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 organisational 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.

How the Global Stewardship Team works with our public markets investment teams

Our 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 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. Our investment teams generally cast proxy votes in line with the Global Proxy Voting Policy (“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 Chief Investment Officer (“CIO”) 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. You can read more about our proxy voting process in Principle 12.

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.

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 (“GHG”) 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. 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.

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 engagement as part of their research process. These engagements are designed to help inform investment decision-making.

You can read more about this in Principle 9.

Global Stewardship Team governance structure

The Goldman Sachs Asset Management senior leadership team have the ultimate responsibility for all of our stewardship related activities. The GSAMI Board have reviewed this report and we update it on our stewardship plans and activities as required.

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

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, 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. Please refer to Principle 12 for further information

We continue to seek to ensure that our investment beliefs, strategy and culture enable effective stewardship via a range of mechanisms. These include but are not limited to our annual performance review process, meetings with the relevant mutual fund boards and the discussions with our investment teams. Additionally, our annual review of policies and internal audit reviews also support this process. Further information on the review process can be found in Principle 5.

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.

ALTERNATIVES

Overview: How we resource stewardship

First-line	Second-line
Investment Teams	Legal, Compliance, Operations, Risk
Additional Resources	
Investment Committees	
Sustainability & Impact team	
Sustainability Leadership Council	
Value Accelerator	

Within 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

For an example of how the GS Value Accelerator has supported a portfolio company, please see covered under Principles 2 and 7.

Training and development

PUBLIC MARKETS

Each investment team focuses on the ongoing development of its investment professionals. As an example of a training and development initiative, we hold investor meetings called “The Forum” where leading experts, both internal and external to the organisation, meet to discuss the global trends and events that will shape our investments in the ever-changing macro and policy environment. The inputs that we derive from “The Forum” allow our portfolio managers and research analysts to keep abreast of the latest developments in the market, and meaningfully enrich our investment processes across each investment team. This series has featured some dedicated sessions on material ESG topics. Some examples from 2023 include:

- **Goldman Sachs’ Sustainability Report** with members of Goldman Sachs’ Executive Office
- **Key themes impacting the sustainability landscape** including the evolving regulatory environment, increased scrutiny of ESG, and the complexity of the energy transition
- **Secular investment opportunities** in which we expect capital formation for sustainable solutions

- **Diversity and inclusion, research and approaches within public markets investing** with Catherine Winner and members from Equity, Fixed Income and Quantitative Investment Strategies
- **Client themes from the road on sustainable investing** with Goldman Sachs Asset Management sustainability sales leadership

Further, we aim to attend a variety of conferences and seminars, including, but not limited to: UN Principles for Responsible Investment (“UN PRI”) events, US Sustainable Investment Forum events, Ceres conferences, International Corporate Governance Network events and the Council of Institutional Investors. Additionally, members of the Goldman Sachs Asset Management team have been invited to speak at numerous conferences and events, and we host panels at Goldman Sachs events, such as our Institutional Client Symposium and a number of Sustainable Finance events.

Our Global Stewardship Team also shares insights with professionals across Goldman Sachs Asset Management through a bi-weekly email update, which is sent to more than 1,000 professionals to share relevant news, trending topics, research and outcomes from stewardship activities.

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Where relevant, the S&I team provides bespoke briefings and training to teams on ESG considerations and processes, focusing on due diligence topics and opportunities for engagement on sustainability-related matters. Investment teams receive training to understand that transactions which may have significant environmental/ social and/or reputational risks should be elevated for enhanced review. More broadly, investment teams may also be posted on stewardship and sustainability best practices at townhall events. This can include presentations from either internal or external experts, who may present on relevant themes and trends to develop awareness. For example, in 2023, the ESG Business Lead for Corporate Private Equity presented at two global Corporate Private Equity townhall events, and the ESG Business Lead for Infrastructure provided an ESG update at each of the Infrastructure quarterly townhalls.

ESG Business Leads also provide training to their respective investment teams as necessary. As an example, in 2023, the ESG Business Unit Lead for SIG provided trainings to deal teams on the EU Sustainable Finance Disclosure Regulation (“SFDR”), ESG data collection and reporting obligations. The Real Estate ESG Business Leads also provided bespoke training on compliance with sustainability regulations across teams in the US, Europe and Australia.

Performance management and reward

We recognise the importance of celebrating the success of our personnel by ensuring good practice is identified, highlighted and rewarded. As part of our ongoing efforts to ensure we unlock our people’s potential and the collective capability of our firm, we continue to invest in our people’s development, including by ensuring that each colleague receives robust, timely and actionable feedback to help them grow and make a bigger impact. We also recognise the importance of using remuneration and incentives to encourage appropriate behaviours and to discourage excessive risk taking and other practices. Our compensation practices encourage a firm-wide orientation and culture through a framework that establishes a direct relationship between the longer-term evaluation of performance and an appropriately matched incentive structure. The success of our business is tied to investment performance, advice and client satisfaction. The ability of our portfolio and client teams to bring ESG expertise to bear may be an important component to one or more of these dimensions, the success of which may, where appropriate, factor into resourcing, compensation, and promotions relevant to certain investment strategies. You can read more about our approach to performance management in our [People Strategy report](#), available on our website.

Diversity and inclusion

Our people are our greatest asset – we say it often and with good reason. It is only with the determination and dedication of our people that we can serve our clients, generate long-term value for our shareholders and contribute to the broader public. At the crux of our efforts is a focus on cultivating and sustaining a diverse work environment and workforce, which is critical to meeting the unique needs of our diverse client base and the communities in which we operate. We are committed to making progress toward [racial equity](#), advancing [gender equality](#), and [increasing representation](#) at every level of our firm. Our commitment to creating and sustaining a diverse work environment is absolute. We share our reasons for this commitment and our aspirations:

For the Firm: We strive for excellence. To achieve it, we must have the best people, and the best people are drawn from the broadest pool of applicants. The people we need can be found only by looking across the full spectrum of race, colour, religion, creed, sex, age,

national origin, citizenship status, disability, qualified veteran status, genetic information, marital status, sexual orientation and gender identity.

For Our People: Ours is a culture of teamwork. For our groups to excel, all members must feel that they are operating in an inclusive environment that welcomes and supports differences, and that encourages input from all perspectives. Our people have the right to expect a workplace in which the richness of their lives and experience is welcomed and valued by their team and by the firm.

For Our Clients: Their interests always come first. To continue providing our clients with creative ideas and solutions for operating effectively in a complex global economy, we must be fully capable of dealing with different cultures in an informed and nuanced manner. Experience has shown us that we can best serve our clients' interests by tapping the insights, talents and judgments of a diverse workforce.

Within Goldman Sachs Asset Management, investment teams comprise diverse professionals based in our offices around the world.

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 better serve our clients' needs. Systems and processes in place for certain investment teams in 2023 included:

- **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.
- **Paris Alignment Tool:** Fixed Income have developed a Paris Alignment Tool for certain tailored client solutions. This tool combines quantitative and qualitative information on company climate disclosures, climate strategy, and target-setting, to provide a forward-looking categorisation of an issuer's alignment with the aims of the 2015 Paris Agreement.
- **Fluent:** Where applicable our investment teams utilise a centralised platform for external and internally generated research 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 analyse product involvement, among other functions.

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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.⁷ 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.

You can read more about how different investment teams use these processes and their research and analysis in Principle 7.

⁷ Please refer to our 2022 AWM TCFD report for more information on our GHG emissions collection efforts: <https://www.goldmansachs.com/investor-relations/corporate-governance/sustainability-reporting/2022-awm-tcf-report.pdf>

Using third party service providers

We use a variety of third-party service providers to support our stewardship activities as needed, you can read more about our approach in Principle 8.

Principle 3: Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first

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 or perceived 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 minimising 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 & Co / 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 manager 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, 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 believe that voting in line with our customised our Global Proxy Voting Policy allows us to address any potential or perceived conflicts of interest. For more information on how we set our Goldman Sachs Asset Management Global Proxy Voting Policy, please refer to Principle 12.

Our investment teams generally cast proxy votes consistently with the guidelines and the recommendations of our Global Proxy Voting Policy.

However, we 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.

In instances where we may wish to vote differently from our Global Proxy Voting Policy, because we believe that a vote different to our guidelines is in the best interests of our clients, we have implemented processes designed to prevent conflicts of interest from influencing our proxy voting decisions. There are two main processes that we follow if we seek to vote differently from our Global Proxy Voting Policy:

- 1) **Overrides:** A vote initiated by one of our Fundamental Equity investment teams: Once a portfolio manager has raised a request to vote differently from the guidelines, the request must be reviewed and approved by the Fundamental Equity CIO, the Stewardship Team and Legal to seek to ensure that override decisions are not influenced by any conflict of interest.
- 2) **Adjustments:** A vote initiated by the Global Stewardship Team: Once the Global Stewardship team has raised a request to vote differently from the guidelines, the request must be reviewed and approved by the Fundamental Equity CIO, one of certain delegates of the Quantitative Investment Strategies investment team and Legal to seek to ensure that override decisions are not influenced by any conflict of interest.

As a result of the override process, different investment teams may vote differently for particular votes for the same company.

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 perceived or potential 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. In 2023 we voted in line with this policy.

Conflicts arising in 2023

Goldman Sachs Asset Management has not encountered any other material conflicts of interest in relation to our stewardship activities over the last 12 months.

In 2023, we followed our overrides and adjustments processes in all instances where we voted differently from our Global Proxy Voting Policy, as such we do not believe that we had any conflicts of interest in our voting activities.

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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 4: Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system

Risk management is an essential element of our investment philosophy and forms an integral part of our investment process and culture. We place considerable emphasis on maintaining a disciplined, industry-leading risk management framework and supporting the ongoing development of risk-management methods and technology. Managing our risks, and the risks in our portfolios, is a part of how we contribute to supporting a well-functioning financial system.

PUBLIC MARKETS

How we identify market-wide and systemic risks

Our investment risk management process and culture entails first-line ownership within the portfolio management teams. The investment risk management process includes an effort to monitor and manage risk but does not imply low risk.

Our risk management approach seeks to identify, monitor and manage market-wide and systemic risks that we consider to be most relevant to the funds and portfolios that Goldman Sachs Asset Management manages and which are considered to potentially have a material negative impact on the value of these portfolios, either on an absolute basis, or on a relative basis versus a stated benchmark, where relevant. This may include the potential impacts of climate risk and risk around pandemics, as examples, where these are relevant to the portfolios.

Our approach seeks to ensure that market-wide and systemic risks are appropriately considered and addressed at the various stages of the product life cycle. Most notably by seeking to ensure that investment management processes are in place to identify, monitor, manage and mitigate market-wide and systemic risks across funds and portfolios on an ongoing basis.

There may be differences in how each investment team identifies and responds to market-wide and systemic risks, as appropriate to each business and the relevant asset classes.

For example, for certain strategies, our investment teams may adopt the below approaches (depending on the asset class, strategy and client preferences, among other factors) in the integration of sustainability risks, inclusive of climate risks, into investment decision making, many of which they will aim to evolve over time and in response to further regulatory requirements and market developments:

- Use of external data providers to assess material impacts of sustainability factors and risks at the individual investment level, where data is available;
- Development of proprietary overlays and scoring methodologies on sustainability at both the investment level and the aggregate portfolio level;
- Investment in a proprietary set of platforms and dashboards to equip our investors with access to ESG information for risk management, research, monitoring and client reporting; and
- Use of guideline control processes to assist with the monitoring of investment decisions and portfolio composition with respect to sustainability risks, where both possible and applicable.

Whilst sustainability risk integration may play an important part in our investment approach for certain strategies, we generally may consider sustainability risks, including climate risks, alongside all other risks relevant to the portfolio and take a holistic view on the composition of the portfolio or the holding of specific investments from a risk perspective. In line with existing risk management processes, where we are not comfortable with the level of risk posed by an investment, we expect to take steps to mitigate and manage that risk, which may include divestment from a particular investment. We also have certain products that do not include sustainability risk considerations.

Additionally, the Asset Management Risk Management team (“AM Risk”) operates independently of the portfolio management teams and is responsible for the overall risk governance framework and establishing appropriate risk management best practices for the Goldman Sachs Asset Management business, across the individual business lines.

The independent risk governance framework overseen by AM Risk includes the identification, measurement, monitoring, escalation and remediation of applicable risks. The AM Risk team reports to the Goldman Sachs Asset Management Chief Risk Officer and the Heads of Asset Management. The Asset Management Risk Working Group is globally responsible for oversight of financial risks associated

with the activities of the business, and reviews market, liquidity, counterparty credit, sustainability and operational risk in respect of client portfolios, as applicable, and may establish governance standards as appropriate.

Some examples of market wide and systemic risk identified in 2023 include:

- Climate risk
- Geopolitical risks, including current and emerging conflicts and, material macro geopolitical tensions
- Sustained periods of elevated inflation and interest rates.

Monitoring risks

Across Goldman Sachs Asset Management there are a variety of systems, processes and activities in place to support our monitoring of market-wide and systemic risks. These include but are not limited to:

- The independent AM Risk team defines, measures and monitors appropriate risks across client portfolios including market risks such as currency risks, interest rate risks and equity factor risks, liquidity risks such as redemption risk and cash event risk, sustainability risks, monitoring of fund proprietary ESG scores, and oversight of certain key sustainability framework elements and their associated governance, and operational risks. AM Risk monitors market-wide and systemic risks through a variety of metrics and analyses including performance monitoring, concentration monitoring and stress testing, with further details on each provided below.
- AM Risk regularly and routinely reviews performance drivers across portfolios in order to understand performance attribution, risk drivers and ultimately to underlying single name holdings. This review leverages relative performance tools (e.g., tracking error, excess return, normalised return, relative account performance by composite, etc.), and performance attribution tools. Market-wide themes identified via this analysis drive further deep dives into portfolio exposures and into single names that meaningfully contribute to portfolio performance and risk exposures on an active weight basis, as measured relative to benchmark. To the extent that exposures identified are associated with weak climate scores or have particular sensitivities to global pandemic risks, as examples, these factors could form part of the analysis and challenge when reviewing risk positioning with portfolio managers.
- Concentrations across portfolios are also monitored to ensure that aggregate exposures are not outsized. AM Risk monitors aggregate country and single name exposures on a weekly basis as well as reviewing aggregate exposures versus the firmwide Risk Division's Country Watch list. The Country Watch list highlights countries in crisis or with a higher likelihood of being in crisis and AM Risk has set governance thresholds to ensure that aggregate exposure to such countries and their debt issuances are within risk tolerances. The Country Watch list would also include a view on the potential for a given country to be susceptible to a variety of macro factors, such as geopolitical risks, the impacts of a global pandemic or shift in climate risks. At a portfolio level, concentrations to countries, sectors, sub-industries and single names are also highlighted. To the extent that a sub-industry or single name identified is associated with weak climate scores or has particular sensitivities to global pandemic risks, as examples, these factors could form part of the discussion and challenge when reviewing risk positioning with portfolio managers.
- AM Risk runs hypothetical stress testing on a weekly basis which computes the impact of various severe loss scenarios on the active risk held by each fund. These severe scenarios include a number of key concentration scenarios (e.g., issuers, industries, countries etc.). This weekly governance process reviews the most severe outcome from these scenarios against internal thresholds, typically set with reference to the target tracking error for the fund. Where the stress test results (including for concentration scenarios) are in excess of these thresholds, these overages are investigated and escalated to AM Risk and the portfolio manager to manage the risk. Actions may include immediate risk reduction or a temporary increase in the internal threshold where AM Risk are comfortable with risk being run and the business rationale behind the exception. Where relevant, these factors could form part of the discussion and challenge when reviewing risk positioning with portfolio managers. AM Risk continues to work with the businesses to review and evolve the framework to integrate physical and transition risks into the investment process, which includes assessment of external vendors' climate scenario analysis tools and capabilities.
- AM Risk frequently conducts ad-hoc stress scenarios to assess vulnerabilities in our client portfolios to potential market risk scenarios, for example inflation, negative interest rates, global pandemics, etc. Scenarios are identified through monitoring of news flow, engagement with industry forums, discussions with our investment teams and interactions with firmwide Risk, including the Scenario Stress Testing team within Enterprise Risk Management. Ad-hoc stress scenarios involve the calibration

and application of asset shocks to our client portfolio holdings, the results of which are reviewed at the portfolio level as well as taking an aggregate view across the various business areas. The results are reviewed with embedded risk teams where relevant and the portfolio managers, where relevant.

- Regular updates are provided to AM Risk management on the ongoing development of the sustainability risk framework and the embedding of climate change risk assessment for certain investment strategies in business-as-usual processes.

How we respond to risks and align our investments

We work to identify additional and emerging risks across the industry and broader market. Once identified, we seek to ensure investments are aligned with the risks accordingly. We seek to monitor and control risk exposure through a risk and control framework encompassing a variety of separate, but complementary financial, credit, operational, sustainability, compliance reporting systems, internal controls, management review processes and other mechanisms. Whilst we employ a broad and diversified set of risk monitoring and risk mitigation techniques, those techniques and the judgements that accompany their application cannot anticipate every economic and financial outcome or the specifics and timing of such outcomes. Thus, we may, in the course of our activities, incur losses.

As an example, investment teams may use a number of different styles to embed sustainability considerations, including climate risks, into asset selection for certain investment strategies or products, which may include:

- The use of ESG analysis to seek to inform how we evaluate companies and issuers and to make investment decisions based on these evaluations;
- The use of exclusionary screens on companies or sectors, via guideline management processes, that do not meet certain sustainability criteria. This can range from the removal of all companies in a particular industry to the removal of companies with more than a prescribed percentage of revenue derived from certain products or activities, or where Board compositions do not meet certain criteria;
- Tilting certain portfolios towards ESG factors and selecting companies that we believe screen better than industry competitors in the desired metric (for example, carbon intensity) and are therefore likely to be less exposed to sustainability risks. These factors can also be combined into an overall ESG score, utilising either external vendor or internal proprietary models, to aid portfolio construction and compare scores across factors and relative to the relevant benchmarks.
- Investing in companies, organisations or funds with the intention to generate a measurable, positive social or environmental impact along with financial return, with a view to also mitigating the impact of sustainability risks within the portfolio. For example, investing in green, social or sustainability bonds.

Where appropriate, use of these styles may be reviewed by Goldman Sachs Asset Management during both the asset selection and ongoing portfolio construction processes. This allows us to consider sustainability risks at the micro selection level as well as at the overall portfolio level. In addition to the absolute weighting of the overall sustainability risk profile of a portfolio, regard may also be given, where relevant, to the relative weighting of the sustainability risk profile of a portfolio to that of the stated benchmark to that portfolio.

You can read more about how we integrate ESG and stewardship in various investment teams in Principle 7.

Some examples of how we have sought to align our investments include:

FUNDAMENTAL EQUITY

Within the equities universe, significant feedback from clients has centred on the desire for a balanced approach to sustainable equity allocations, which can often be growth-oriented. From a climate perspective, we believe the companies that have a heavy environmental footprint today can play the biggest role in driving progress towards net zero and other environmental targets, and there are significant opportunities for investors to benefit from exposure to companies with strong value characteristics that are improving their sustainability profiles. As such, in seeking to align investment beliefs with client priorities - the Fundamental Equity team launched the GS Global Environmental Transition Equity strategy in November 2023. The strategy is focussed on five key-themes: extraction, power generation, manufacturing, transportation, and consumption – designed to invest across a range of sectors, predominantly high quality, mature, value-orientated companies, which exhibit strong free-cash-flow yields and potentially attractive valuations we hope the

strategy can assist the diversification and impact within client's climate allocations. The strategy leverages Goldman Sachs Asset Management's proprietary internal tools and systems to both qualitatively and quantitatively assess the environmental impact and transition plans of the companies it invests in. This will be coupled with ongoing stewardship and investment team engagements that will seek to monitor progress, identify risks and promote sustainable and shareholder-friendly practices.

Additional examples of seeking to align our equity investments with client priorities was evident in the application of clients' exclusionary policies. For one Fundamental Equity Separately Managed Account ("SMA") client, certain exemption requests are permitted upon validation of specific ESG criteria should a security register within their restricted trading list. In the context of the client's China-A Shares equity account, the investment team were able to discuss at length and secure approval to invest in a Chinese agriculture business that had initially flagged for factory farming and been rejected as eligible for the client's account. As part of the due diligence, it was confirmed that the company's pioneering implementation of a co-operative model and smaller production scale helped prioritise animal welfare and prevent issues such as over-crowding seen at larger industrial peers. As such, whilst initially deemed non-investable due to the company's limited web-disclosure and third-party ESG data assessment, research analysts were able to demonstrate that the company was aligned with the client's ESG policy.

FIXED INCOME

In Fixed Income, we seek to unlock potential value for our clients by embedding climate considerations in the investment lifecycle for select investment products and strategies; for example, by enhancing climate-related risk management and driving operational and strategic improvements in portfolio companies and client assets through our stewardship activities.

For corporate credit, our proprietary internal ESG rating assessment covers climate change risks for relevant sectors and issuers, under our environmental assessment, and when pertinent the governance analysis, as an input to the overall credit ratings. For instance, GSAM's fundamental analysis of credits in the energy sector closely examines companies' exposure to different types of energy sources, environmental and regulatory risks to their business activities, the relative cost positions of companies and their commitment and steps taken to diversify into lower-carbon sources of energy.

In 2023 we began measuring and tracking the alignment of individual companies with the Paris Agreement. This assessment is crucial as it provides a forward-looking view on how a company is transitioning. The assessment categorises companies within a spectrum ranging from Not Aligning, Committed to Aligning, Aligning, Aligned and Achieving Net-Zero. Companies within high emitting sectors are subject to more stringent standards relative to low impact sectors.

The corporate alignment assessment based on 6 criteria:

- Ambition: a long term 2050 goal consistent with achieving global net zero
- Disclosures: Disclosure of Scope 1, 2 and material Scope 3)
- Targets: short- and medium-term emissions reduction targets (Scope 1, 2 and material Scope 3)
- Emissions performance: current emissions intensity performance
- Decarbonisation strategy: A quantified plan setting out the measures that will be deployed to deliver GHG targets, proportions of revenues that are green and where relevant increases in green revenue.
- Capital Allocation Alignment: Demonstration that CAPEX are consistent with achieving net zero emissions by 2050

For Sovereign debt, we have a formalised ESG rating process that evaluates each sovereign based on quantitative ESG metrics and qualitative analysis that captures a country's ESG momentum. Our environmental framework is oriented around four themes: water scarcity, air quality, climate change and energy, and biodiversity and habitat. With respect to climate change, we seek to understand both physical risks and transition risks.

- Transition risks are related to the changes in policy and the market in response to the climate transition. As a part of our methodology to evaluate the transition risk of a country, we take into consideration Nationally Determined Contribution ("NDC") plans that outline medium-term climate policies. Our transition risk analysis also looks at a country's carbon emissions gap, namely the gap between current GHG emissions and an emissions reduction target.
- Physical effects of climate change can be event-driven such as extreme weather events like hurricanes or flooding, or longer-term shifts in weather variability like a rise in sea level. Our sovereign ESG framework seeks to incorporate the only known

dataset matching physical climate risk exposure to the distribution of population, agricultural production and overall GDP creation within countries.

EXTERNAL INVESTING GROUP

Our External Investing Group ("XIG") team continued to monitor the unfolding effects of the pandemic on our funds and our people. As part of this effort, we maintained an active dialogue with the fund managers with whom XIG invested on how management teams planned on supporting their portfolio companies. Furthermore, within our XIG Imprint team (the ESG focussed vertical within XIG), we engaged with the managers with whom XIG invests across our sustainability themes, including climate transition, to further understand potential risks and opportunities across managers and portfolios.

QUANTITATIVE INVESTMENT STRATEGIES

Our QIS Equity Alpha team seeks to incorporate climate transition risk in the management of certain of its active equity portfolios. This feature reflects the investment team's belief that the potential transition to a low-carbon economy may have a material impact on companies' financial performance. While we believe the market has already begun to incorporate climate transition risk in stock prices, this price-adjustment process is not yet complete, and we believe downside risk to equity valuations remains. The long-term impact of climate change on companies' financial performance is both potentially large and difficult to assess given uncertainty about future government policy, technology and consumer preferences. Companies will likely manage this uncertainty differently, creating relative winners and losers in the coming years and decades. The team acknowledges the magnitude and complexity of the transition to a low carbon economy, and therefore, continues to monitor new developments.

Informing our Global Stewardship Team's engagement work:

We've long believed the transition to a more sustainable economy would be a decades-long effort; to advance that transition, more risk capital must be invested in developing new, clean technologies, especially for the highest-emitting sectors; and in solving such a complex problem lies enormous opportunity for the companies we are investing in on behalf of our clients. We believe that engagement on these opportunities can promote long term value creation for shareholders. 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 GHG 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 Principle 9.

You can read more about how our various investment teams have integrated climate and stewardship in Principle 7, including information about our various ESG integrated and aligned investment strategies.

How we have worked with other stakeholders to promote continued improvement of the functioning of financial markets

We play a part in industry-wide initiatives that seek to promote continued improvement of the functioning of the financial markets, including improvements to disclosure frameworks, and international initiatives. Some examples include:

- United Nations Development Programme ("UNDP") – We joined the UNDP Sustainable Development Goal ("SDG") Financing Technical Committee to assist in the development of SDG impact standards, financial instruments, and innovative business models in 2019.
- IFRS International Sustainability Standards Board ("ISSB") - We have been a member of the Sustainability Accounting Standards Board Investor Advisory Group since 2018 and continue to support their work as part of the ISSB. We currently hold two seats on the ISSB Investor Advisory Group ("IAG").

Goldman Sachs Asset Management professionals have at various times also served as advisors or board members to a diverse set of organisations in the ESG space, including groups such as the U.S. National Advisory Board ("NAB") of the G8 Social Impact Investing Task Force, the U.S. Alliance on Impact Investing, the Global Impact Investing Network's ("GIIN") ImpactBase initiative, the Global Social Venture Competition ("GSVC"), McKinsey's working group on Social Impact Bonds, Global Giving, the Sustainable Food Lab, the UN Capital Development Fund, the International Interfaith Investment Group, and a range of others.

We participate in a wide variety of market wide initiatives; you can read more about our industry leadership work in Principle 10.

Assessment

We believe that our processes and actions as described in this section have been effective in seeking to identify and respond to market-wide and systemic risks and promote well-functioning financial markets. We continue to keep these activities under review.

ALTERNATIVES

How we identify market-wide and systemic risks

Our investment risk management process and culture involve first-line ownership with our investment teams, who work together with second-line teams to conduct due diligence before making an investment. Information collected during pre-investment due diligence is used to consider and assess the risk profile of proposed investments and may identify relevant market-wide and systemic risk issues that could impact the value of the investment. Where appropriate, we may enhance our due diligence process to ensure that ICs are informed of relevant market-wide and systemic risk considerations as they deliberate on new investments.

GS Alternatives may also provide educational resources and training to our investment teams on certain market-wide and systemic risks. For example, in 2023, a number of investment teams received training on topics including ESG materiality, SFDR, and diversity and inclusion.

An example of how we have identified climate-risk in our Real Estate team:

The Real Estate team integrates a formal physical climate risk assessment that is now required in the due diligence process for new investments. This process informs resiliency adaptations that can protect and enhance asset value as physical climate risks become more severe. Before being presented to IC, all investments are assessed for physical climate risk along with suggested measures for resilience and adaptation for the asset, where necessary. The assessment assigns risk scores for potential future climate impacts such as heat and water stress, extreme weather, and sea level rise. To support identification of potential adaptation and mitigation strategies, the Real Estate team has developed an internal tool to translate risk scores and asset physical conditions into practical solutions. The team uses this tool alongside the risk assessment to make recommendations for various design, construction and retrofits that will prevent damage or mitigate risk. In addition, in 2023, new screening analytics were also piloted across debt and equity portfolios to assess physical risk. This small-scale pilot was launched and completed with a risk engineering firm to identify and financially assess site-level adaptation and resiliency investments to reduce damage at potentially highly impacted properties.

Monitoring risks

The independent GS Alternatives Risk team monitors appropriate risks across third-party capital exposures. Examples of risks that are monitored by GS Alternatives Risk team include:

- **Market Risk:** Market risk is the risk of financial loss in the value of our assets due to fluctuations in market conditions. The Risk team manages market risk by diversifying our portfolio exposures, controlling position sizes and establishing economic hedges. The Risk team uses a variety of risk measures to estimate the size of potential losses for both moderate and more extreme market moves over both short-term and long-term time horizons. This includes leveraging asset class-specific top sheets to assess the evolution of potential financial impacts of a range of standardised shocks of varying severity.
- **Credit Risk:** Credit risk represents the potential for loss due to the default or deterioration in the credit quality of our counterparties. The Risk team manages credit risk by conducting analysis of the capacity and willingness of a counterparty to meet its financial obligations, which informs the level of credit risk we are willing to take. The Risk team evaluates the use of credit risk mitigants to reduce exposure, including collateral and hedging. The Risk team measures credit risk based on the potential loss in the event of a non-payment by a counterparty.
- **Liquidity and Funding Risk:** Liquidity risk is the risk that we will be unable to fund the firm or meet our liquidity needs in the event of firm-specific, industry or market liquidity stress events. Liquidity Risk within funds is managed by Portfolio Managers with support from the Fund and Info Management Group and thresholds and limits are overseen by the Risk team as needed.

The Goldman Sachs Asset Management Private Side Risk Council ("Risk Council") is responsible for providing ongoing monitoring and review of financial and non-financial risks associated with the GS Alternatives business activities of Goldman Sachs Asset Management. The Risk Council is co-chaired by the Asset Management Chief Risk Officer ("CRO") and the Global Head of Private Credit within Goldman Sachs Asset Management. Risk Council membership includes senior GS Alternatives leaders representing the

various investing businesses, geographies and functional areas of the division, and a representative from the firm's Risk division. Some members of the Risk Council are also members of the Firmwide Risk Committee. The Risk Council generally meets monthly, although meetings may occur more or less frequently. Certain duties and responsibilities are to:

- Monitor financial and non-financial risks associated with the GS Alternatives business of Goldman Sachs Asset Management
- Review overall risk exposure and establish governance standards
- Establish, review, and monitor FX and non-FX hedging exposure and guidelines

Where appropriate, risks or potential risks to GS Alternatives are escalated to the CRO based on the nature or type of risk. Any market-wide and systemic risks that are identified by the control areas are escalated to the CRO as well as senior management, as appropriate.

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.

Principle 5: Signatories review their policies, assure their processes and assess the effectiveness of their activities

PUBLIC MARKETS

How we review our 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. You can read more about our 2023 Stewardship Framework in Principle 9.
- Our [Global Proxy Voting Policy](#) is annually approved by the various investment teams and the Proxy Voting Council to ensure that our guidelines support effective stewardship. You can read more about our 2024 updates in Principle 12.

Compliance Testing

Our internal assurance process leverages the systems already in place at Goldman Sachs. Goldman Sachs has a dedicated firmwide Compliance Testing Group (“CTG”) that reviews and tests the effectiveness of Goldman Sachs Asset Management’s compliance program. CTG’s testing plan consists of reviews selected based upon an assessment of compliance and reputational risks across Goldman Sachs Asset Management and considers prior testing of particular areas or subjects. At least annually, CTG will consult with or obtain information from Compliance and other firm staff to identify and prioritise areas for CTG testing. CTG also considers regulatory expectations and guidance, new business initiatives, as well as the results of Goldman Sachs Asset Management Compliance’s risk assessments when developing its testing plan.

The last formal review covering the Global Stewardship team took place in 2020, when CTG completed a review examining Goldman Sachs Asset Management’s policies, procedures and controls concerning proxy voting which included the following topics:

- Proxy voting decision-making, including the adjustment/override process;
- Due diligence and vendor management of service providers; and
- Supervisory oversight and governance.

Seeking continuous improvement

Based on the results of CTG’s review, as set out in the scope above, we modified our policies and procedures to enhance our oversight of proxy voting decisions in client portfolios that have requested their own custom voting policies.

ALTERNATIVES

Policy owners are responsible for maintaining and administering each policy document. In general, policies are reviewed once every three years, unless required by law, rule or regulation to be reviewed more frequently, or new business activity and change in rules and regulations require changes to be made outside of the normal policy review cycle. The policy owner should ensure that all appropriate parties, including any required committee or board, have been involved in and signed-off new policies.

As a firmwide group, CTG is also responsible for reviewing and testing the effectiveness of Goldman Sachs Asset Management’s Alternatives business.

Ensuring our report is fair balanced and understandable

In drafting this report, we have sought contributions from a range of investment teams across Goldman Sachs Asset Management and sought to present our activities fairly and in an understandable and clear format. We have sought to give balanced examples from across our investment teams and to represent the range of our stewardship activities with respect to the relevant investment strategies. In addition to the investment teams and members of senior management, the report has been reviewed where appropriate for certain content by representatives from legal, compliance and risk. This drafting and review process seeks to ensure that the report is fair, balanced, and understandable.

Principle 6: Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them

A Diverse Business – Total Assets Under Supervision: \$2.81tn⁸

Assets under Supervision as of 31 December 2023

Assets Under Supervision (“AUS”) includes assets under management and other client assets for which Goldman Sachs does not have full discretion.

AUS Split by Asset Class

Asset Class	\$mm
Alternative investments	295
Equity	658
Fixed Income	1,122
Total long-term AUS	2,075
Liquidity products	737
Grand Total	2,812

Source: Goldman Sachs Asset Management as of 31 December 2023 AUS includes assets under management and other client assets for which Goldman Sachs does not have full discretion.

AUS Split by Geography

Region	AUS \$mm
Americas	1,951
EMEA	653
APAC	208
Total	2,812

Source: Goldman Sachs Asset Management as of 31 December 2023 AUS includes assets under management and other client assets for which Goldman Sachs does not have full discretion. Region indicates where the client is domiciled.

AUS Split by Client Type

Client Type	AUS \$mm
Institutional	1,033
Wealth Management	798
Third-party distributed	981

Source: Goldman Sachs Asset Management as of 31 December 2023 AUS includes assets under management and other client assets for which Goldman Sachs does not have full discretion.

Our investment time horizon

Each portfolio management team employs different practices, and as such different portfolios may have different investment time horizons.

PUBLIC MARKETS

For example, investment time horizons differ across our QIS team depending on the investment strategy, investment signal or tilt. For our equity alpha strategies, we aim to both deliver strong relative performance over a shorter time horizon and maintain a long-term

⁸ As of 31 December 2023. AUS includes assets under management and other client assets for which Goldman Sachs does not have full discretion.

outlook. We seek to deliver attractive excess returns above portfolios' stated benchmarks over a 6-12-month period via our stock selection model. We also incorporate a climate transition framework, within these portfolios, seeking to manage exposure to climate transition risk in the long-term. For alternatives, we seek to deliver differentiated returns through strategies that employ quantitative and qualitative tools to meet investors needs for diversification. The portfolios' investment time horizons are adapted to each strategy individually in order to achieve their investment objectives. For smart beta strategies, we aim to offer simple and transparent exposures to four common equity factors (value, momentum, quality and low volatility) as academic research has shown that such factors may offer higher risk-adjusted returns than market-capitalisation weighted portfolios in the long run.

For the QES team, our tax-aware strategies are designed to provide core equity market exposure for clients over the long term. We aim to create portfolios with similar risk characteristics to the broad market.

In Fundamental Equity, we seek to achieve capital appreciation typically over 3-5 years, with strong relative performance. We seek to invest in quality companies with the hallmarks of excellent businesses such as resilient earnings growth over a 3 – 5-year time horizon, durable business models, strong financials with sustainable returns on invested capital, alongside management with a proven record of operational execution and capital discipline. Moreover, in our investment research, we seek to understand how a business might evolve over the next 3, 5 and 10 years and may look for companies committed to continually improving ESG practices within their industry, while acknowledging that some areas of ESG research may not be able to be captured by numbers alone.

In Fixed Income, each portfolio management team employs different practices and as such has different investment time horizons, including consideration within the context of a particular strategy, for example:

- **Buy and Maintain:** As the transition to a low carbon economy gathers pace, we anticipate that regulatory reforms will increase business risk for high impact sectors such as energy companies. We have long held concerns over stranded asset risk for our buy and maintain portfolios, especially for longer duration bonds. We tailor our portfolio construction to mitigate this risk, for example we may limit exposure to individual energy issuers and lower-rated investment-grade names in this sector, and/or apply a cap on maturity for energy bonds.
- **Active:** Given the long-term risks to credit quality for energy producers, we generally run a structural underweight to the sector. However, we recognise that cyclical factors such as a rally in oil prices due to supply and demand constraints could influence valuations in the near-term.
- **For certain portfolios ESG analysis** is integrated within our investment process. From a top-down perspective, our portfolio managers can, for some portfolios, consider the value-add from the incorporation of ESG factors in portfolio construction and risk management. ESG is a significant component of our bottom-up fundamental research process where we have developed and may utilise proprietary ESG scores across sectors including corporate credit and sovereign debt. Our portfolio management process allows us to customise ESG investment solutions to our clients' investment preferences and guidelines.

ALTERNATIVES

Across GS Alternatives, our typical investment hold periods range from 1-8 years, varying with a number of factors such as the asset class and investment strategy, business planning practices, and macro factors that may impact industry volatility. Across our non-credit strategies we seek to maximise exit value, combining a long-term approach that incorporates value creation, planning and positioning with a willingness to be flexible and take advantage of market "windows" or other opportunistic dynamics. Meanwhile, across credit strategies, we aim to work with each borrower to determine a mutually beneficial investment time horizon to ensure maximum value, with many borrowers returning to our team for debt refinancing, extensions, and add-ons.

Seeking our clients' views

At Goldman Sachs, one of our four core values is client service. We lead with a service mind-set, enabling us to anticipate and adapt to the needs of our clients and consumers by delivering thoughtful, innovative solutions. We strive to anticipate the rapidly changing needs of our clients and to develop new services to meet those needs. Our values and principles inform our approach in Goldman Sachs Asset Management to seek our clients' views, and we regularly meet with clients to hear their feedback.

Alongside our client coverage teams' ongoing dialogue with their respective clients, regular engagement with clients can take the form of formal portfolio review meetings (annual, semi-annual, quarterly and monthly depending upon client preference) alongside ad-hoc updates via calls, meetings or written materials. In the process of these interactions, clients can raise areas of internal importance for

our consideration and/or potential implementation. We believe regular dialogue and continual feedback from clients helps us establish and maintain long-term relationships, as well as develop products to meet their needs.

PUBLIC MARKETS

Within Fixed Income, we typically engage in discussions with our clients to gain better understanding of their ESG-focussed preferences, specific themes and thresholds that they wish to apply on their individual account.

Our fixed income and dedicated Green, Social and Impact (“GSI”) bond team are working with clients to help them understand the green bond market and the potential opportunities. Our dedicated GSI bond team is part of the Fixed Income Credit team. The Goldman Sachs GSI bond team leverages a team of dedicated ESG analysts conducting specific analysis on labelled bonds. The Green bond market has transformed from niche impact segment to a potential opportunity for a broad universe of fixed income investors in the last five years. We believe that green bonds will be an increasingly important tool for financing the investment need to advance the energy transition and build a sustainable economy. As the green bond universe grows and becomes more diversified, we see green bonds providing investors with an opportunity to make a positive environmental impact while generating similar potential returns as traditional bonds.

Our QIS team is working with clients to help them understand different sustainability implications alongside risk and return objectives. We have found that certain sustainability metrics assisted our models in generating new and relatively uncorrelated sources of alpha. We also recognise that these considerations can affect investment performance as well as expose potential investment risks. As the sustainability landscape evolves, we believe that regularly engaging with clients help us understand their focus areas around sustainability as well as help provide transparency back to our clients on how we are able to customise certain separately managed portfolios to meet their requirements.

Our Global Stewardship Team regularly meets with clients to share developments on proxy voting and engagement practices and to understand client priorities. As a result of these discussions, we have taken a variety of actions. For example, in 2023 we introduced new engagement frameworks focussed on deforestation and controversial business activities, an area of interest to clients which we believe may where applicable relate to material shareholder value creation risks and opportunities. Please refer to Principle 9 for further information.

ALTERNATIVES

Across GS Alternatives, we listen carefully to our investors, among whom are some of the largest, most sophisticated, and successful institutional investors globally. ACF is the primary group for partnering with our clients to develop solutions that enable them to meet their investing goals. ACF is the key point of contact for our clients and engages regularly to understand clients’ financial and sustainability objectives, to ensure our suite of products are designed with clients’ priorities at the forefront, while also sharing market insights and best practices.

ACF engages with our clients in a number of different ways through a combination of live meetings, and written updates and reports. Where clients express a need or interest in receiving information on topics which are not addressed within our standard reporting, we work to accommodate such requests where possible. For example, in 2023, following requests from various clients to better understand impact investing in private markets in relation to SIG, knowledge-sharing sessions were held to provide insights on how to interpret key definitions, impact measurement & management in practice, and relevant regulations and frameworks, inter alia.

ACF also partners closely with each investment team and the S&I team to feed client views into the development of both our investing strategies and processes, working to ensure that we can provide transparency back to clients on how we are working towards expectations and goals.

Managing assets in alignment with clients’ stewardship and investment policies

PUBLIC MARKETS

The Global Stewardship Team’s stewardship framework (see Principle 9) takes account of feedback provided by clients on engagement topics.

Our investment teams have also taken action based on client conversations. Some examples include:

In Fundamental Equity, we seek to achieve capital appreciation typically over 3-5 years, with strong relative performance. We seek to invest in quality companies with the hallmarks of excellent businesses such as resilient earnings growth over a 3 – 5-year time horizon, durable business models, strong financials with sustainable returns on invested capital, alongside management with a proven record of operational execution and capital discipline. Moreover, in our investment research, we seek to understand how a business might evolve over the next 3, 5 and 10 years and may look for companies committed to continually improving ESG practices within their industry, while acknowledging that some areas of ESG research may not be able to be captured by numbers alone.

Our QIS team continues to work with clients to implement customised portfolios to meet client-specific sustainability considerations to align with their philosophy. For example, in the Equity Alpha team, we continue to have a dialogue with clients on understanding their stewardship and investment policies and manage certain portfolios with tailored sustainability considerations. We work with clients to develop tailored portfolios across multiple dimensions (but not limited to); risk/return considerations, investment universe and client-specific carbon reduction targets. The team also offers to manage portfolios for separately managed accounts against customised ESG benchmarks (or ESG benchmarks from third party providers if they allow for sufficient breadth) as per client requirements.

Our QES team works with clients to develop customised solutions across various dimensions: investment universe, risk/return considerations, factor exposures, ESG considerations, and tax goals among other areas. We may collaborate with our investors to create tailored portfolios using thematic, sector, industry and single names screens.

In Fixed Income, we partner with our clients to design bespoke portfolios that deliver on their unique objectives and constraints, including the integration of ESG characteristics alongside traditional bond features such as duration, volatility, sector, and fundamental risk. We believe we have a flexible and scalable investment approach, where we are able to apply negative screening (both passive and dynamic) alongside a proactive investing process by investing in green, social and sustainability bonds or through targeting portfolio level ESG objectives. This approach assists in ensuring that our clients' separately managed portfolios reflect their unique values and beliefs that are in line with our duty as an asset manager.

For example, in 2023, we partnered with several clients to support their climate transition objectives through tailored portfolio solutions. We have developed a customisable framework utilising forward-looking indicators which emphasised transition and real-world emission reduction.

ALTERNATIVES

While ACF takes a leading role in seeking clients' views, across GS Alternatives, investment teams are focussed on managing assets in accordance with clients' expectations to generate risk-adjusted returns. Our investment framework is designed to capitalise on bespoke opportunities, enabling us to seek to deliver on commercial and sustainability objectives while leveraging our scale to help influence and drive growth.

Where clients have specific objectives, ACF works with them to better understand their needs and reflect the key principles in our own investing process as appropriate, in some cases making uplifts to our framework in response. For example, we continue to see an increasing client focus on transparency regarding sustainability-related data. As investors in GS Alternatives products, clients are increasingly demanding quantitative data and metrics to inform their investment decisions. GS Alternatives collects over 100 ESG and impact metrics across certain portfolio companies within its Corporate Private Equity, Infrastructure, SIG, and Growth Equity sleeves. Data is gathered on a bi-annual basis to quantify, monitor and track sustainability opportunities and risks. The ESG data collected includes information relating to the portfolio companies' own targets and reduction initiatives for GHG emissions, diversity in the workforce, and employee engagement, inter alia. ESG data provides insights and can inform targeted strategic engagement plans with portfolio companies and clients, supporting the development of value creation plans, voluntary sustainability reporting and regulatory disclosures.

In addition, where appropriate, we may implement client-specific stewardship requirements (through side letters or negotiation of the fund documentation) such as investment exclusions (e.g., weapons manufacturing, deep sea drilling or underground mining) or client-specific reporting to ensure that clients' needs are addressed throughout the life of their investment. We will always aim to accommodate our clients' requests, however there may be instances where we are unable to manage assets in alignment with our clients' specific stewardship requests. This could include instances where we are dependent on external processes, of which we have limited control; in such circumstances we seek to work with our clients to find the most suitable solution.

Communicating with our clients

PUBLIC MARKETS

In addition to the client communications described earlier, 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. (see Principle 12).

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.

Responding to client feedback on reporting

PUBLIC MARKETS

The Stewardship Report and related reporting on our stewardship activities include enhancements each year that we believe are in-line with client preferences as well as updates to various stewardship codes and regulations, which our Global Stewardship Team monitors on an ongoing basis.

Some examples from 2023 include:

- We welcomed a new Global Stewardship Team member to help focus on our public and client facing reporting.
- We further improved engagement tracking and reporting tools, adding granularity to our reporting and the ability to monitor outcomes and progress.
- We enhanced our client reporting capabilities and began offering clients portfolio-specific engagement reports to provide transparency on how we engage on behalf of our clients' assets.

In 2023, our Fundamental Equity Team supported client feedback on carbon emissions reporting, seeking to provide further detail and context to support the client's focus on financed emissions. Within one specific UK pension mandate, the client seeks to promote a financed emissions decarbonisation pathway. Whilst a guide as opposed to a hard limit, the client had requested notification of initiation in a high-emitting company within their account and indication if there would be any material impact to their ability to meet internal decarbonisation targets. As such, the Fundamental Equity Team sought to proactively share investment rationale including ESG assessment, alongside a detailed carbon emissions assessment for any such instances, to further aid client prioritisation and understanding of climate considerations within the context of their investment.

Our QIS team offers climate-related reporting for the Equity Alpha portfolios. We have also seen increased client demand for a number of ESG metrics which we provide to our clients on an as-requested basis. We seek to evolve and expand our ESG capabilities to further embed ESG evaluation into our reporting.

Our QES team can provide reporting for select clients.

In 2023, Fixed Income enhanced our reporting capabilities with tailored portfolio level engagement reporting for certain clients. In addition, we have updated our proprietary research data base and portfolio management systems with additional ESG metrics to support custom reporting requests. Within Fixed Income, we seek to constantly evolve and expand our ESG reporting.

ALTERNATIVES

In 2023, GS Alternatives provided more transparency in sustainability reporting to its clients, delivering fund-specific sustainability reporting across a number of products; in addition to contributing to Goldman Sachs Asset Management's inaugural UK TCFD report, published in June 2023.

Principle 7: Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities

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 analyse material ESG information in a manner consistent with their investment style and specific strategy guidelines. For certain investment strategies, ESG factors may be utilised 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 (see Principle 2).

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.

Key issues we prioritised in 2023

The issues prioritised vary by investment strategy, you can read more below about how these issues have been identified and assessed by each investment team. In addition, you can read about our Global Stewardship Team's Stewardship Framework, which sets out our key stewardship objectives and explains how our voting and engagement efforts help us meet them in Principle 9.

Differences across investment teams

We are committed to strong stewardship across all of our investing activities. There are some differences in how we achieve this across investment teams. The following sections outline both how our investment teams may integrate stewardship and material ESG factors as part of our traditional investment approaches, as well as how our investment teams manage dedicated ESG strategies:

PUBLIC MARKETS

Fundamental Equity

ESG AND STEWARDSHIP INTEGRATION

Driven by our long-term investment horizon and focus on management quality, we believe integrating material ESG factors, where relevant, across certain of our portfolios may improve risk-adjusted returns by reducing sustainability risks and/or uncovering compelling potential investment opportunities. Proxy voting and company engagement are an important part of our holistic focus on active ownership integration within the investment process.

Once our investment professionals believe a company's ESG characteristics may have a meaningful impact on the investment case, they are responsible for conducting their own ESG research. In this context, they may leverage fundamental, bottom-up financial analysis, proprietary research, engagement with the company, and recognised third party market data providers. Where feasible and viewed as integral to understand a company's long-term potential, our research analysts may also complete our proprietary ESG assessment⁹. This analysis may include:

⁹ Goldman Sachs Asset Management may invest in a security prior to completion of an ESG assessment. Instances in which ESG assessments may not be completed for a specific security prior to investment include but are not limited to IPOs, in-kind transfers, corporate actions, and/or certain short-term holdings. Goldman Sachs Asset Management in its sole discretion and without notice may periodically update or change the process for conducting its ESG assessment and implementation of its ESG views in portfolios, including the format and content of such analysis and the tools and/or data used to

- Governance and compensation factors, including but not limited to those associated with board quality (e.g., board independence and board term) and minority shareholder rights (e.g., controlling shareholder and/or unequal voting rights).
- Environmental factors, including but not limited to water usage, waste generation, energy intensity, CO2 emissions footprint and CO2 intensity.
- Social factors, including but not limited to gender diversity of the company's workforce and UN Global Compact compliance.

The ESG assessment is completed by the analyst covering the name and housed in Fluent, our centralised investment research platform, alongside ESG news, and engagement and proxy voting records. In Fluent, research can be stored and retrieved in a variety of ways, including by ticker symbol, analyst name, investment theme, source, sector, or country, making it possible for our team members to share and retrieve information on a company, sector or topic and further enhancing the communication lines within our teams.

Our investment professionals draw further insights from thousands of company management meetings each year. Engagement forms the bedrock of our rigorous fundamental research process. It gives us unique insights into management quality, business model, financial strategy, and future business prospects. ESG topics may be discussed in meetings as part of our research process, and we also conduct meetings that are specific to ESG topics.

ESG ENHANCED OFFERINGS

ESG Enhanced strategies are designed to offer a more dedicated approach to sustainable investing. Across our Enhanced solutions, the analysis of ESG characteristics is ingrained into our company assessment and flows through our portfolio construction discussions (i.e., sizing decisions and risk management framework at the stock and portfolio level). Investment decisions for our Enhanced portfolios are further informed by Goldman Sachs Asset Management's proprietary ESG assessment framework. The ESG assessment, which is embedded in our in-house centralised investment platform, forms the basis for stock level due diligence and provides a standardised framework for conducting a baseline assessment of a company's ESG characteristics relative to peers. The ESG assessment framework pulls in material, time series data, based on materiality mapping, allowing us to focus on ESG factors that we believe are meaningful to a firm's growth, profitability, and risk management profile¹⁰. However, this is merely the starting point for a more holistic assessment whereby our analysts are encouraged to fill in data gaps, challenge third-party inputs and use their intimate company knowledge derived from direct engagements to enhance their fundamental analysis. Once the ESG assessment is completed, our analysts will generally capture their results in a qualitative rating which may have implications for a stock's inclusion in the final portfolio.¹¹

To address client preferences, that certain industries and activities will not be part of the investment universe for our ESG Enhanced solutions, we have generally implemented an exclusionary framework including but not limited to the following: tobacco, adult entertainment, gambling, arctic oil and gas, oil sands, thermal coal mining and power generation, civilian firearms, weapons, oil and gas exploration and production, nuclear and controversial weapons.

There are currently five strategies that are managed in-line with the above outlined approach:

- US Equity ESG
- Global Equity Partners ESG
- Japan Equity Partners ESG
- International Equity ESG
- Emerging Markets Equity ESG

perform such analysis. Accordingly, the type of assessment depicted here may not be performed for every portfolio holding. No one factor or consideration is determinative in the fundamental research and asset selection process.

¹⁰ The portfolio risk management process includes an effort to monitor and manage risk, but does not imply low risk.

¹¹ Goldman Sachs Asset Management may invest in a security prior to completion of an ESG assessment. Instances in which ESG assessments may not be completed for a specific security prior to investment include but are not limited to IPOs, in-kind transfers, corporate actions, and/or certain short-term holdings. Goldman Sachs Asset Management in its sole discretion and without notice may periodically update or change the process for conducting its ESG assessment and implementation of its ESG views in portfolios, including the format and content of such analysis and the tools and/or data used to perform such analysis. Accordingly, the type of assessment depicted here may not be performed for every portfolio holding. No one factor or consideration is determinative in the fundamental research and asset selection process.

Throughout 2023, within certain ESG Enhanced portfolios, our Global Stewardship Team have continued concerted efforts to further engage with holdings around areas linked to the Global Stewardship Framework. In particular, the process generally looks like:

- Global Stewardship Team meets with the Fundamental Equity analysts to discuss holdings and identify material topics and engagement objectives for companies.
- The Global Stewardship Team engages, often alongside the Fundamental Equity analysts, and seeks to monitor for progress and potential outcomes.

IMPACT STRATEGIES

- We believe that financial and impact returns do not represent an inherent trade-off but can be achieved in tandem. A focus on solution providers which enable the transition to a more inclusive growth model is a central component of this approach. As such, we have built a suite of public equity impact strategies, across both environmental, social and blended themes, for clients looking to gain exposure to companies aligned with our key impact themes, in addition to targeting above market rates of return. Investments will generally demonstrate alignment to at least one of the key impact themes targeted within the strategy. Material thematic alignment is determined through an assessment of company activities associated with solving the environmental and / or social problems targeted within the strategy. This may be measured by, but is not limited to, revenues, capital expenditure, future growth ambitions and corporate strategy.
- To address client preferences, that certain industries and activities will not be part of the investment universe for our Impact Strategies, we have implemented an exclusionary framework aligned with our ESG Enhanced offerings (as described above). We seek to identify impact metrics for our investments and select strategies may commit to the publication of an Annual Impact Report, additional to regulatory reporting requirements. Amongst other information, this may include the aggregate contribution of companies held within the respective strategy to impact key performance indicators.
- Driven by our clients' desire to increasingly integrate sustainability aspects into their asset allocation and leveraging our growing experience in offering leading solutions, we are continuously working on broadening our platform.

Fixed Income

ESG AND STEWARDSHIP INTEGRATION

For certain portfolios, ESG analysis may be integrated within our investment process. From a top-down perspective, our portfolio managers may consider the value-add from the incorporation of ESG factors in portfolio construction and risk management. ESG may be a significant component of our bottom-up fundamental research process where we have developed and may utilise proprietary ESG scores across sectors including corporate credit and sovereign debt. Our portfolio management process allows us to customise ESG investment solutions to our clients' investment preferences and guidelines.

Our ESG investing philosophy is founded on the belief that ESG factors can affect the risk profile and performance of fixed income investments. We seek to understand how ESG related factors are reflected in valuations, and actively engage with policymakers and corporate management teams on topics that impact credit risk, including ESG related factors.

Where appropriate and material, ESG integration may be a key consideration and input into investment decision making. There is a focus on ESG materiality, across Environmental, Social and Governance pillars. The majority of Fixed Income's ESG assessments is conducted in-house. Our Fixed Income research analysts apply internal ESG ratings across the majority of our corporate credit and sovereign coverage. These ESG ratings are applied by and the responsibility of the analysts and economists.

Our ESG ratings provide differentiated insights that enhance our assessment of credit risk in several ways:

- We focus on material ESG factors. We have identified and assessed material ESG issues for corporate credit that are performance indicators for key themes like climate change and human capital, to develop a credit materiality matrix, which maps specific sustainability themes across industries. Industry weights are determined for each of the E, S, and G pillars. For sovereigns we believe that governance indicators, such as the quality of institutions and policymakers, send the most important signal on sovereign credit risk. Social factors can signal the level of social cohesion and are highly correlated to Governance. The impact of environmental factors is expected to increase over time, particularly in relation to climate change.

- Our ratings can uncover market inefficiencies. As a global fixed income manager, we invest in all corners of the world, including high yield (“HY”) and emerging market (“EM”) companies for which exposure to ESG risk may be greater but visibility can be lower. This is because larger, developed market (“DM”) companies—that are often investment grade rated—tend to exhibit greater transparency on ESG issues. By contrast, while disclosure among HY and EM companies is rising, it may not be as well-articulated or robust. Through fundamental research and engagement with bond issuers we can exploit these market inefficiencies.
- Bondholder engagement activities serve a number of important roles in ESG integration. Given the recurring nature of debt issuance, we seek to communicate regularly with management teams and this ongoing dialogue provides us with an opportunity to encourage issuers to strengthen their ESG performance on factors that may present as credit risks. We also seek to influence positive outcomes through these engagements. As a component of our ESG integration, engagements focussed on material ESG issues may help to strengthen the investment team’s convictions. Engagements are generally tracked, recorded and made available to investment professionals. For additional information see also the section on Stewardship.

In our approach to investing in Securitised Credit and US Municipal Bonds, consideration of ESG factors may also be integrated into our research and investment approach where relevant and material. In both of these asset classes, we have identified what we believe to be robust third party ESG scores that can be utilised for analysis. For Agency mortgage-backed securities, we utilise a ‘Social Score’ which helps us score pools based on the underlying demographics and census metrics of the unpaid loan balance of the given pools. For Municipal bonds we utilise physical risk and social impact scores to evaluate ‘E’ and ‘S’ attributes, covering the majority of the municipal universe encompassing over 50,000 issuers.

Our dedicated GSI bond team is part of the Fixed Income Credit team. ESG factors may be considered in the Green Social Sustainable selection process. We seek to apply eligibility criteria in order to mitigate the risk of exposure to issuers and bonds that may present high levels of ESG risk.

OUR ESG PRODUCTS

In addition to the above mentioned fundamental ESG Integration process that may be utilised, we also offer a range of ESG solutions to address client preferences, focussed on Climate Transition and Inclusive Growth as well as bespoke solutions that are tailored to the globally diverse nature of our clients’ needs. These solutions span:

- Investment Grade Corporate Fixed Income
- High Yield Corporate Fixed Income
- Emerging Market Corporate Fixed Income
- Sovereign Debt
- Core and Core Plus Fixed Income (US and Global Aggregate)
- Securitised
- Municipals (Taxable and Tax Exempt)
- Liquidity Solutions
- Multi-sector Green, Social, and Impact Strategies

Quantitative Investment Strategies

The QIS team uses data driven techniques to systematically seek to uncover sources of alpha, replicate hedge fund strategies/risk premia and implement smart beta strategies that seek to incorporate client goals around ESG. We believe ESG considerations can play an important role in identifying attractive investments.

EQUITY ALPHA – ESG INTEGRATED

The equity alpha team within QIS uses data-driven investment models that aim to objectively evaluate public companies globally through fundamentally-based and economically-motivated investment themes. Our proprietary risk model seeks to ensure that risk is actively managed and allocated according to our investment criteria.

For certain portfolios, ESG considerations are expressed through four primary and complementary mechanisms:

- 1) A climate transition framework across QIS portfolios in an effort to seek to manage exposure to climate transition risk relative to their benchmarks
- 2) Short to medium-term alpha drivers in our alpha model
- 3) Engagement with the Global Stewardship Team to seek to identify and exclude companies in violation of AWM Global Norms
- 4) Product and revenue based ESG Exclusions for select Equity Alpha portfolios for companies involved with controversial weapons, tobacco, thermal coal extraction and oil/sands

The QIS team has incorporated a Climate Transition Framework since December 2020 across its actively managed Equity Alpha portfolios in an effort to manage exposure to climate transition risk.

The medium-term alpha drivers may include considerations around a company's reputational risk, employee reviews, environmental damage. Strong governance is also a key component in identifying attractive companies from an alpha perspective.

Additionally, for separately managed accounts within Equity Alpha, along with the climate transition framework, alpha drivers and AWM Global Norms, the QIS team can partner with clients to customise the investible universe to align with their values and targets.

SMART BETA – ESG INTEGRATED

- QIS Paris-Aligned Benchmark: For clients seeking to align their portfolio more clearly with the goals of the Paris Agreement or for those interested in lower carbon portfolios, the QIS team provides these product offerings through Smart Beta (Active Beta)® strategies.
- QIS Custom: The QIS team offers customised global and regional Active Beta® strategies managed with a range of thematic, sector, industry and individual company ESG screens and/or climate approaches.

Quantitative Equity Solutions

Our QES business employs quantitative methods to design and build investment solutions for customised investment objectives. QES manages personalised SMAs and solutions-based funds including Exchange-Traded Funds ("ETFs") and mutual funds. We offer two avenues to achieve values alignment for clients: thematic screens and values aligned market exposure.

THEMATIC SCREENS:

We offer the ability for investors to apply personalised themes and screens on SMAs. The portfolios are designed to deliver broad market exposure while meeting individual needs and objectives. We offer a variety of themes that can achieve alignment across environmental, social, and religious values. We welcome the opportunity to work with clients to design and implement customised strategies to meet their objectives. Our ESG framework is continually evolving to reflect the latest client considerations regarding ESG risks, to capture new and differentiated data, and to refine the investment process underlying the team's ESG strategies.

VALUES ALIGNED MARKET EXPOSURE

We collaborated with S&P Dow Jones Indices to create and launch the S&P Environmental & Socially Responsible indices, designed to offer investors enhanced exposure to securities meeting sustainability investing criteria while maintaining a risk and performance profile similar to the broad market. The indices exclude companies deriving revenue from weapons, tobacco and select parts of the fossil fuels supply chain and are re-weighted according to Environmental and Social scores within sectors. Investors can select these market exposures for their SMAs. We also manage an ETF that seeks to track an index created by JUST Capital, a non-profit that uses a survey-based approach to track the business behaviours of companies, including how they treat their employees and how they impact the environment. In 2022, we launched an ETF that seeks to track a Paris-aligned Index.

External Investing Group ("XIG")

ESG AND STEWARDSHIP INTEGRATION

For certain portfolios our External Investing Group ("XIG") team generally seeks to evaluate the approach to ESG integration for the managers in which it invests where applicable to the strategy and/or product. Leveraging our specialist ESG investment knowledge and

proprietary framework, for certain portfolios we are in the process of integrating ESG assessment into our investment processes across asset classes, seeking to create an ESG process that leverages our experience across public and private markets. The framework may consider asset class-specific nuances but aims to focus on the following factors:

- **Firm Ethos:** The extent to which the firm is committed to ESG and incorporates sustainable practices into the management of its business.
- **Investment Philosophy:** The degree to which ESG is viewed as a material driver of risk and returns.
- **Investment Process:** The degree to which ESG-related factors are formally incorporated into the investment process with the objective of enhancing risk-adjusted returns.
- **Team and Resources:** The depth, breadth, and organisation of the team incorporating ESG; the level and use of other / external resources.
- **Engagement:** The level and type of engagement with portfolio companies on ESG; ability to add value post investment and degree to which this is reflected in outcomes.

TARGETED ESG AND IMPACT INVESTING SOLUTIONS

As part of Alternative Investments and Manager Selection, our Imprint team is committed to working with clients to develop and manage custom ESG and impact investment programs and portfolios across impact themes and asset classes, focusing on investments made with the intention to potentially generate social and environmental impact alongside a financial return. Selectively, Imprint works with external managers to design and/or seed new dedicated ESG and impact investing strategies to address market gaps.

For impact investment managers, we also seek to evaluate impact factors alongside the ESG factors, mentioned above. Impact factors aim to assess the manager on its ability to have direct social and/or environmental impacts, alongside potential financial return. The team has worked with clients to create a range of customised ESG and impact investing solutions, drawing particularly on our deep experience and resources devoted to private market impact investing.

Working with the Global Stewardship Team

Our Global Stewardship Team works closely with our investment teams to continue to foster cross-team collaboration on key material stewardship issues. For example, starting in 2020, our Global Stewardship Team and members of our equity and fixed income investment teams formed the Goldman Sachs Asset Management Engagement Working Group. The group continued to meet throughout 2023 to develop and execute a framework for identifying companies for meaningful engagement based on our commitment to the climate transition.

Please refer to Principle 9 for more information on this initiative, as well as other objectives and outcomes with respect to engagement.

ALTERNATIVES

Across GS Alternatives and its differing investment strategies, depending on the ESG commitments of any given fund, investing teams may use techniques such as exclusions, ESG scoring, and thematic strategies, as well as active engagement and monitoring of assets, to integrate ESG throughout the investment process. Below we provide examples of the different ways in which our investment teams may integrate stewardship and ESG across a range of investment strategies. For the purposes of this report, we focus on strategies which are actively investing, fundraising, or being launched.

Corporate Private Equity and Growth Equity

For certain ESG integrated strategies managed by the Corporate Private Equity team and Growth Equity team, information collected during pre-investment due diligence may be used to consider and assess the sustainability risk profile (among other relevant considerations) of the proposed investment. As part of the investment process for certain strategies, each IC memorandum generally includes an ESG due diligence template for the potential investment to be used for IC review. The template includes broad questions concerning the prospective portfolio company's ESG policies and procedures, as well as specific questions regarding environmental, social and governance individually.

Sustainable Investing Group

SIG seeks to invest only in businesses that offer market-based solutions to sustainability and economic inclusivity challenges, making investments which are underpinned by the firmwide strategic priorities – advancing climate transition and driving inclusive growth. The team believes that the ability to drive positive impact is directly correlated to business success, and that positive financial, environmental and social impacts are interdependent.

For certain impact strategies, a defined “impact thesis” supports each investment, demonstrating the impact of each investment and its alignment with both the relevant sustainability themes and how it contributes to at least one of the UN SDGs. This is evidenced through the development and tracking of impact KPIs which are collected for each investment to quantify portfolio companies’ impact. The SIG IC reviews proposed investments with memoranda including various sustainability-focussed sections to ensure relevant considerations are taken into account within investment decisions. Once SIG makes the investment, the investment team works with portfolio companies to integrate a broader ESG lens to seek to improve their operational efficiency, reduce their overall environmental impact, improve their social contribution, and implement proper governance mechanisms and reporting practices.

Private Credit

For certain ESG focussed strategies, the Private Credit team actively integrates environmental and social due diligence when assessing potential investment opportunities through the use of standardised ESG due diligence questionnaires that are incorporated into IC materials. For certain funds, information gathered through the ESG due diligence questionnaire is used alongside publicly sourced data to complete an ESG Profile, a proprietary tool used to score portfolio company ESG performance. In some cases, the investment team holds discussions covering ESG topics with sponsors and/or management teams, and/or seek advice from expert advisers for particularly nuanced industry and company-specific considerations, to ensure that material ESG risks and opportunities are taken into account.

Infrastructure

The Infrastructure team embraces the responsibility of integrating ESG factors into its investment and asset management processes. For new investments, the Infrastructure business¹² seeks to promote environmental and social characteristics by generally making investments that already perform well on, or have the ability to perform well on, environmental and/or social factors that are relevant to the investment. Initial screening for a target investment includes an assessment as to whether the company can adhere to the infrastructure fund’s ESG commitments.

ESG due diligence often involves a third-party advisor that helps scope due diligence based on the nature of the investment, risk profile of the transaction, and value-creation thesis. Monitoring and engaging with portfolio companies on ESG factors may include an ESG assessment with the support of a third-party advisor who reviews and delivers a gap analysis against various internal and external ESG standards. This analysis ultimately helps determine the most relevant and impactful KPIs for mitigating risk and creating value within portfolio companies.

The investment team generally carries out a post-closing review of each investment, followed by a post-closing action plan setting out a multiyear programme to improve and monitor the performance of each investment. Where improvements may be required, through the post-closing action plan, the investment team may look to implement a combination of incremental improvements, strategic changes, and sustainability growth initiatives (depending on the nature as well as existing and potential ESG capabilities).

Real Estate

The Real Estate team’s global ESG Framework is designed to integrate ESG considerations throughout the investment lifecycle and across regions, product types and asset classes. The team’s approach aims to evaluate each investment’s ESG potential, with the goals of enhancing risk management, generating positive, non-beta oriented returns and improving environmental and social outcomes in the communities in which they invest. The ESG Framework is anchored by nine ESG dimensions that can have a material impact on real estate valuations, including but not limited to, energy efficiency, water efficiency, Diversity, Equity and Inclusion (“DEI”), community engagement, governance and certification.

¹² Applicable to funds launched since 2021.

As part of due diligence for every asset, investment teams undertake a comprehensive ESG survey and review the asset or company's ESG goals set by management, and associated costs and revenue. The ESG Framework allows for ESG initiatives identified during due diligence to be tracked throughout our ownership. Alongside regular engagement, the team distribute ESG surveys to all assets at least bi-annually (across both equity and credit positions) to track progress against any commitments made by the asset's management team. Tracking of initiatives and progress with a regular cadence enables the team to evaluate and identify key sustainability risks and opportunities; monitor performance and progress against objectives and benchmarks; and provide sustainability reporting aligned with industry standards.

How information gathered through stewardship has informed acquisition, monitoring and exit decisions

PUBLIC MARKETS

Our Global Stewardship Team and our investment teams work collaboratively to drive better outcomes for our clients, including sourcing enhanced material ESG data, sharing thematic insights, identifying more useful metrics to assess performance on material ESG factors, and developing sophisticated proprietary systems and tools that may enhance our ability to integrate material ESG factors and stewardship insights into the investment process.

Our Global Stewardship Team aims to regularly present to our investment teams on recent research and trending topics, as industry best practices continue to evolve. The team also shares a bi-weekly email update to share relevant news, trending topics, research and potential outcomes from stewardship activities.

We maintain a record of our voting, engagement, and other stewardship activities using our internal tech platform, Fluent (please refer to Principle 2) which all direct investing investment teams have access to. Fluent allows users to track ESG views, company engagements and potential proxy voting outcomes overtime.

In cases where repeated engagement does not lead to improvement, we may leverage the full toolkit available to an active manager, including proxy voting, other forms of active engagement (e.g., letter writing), and active buying/selling to substantiate our viewpoint. At this time, the escalation process is case-by-case.

Some examples of actions taken in 2023 as a result of our stewardship activities that we believe drive better outcomes for our clients include:

Global norms monitoring and assessment process
<ul style="list-style-type: none"> In 2022, we developed our proprietary framework for evaluating violations of the United Nations Global Compact, expanding the process to consider a wider variety of global norms. You can read more about this process in Principle 9. Select strategies within the equity businesses, specifically QIS's Equity Alpha strategies and certain strategies within the Fundamental Equity and Fixed Income platforms, sought to exclude companies that were determined to have violated global norms according to global norms monitoring and assessment framework. In addition, the tiering assigned to each company in the monitoring and assessment framework is used in certain strategies to test for good governance as part of our SFDR frameworks.
Monitoring (Fixed Income)
<ul style="list-style-type: none"> In July 2023, members of the Fixed Income Investment Grade Credit, ESG and GSI 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.
Acquisition (Fundamental Equity)
<ul style="list-style-type: none"> The Goldman Sachs Global Environmental Transition Equity Strategy launched in November 2023. Seeking investments in companies with a heavy environmental footprint that are transitioning to a lower environmental footprint, one of the strategy's focus themes is transportation As the Fundamental Equity team assessed investment opportunities in the sector, the team identified a number of logistics companies and potential brown-to-green transition investments in those operating large cargo airlines Alongside the Global Stewardship Team, research analysts met with one such multinational business that has been owned in Fundamental Equity income funds, but not more broadly

- In four meetings across 2023, engagement discussed management cost rationalisation, voting structure, target setting and climate transition in detail
- Critical to the thesis for the Transition strategy, the company provided significant colour around emissions reduction plans that they deem “accountable” and with “flexibility for innovation.” As such whilst they have ambitious longer-term goals, through the course of engagement and analyst assessment, it became clear that the company has achievable milestones against which they have made solid progress so far
- The investment team took particular confidence in the pragmatic approach described by the company vs more lofty targets from their foremost peer that could present potential execution risk.
- Considering all inputs derived via engagement, alongside additional transition and financial analysis, the team initiated a significant position in the company at inception of the strategy in November.

Monitoring to our positions (Fundamental Equity)

- In September 2023, our Fundamental Equity investment team engaged with a Swedish information technology business owned within developed market’s portfolio to discuss how it was managing board independence given the recent step down of 3 board members and a short report accusing management of misconduct.
- During engagement the company refuted the accusations in the short report, and our investment team 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 companies 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.

Exit (Fundamental Equity)

- Third-party ESG data providers flag companies that manufacture incendiary weaponry that utilise white phosphorus as controversial, and within Fundamental Equity’s exclusionary framework applied across European domiciled mutual funds, a binary exclusion is implemented concerning controversial weapons.
- White phosphorus itself is not banned by international law - it is widely used on battlefields and elsewhere to create smoke screens, but, its use can be against international law in various scenarios.
- In late 2023, a Japanese air conditioning and refrigeration company flagged for involvement in weaponry containing white phosphorus, and thereby registering under the controversial classification.
- Upon discovery of this information, GSAM Fundamental Equity initially engaged via written communication and later alongside the Global Stewardship team directly with the company to discuss and validate the ESG data provider information.
- Whilst a very small portion of the company’s sales, the company confirmed they process and assemble 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 call with the company, we sought to confirm whether these items can be used inappropriately or if they can only create smoke screens, thus in contravention of international law.
- The company were 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 platform (early December 2023)

ALTERNATIVES

Based on the analyses, investment thesis, results of due diligence, reputational considerations, and recommendation presented at the IC meeting, the IC determines whether Goldman Sachs should make an investment, which may be subject to certain conditions. If the IC decides to pursue the opportunity, the investment team, in conjunction with internal and external advisers, completes business, accounting, legal and other due diligence on the investment opportunity, helps structure the transaction, including any associated financing, and finalises definitive agreements relating to the transaction.

Investment teams monitor the performance of the investment after closing, with a focus on value creation. Members of the investment team may also serve on the board of directors of a portfolio company after the investment is made. As directors, these members will be in a position to monitor and focus on the company’s performance and strategy. In this regard, having a director also helps investment teams monitor the company’s risk profile and potential reputational risk, including environmental, health and safety risks, and compliance issues.

During internal meetings, the investment team discusses the potential exit timing of an investment. Typical exit methods for equity interests may include: (i) sale through a public offering or a private placement; (ii) sale to a strategic or financial buyer; and (iii) recapitalisation. For credit investments, the exit process may also be completed through repayment or refinancing with a third party.

Throughout the exit process, the investment team, in conjunction with the respective IC, typically negotiates the sale price, structures the exit of the investment, and coordinates with internal and external advisors involved in the exit process.

Some examples of actions taken in 2023 as a result of our stewardship activities that we believe drive better outcomes for our clients include:

Pre-Investment
<ul style="list-style-type: none"> During 2023, prior to investment in a company which provides building management and power monitoring systems to data centre facilities, SIG conducted due diligence to understand the ESG considerations of the investment. SIG engaged a third-party sustainability vendor to better understand the energy efficiency savings associated with the use of the company's services and to ensure that it met our impact threshold. Prior to investment, SIG also introduced the company to the GS Value Accelerator to establish a forward plan for amplifying and monetising energy efficiency savings and emissions analysis as part of the company's services. The GS Value Accelerator team plans to partner closely with the portfolio company's management team to hire a Chief Sustainability Officer who will be responsible for delivering an enhanced and differentiated sustainability value proposition, an area where the Company previously had not placed significant focus.
Post-Investment Review
<ul style="list-style-type: none"> During 2023, the Corporate Private Equity team conducted a post-investment ESG review of a portfolio company in the IT services sector. The review demonstrated that the company was at the start of its ESG journey, with accountability for ESG held by the company's Heads of Legal and Human Resources. The investment team subsequently encouraged the portfolio company to conduct its first materiality assessment in consultation with stakeholders to determine important and material issues, risks and opportunities and to lay the foundations for its ESG programme. The investment team assisted the company in designing their materiality questionnaire and provided input into the company's stakeholder consultation process. The assessment was undertaken in Q4 2023, with results expected in H1 2024.
Ongoing Monitoring
<ul style="list-style-type: none"> During 2023, the Corporate Private Equity team worked with a portfolio company in the modular building sector to assist in the production of its inaugural ESG Report. This company has ambitions to be a leader in its sector in sustainability performance and acknowledged that clear, consistent and robust ESG reporting can assist the company to remain transparent in its achievement of ESG goals. In drafting the report, the company's management was supported by members of the Corporate Private Equity team and the GS Value Accelerator. In its report, the company reported progress against targets and set strategic priorities in line with achieving those targets.
Choosing not to Invest
<ul style="list-style-type: none"> In 2024, SIG chose not to pursue an investment due to potential violations of the Do No Significant Harm principles under SFDR. Following early due diligence on a transport and logistics company, it was clear that the company had significant exposure to the transport of a certain commodity with adverse environmental effects, and consequently did not align with the relevant fund's sustainable investment objectives. Accordingly, the investment team decided not to proceed given the company did not have a time-bound plan to mitigate its exposure to this commodity.

Using third party service providers

We use a variety of third-party service providers to support our stewardship activities. Please refer to Principle 8 for more information.

Principle 8: Signatories monitor and hold to account managers and/or service providers

PUBLIC MARKETS

Proxy advisor services

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.

Using third party data

In some instances, external ESG data providers are used in addition to internal proprietary research. With all of these third-party data providers, we accept their limitations and use them in various ways to help inform our research process.

Teams across Goldman Sachs Asset Management use a wide variety of external data sources, including but not limited to:

Data Set	Description
427	Physical risk data for sovereigns
Bloomberg ESG	Company reported E, S, G metrics and carbon emissions estimates
Bloomberg (GSS)	GSS bond classifications for companies
Equileap	Gender data
Carbon Tracker	Non-profit that evaluates stranded asset risk for the Energy sector
Glass Lewis	Proxy voting research
ISS	Proxy voting execution and research, ESG raw data
ISS-Ethix	Used for cluster munitions screening
Influence Map	Non-profit that provides insights on company’s climate lobbying efforts
Kestrel	GSS bond evaluation for municipal securities
Level 11	Physical risk data for securitised assets as well as socioeconomic and demographic data
MSCI	E, S and G related metrics and ratings
ND Gain	Country’s ability to adapt to climate change
risQ	Physical risk data on municipal securities
Sustainalytics	ESG ratings, product involvement (screens), and controversies
Trucost	Environmental metrics
World Bank/UNDP	Over 17,000 indicators (we use a subset in our proprietary sovereign ESG scores)
WRI	Water stress, drought and flood risk
Maplecroft	Sovereign climate data

How we set our expectations of service providers

When we initially on-board data from a vendor, we complete a comprehensive on boarding process, which generally includes (but is not limited to) setting the following expectations:

- Data transmission mechanism, file format details and/or API limitations if applicable
- Data transmission details (full or delta)
- Expectations on data lag
- Frequency of data updates (including potentially setting data delivery times)
- Establish expectations with respect to changes in transmitted files / APIs (including how much forewarning of changes and sample files/APIs to test beforehand)
- Data/security coverage expectations (including different types of security or company identifiers provided and which security masters are used)
- Historical data (if any) on boarding. (If historical data is provided, establish whether the historical data uses current identifiers or the identifier that was present at that historical point in time.)
- Data dictionaries and schemas as well as methodology documents
- Understanding which data is reported versus estimated
- What internal checks are performed on the data prior to being released / how are corrections released / how long for corrections we identify to be reflected in the data
- Contacts for file/API issues as well as general questions (and establish expected turnaround time on responses)

How we monitor our service providers

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.

ALTERNATIVES

Use of Consultants and Technical Advisors

GS Alternatives may engage specialist advisers and consultants, both as part of the due diligence process and as part of our post-investment monitoring and engagement efforts, where appropriate. For example, since 2022, a full-time consultant was engaged to drive the data collection approach across our global Real Estate portfolio.

ESG Data Collection Provider

During 2023, GS Alternatives rolled out a software tool to enhance ESG data collection efforts across certain portfolio companies within its Corporate Private Equity, Infrastructure, SIG, and Growth Equity strategies, to gather and analyse ESG data. The data collection process surveys companies across over 100 metrics and allows portfolio companies to access their historical submissions, as well as an ESG metric 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 the 2022 reporting period onwards. The data collected has helped the S&I team to identify areas of improvement for our portfolio companies' sustainability programs and been critical to our ability to respond to client and regulatory requests and reporting needs. In 2022 and 2023, detailed feedback templates were provided to each portfolio company that was part of the data collection exercise on ways to improve their data collection efforts and the metrics collected.

GHG Emissions Accounting Provider

GS Alternatives engages with our GHG accounting provider to continue to build necessary capabilities for portfolio companies to accurately report decision-useful data in a consistent and verifiable manner. Our chosen provider updates its methodologies and emission factors regularly.

Using third party data

Teams across GS Alternatives use a wide variety of external data sources, including but not limited to:

- **Physical risk assessment:** Analytics and data providers identify company sites, model future climate changes at site locations, and assess potential physical risk impacts
- **Transition risk assessment:** Carbonomics is utilised to assess marginal abatement costs and scenario data is leveraged from NGFS¹³ sources to conduct transition risk impact assessments
- **GHG accounting:** Analytics and data provider leverages EEIO¹⁴ data and Carbon Disclosure Project ("CDP") disclosures to help assess the footprints of companies across the portfolio through direct footprinting effort and due diligence
- **Employee satisfaction:** Information source used for employee satisfaction scoring
- **ESG data collection and benchmarking:** Software platform used to facilitate ESG data collection from portfolio companies

GS Alternatives also seeks to collect primary ESG data directly from portfolio companies where appropriate, working closely with portfolio companies in scope of our ESG data collection effort to educate and support management teams to collect robust data. Where primary data is not available, we may rely on third-party GHG emissions estimates, typically modelled with portfolio company or asset financials, investment data, and information on the investment's country and industry. In 2022 and 2023, we partnered with our chosen GHG accounting provider for such estimates for select portfolio companies and worked with a third-party provider to obtain proxy-based emissions estimates for certain real estate investments.

How we set our expectations of and monitor our service providers

Goldman Sachs has a Code of Conduct which describes our expectations of how vendors conduct business. Where appropriate, service providers are expected to act in accordance with the Code, including aligning guidelines, policies, and practices, and communicating and enforcing the Code provisions throughout their organisation and across their supply chain, including to subcontractors. Where appropriate, service providers are required to understand the requirements of this Code, operate in accordance

¹³ Network for Greening the Financial System

¹⁴ Environmentally Extended Input-Output

with the expectations outlined in the Code and comply, at a minimum with all applicable laws, rules, regulations, and standards within the geographies in which they operate.

An example of how the Sustainability & Impact team monitors service providers:

During 2023, GS Alternatives engaged our chosen GHG accounting provider to uplift their software platform to meet Goldman Sachs needs for portfolio reporting and to build out services to portfolio companies to enhance data quality and actionability from their footprinting relationships.

With increased demand for financed emissions reporting, GS Alternatives identified opportunities to better ensure data consistency, automate manual data validation steps, enhance platform governance and controls, and improve the emissions calculation process. The S&I team also worked with the GHG accounting provider to develop a custom package of service offerings including new features, such as inventory management plans and decarbonisation recommendations, that ensure the development of more mature and actionable measurement capabilities. In 2023, the S&I team further collaborated with the provider to develop a product roadmap to incorporate improved data validation processes, governance controls, and estimation techniques suggested by the S&I team to calculate financed emissions; these were rolled out by the provider as standard features to other platform users for the benefit of the broader community.

Principle 9: Signatories engage with issuers to maintain or enhance the value of assets





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>	Thematic engagements focus on a particular theme and have pre-defined goals in line with our stewardship framework.	Proxy-Related engagements are intended to help inform our proxy voting decisions.	Providing Feedback is generally conducted at the request of issuers seeking guidance on reporting or other matters.	Investment Research and Monitoring engagements 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](#).

Our Stewardship framework

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

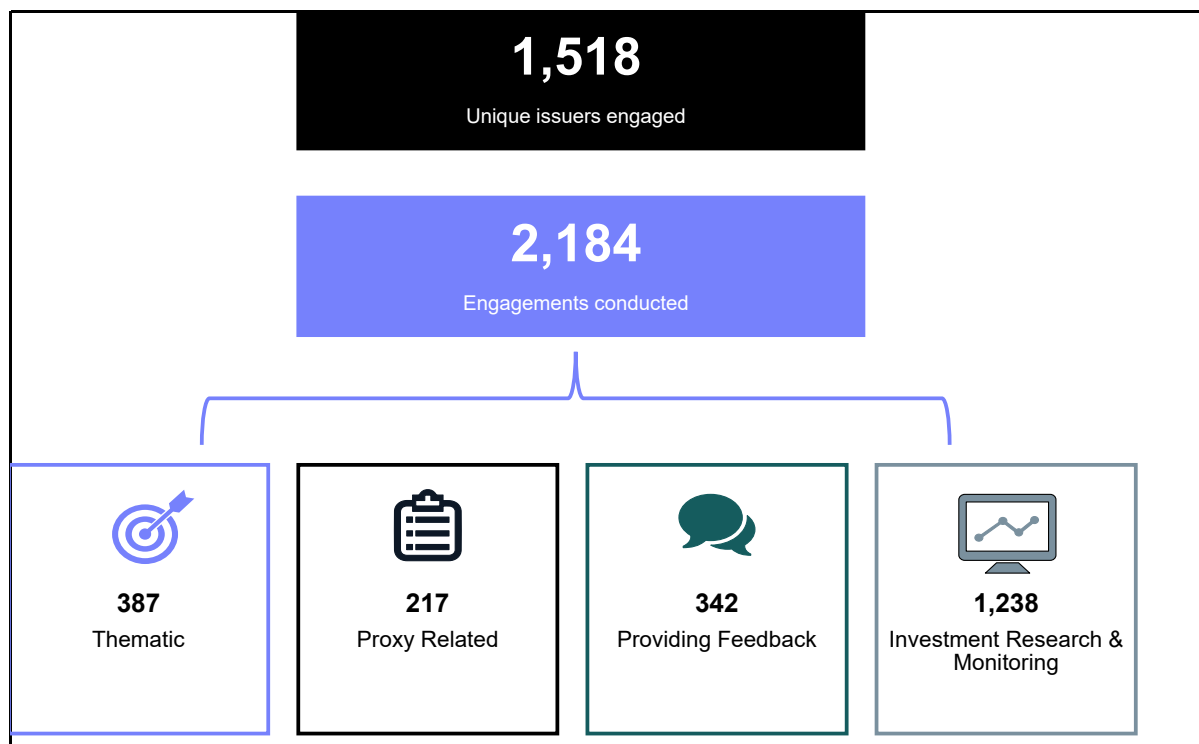
	Engagement Themes ¹⁵	Engagement Objectives ¹⁶	How We Vote to Promote Our Objectives ¹⁷	Other Engagement Areas
CLIMATE TRANSITION	<ul style="list-style-type: none"> Material GHG Emissions Data Material GHG Emissions Reduction Targets Climate Transition Strategy Biodiversity and Nature 	<ul style="list-style-type: none"> Encourage disclosure of material GHG emissions Discuss companies' goals to reduce GHG emissions where material Engage with companies in high-impact industries on the implementation of a robust and quantifiable climate transition strategy where material Identify and address adverse impacts on biodiversity and nature, resulting from deforestation and plastics in the supply chain 	<ul style="list-style-type: none"> We vote case by case on all management and shareholder proposals related to the environment. We may vote against board members for failure to disclose material climate-related information 	<ul style="list-style-type: none"> Encourage the use of the ISSB and SASB standards and TCFD frameworks Encourage the assessment of supply chain risks and target setting related to biodiversity and nature
INCLUSIVE GROWTH	<ul style="list-style-type: none"> Board Diversity Workforce Diversity in Japan 	<ul style="list-style-type: none"> Focus attention on gender and ethnic diversity on corporate boards globally Promote best practices and disclosure with respect to diversity and inclusion in the workforce 	<ul style="list-style-type: none"> 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 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 	<ul style="list-style-type: none"> Encourage the publication of workforce diversity data using EEO-1 forms or similar Encourage the use of best practices for diversity and inclusion initiatives
CORPORATE GOVERNANCE	<ul style="list-style-type: none"> Global Norms Violations¹⁸ Controversial Incidents Regional Governance Best Practices 	<ul style="list-style-type: none"> Identify and address the impacts of controversial business practices and violations of global norms Strengthen shareholder rights and commitments to best governance practices 	<ul style="list-style-type: none"> We may vote against certain board members at companies, which, in our view, may have violated global norms 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 	<ul style="list-style-type: none"> Encourage alignment between executive compensation and shareholder interests Gather information to make informed proxy voting decisions

¹⁵ In addition to thematic engagements driven by the Global Stewardship Team's objectives, for select portfolios we may perform additional targeted engagements.

¹⁶ 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.

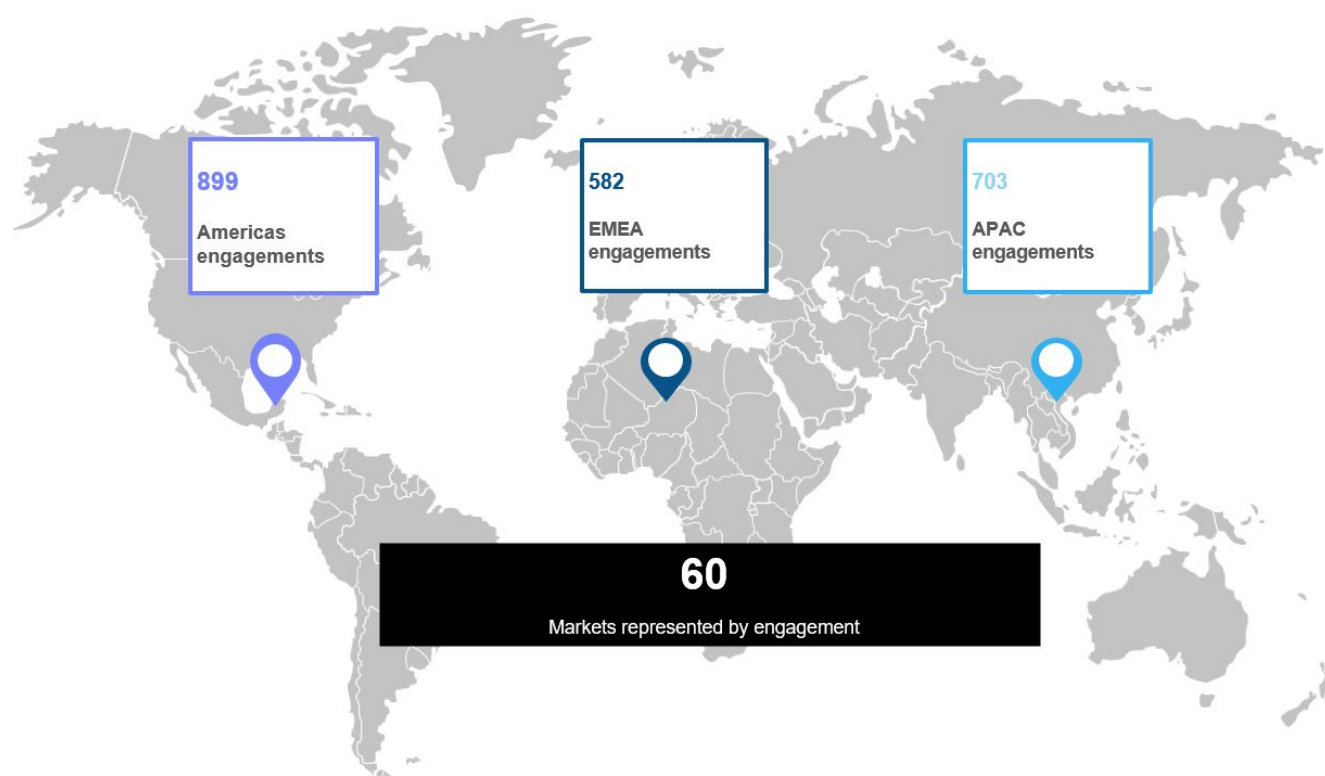
¹⁷ This is a high-level summary of examples of some of our relevant voting activities, for further information please refer to the Global Proxy Voting Policy.

¹⁸ Based on our internal proprietary Global Norms assessment and tiering process

How we engaged in 2023¹⁹

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

¹⁹ The engagement statistics include only engagements which included discussion of environmental, social or governance issues. Our investment teams may conduct additional engagements that do not cover these topics; these engagements are not included in this report. Source: Goldman Sachs Asset Management, as of December 2023

Engagement by Region²⁰:

- **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

Number of Engagements by Issuer Type ²¹	
Corporate	2,167
Sovereign	13
Supranational, Municipal or Agency	4

Number of Engagements by Mode ²²	
Active Engagement	2,081
Written Communication	103

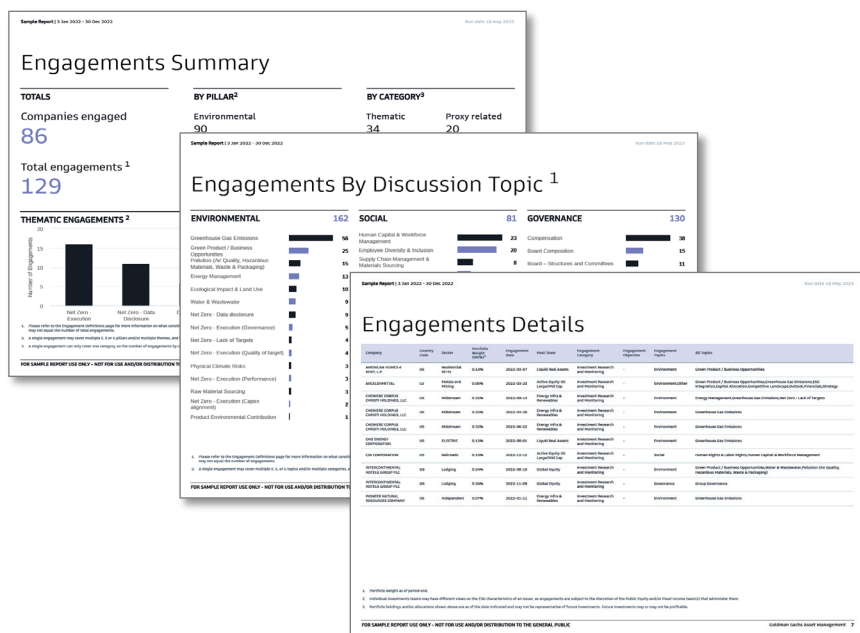
²⁰ Source: Goldman Sachs Asset Management, as of December 2023

²¹ Source: Goldman Sachs Asset Management, as of December 2023

²² Source: Goldman Sachs Asset Management, as of December 2023

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 focussed 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.

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 issuer²³.

- **Identified:** Issuer has been identified for engagement
- **Initiated:** We have reached out to the issuer to request engagement

²³ 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.

- 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

Our 2023 Thematic Engagements²⁴

Engagement Theme	Goal of the Engagement Theme
Climate – Disclose Data	Encourage issuers to disclose material GHG emissions data
Climate – Set Targets	Discuss issuers' goals to reduce GHG emissions where material
Climate – Execute Strategy	Engage on a robust and quantifiable climate transition strategy where material
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

²⁴ Source : Goldman Sachs Asset Management, as of December 2023

DEEP DIVE: CLIMATE TRANSITION

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, decarbonisation strategies, and capital allocation to provide a forward-looking categorisation of its alignment with the aims of the 2015 Paris Agreement.

We use this analysis to identify companies for potential engagement,²⁵ encouraging companies to:

1. **Disclose Data:** We encourage disclosure of GHG emissions data considered material to a company's business.
2. **Set Targets:** We discuss companies' goals to reduce GHG 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.

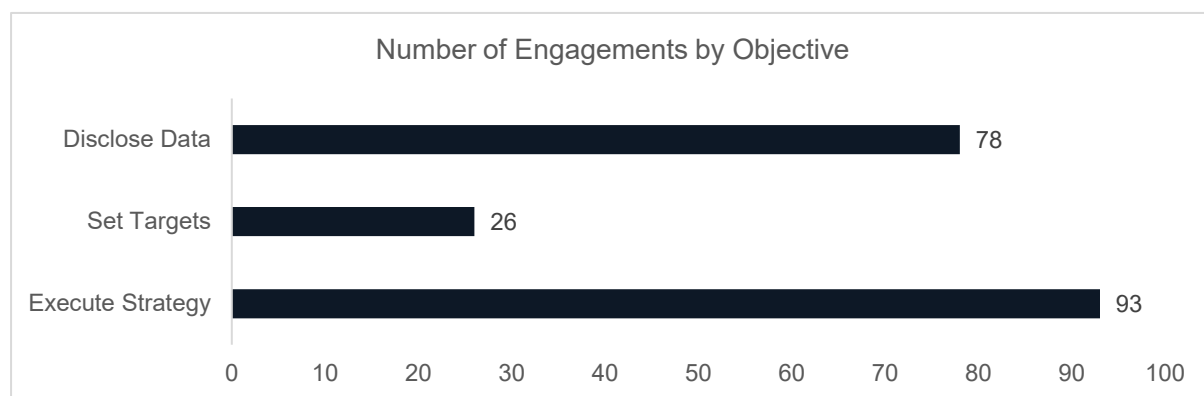
²⁵ Financed emissions measures a portfolio's impact across a portfolio normalised by the size of the portfolio. To identify the companies accounting for 70% of our financed emissions, we leveraged the following formula, as recommended by the Partnership for Carbon Accounting Financials:

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

We conducted **188** engagements with **174** companies on climate issues in 2023, including companies from the framework above, as well as additional companies where we identify a need to discuss these topics during our engagement activities.

Overview: Climate Engagement – By the Numbers²⁶

188 engagements in 2023 with
174 issuers



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.²⁷

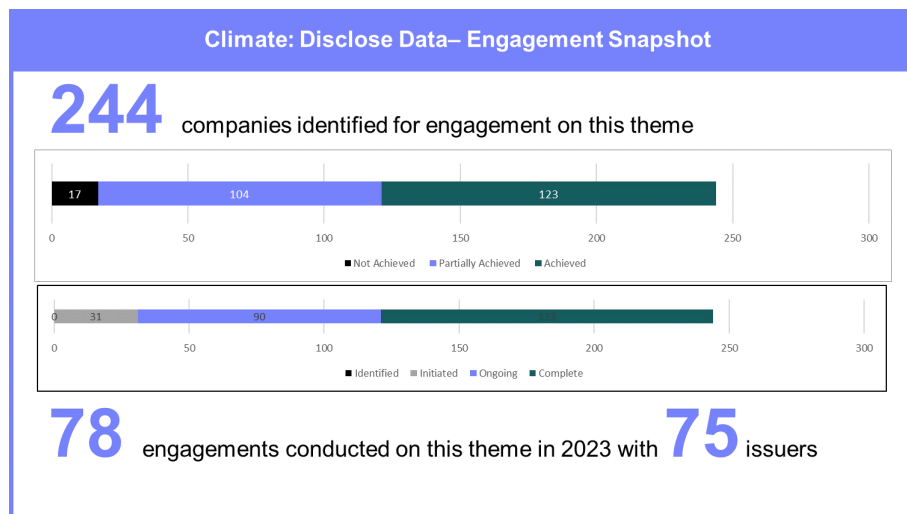
We have been engaging with companies on data disclosure since 2020. For each company, we identify the scopes we consider material under the SASB standards and seek to engage with companies that are not disclosing all the material categories of emissions.

²⁶ Source: Goldman Sachs Asset Management, as of December 2023. Each thematic climate engagement may cover more than one objective.

²⁷ GHG 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.

Engagement Snapshot: Tracking Our Progress:²⁸

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 GHG 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 emphasised 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.

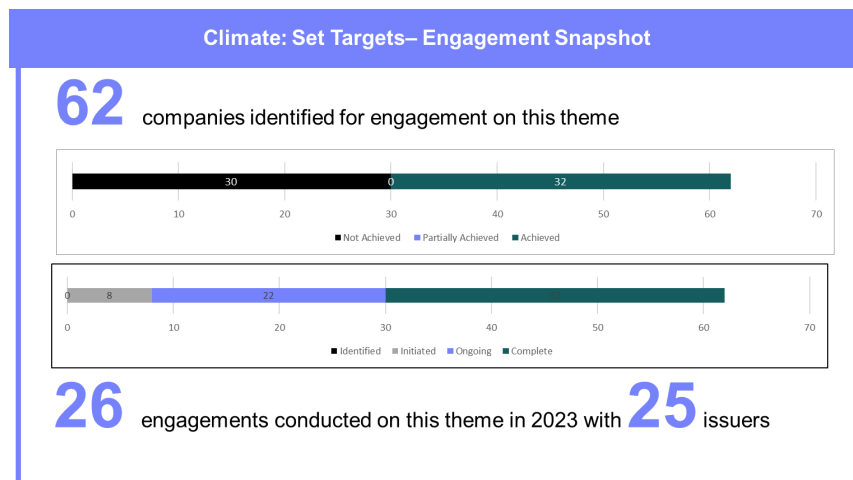
²⁸ Source: Goldman Sachs Asset Management, as of December 2023.

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.

Engagement Snapshot- Tracking Our Progress ²⁹



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 kilometre (“RTK”) by the end of 2030.

²⁹ Source: Goldman Sachs Asset Management, as of December 2023.

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 Fundament 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.

Objective #3: Execute Strategy

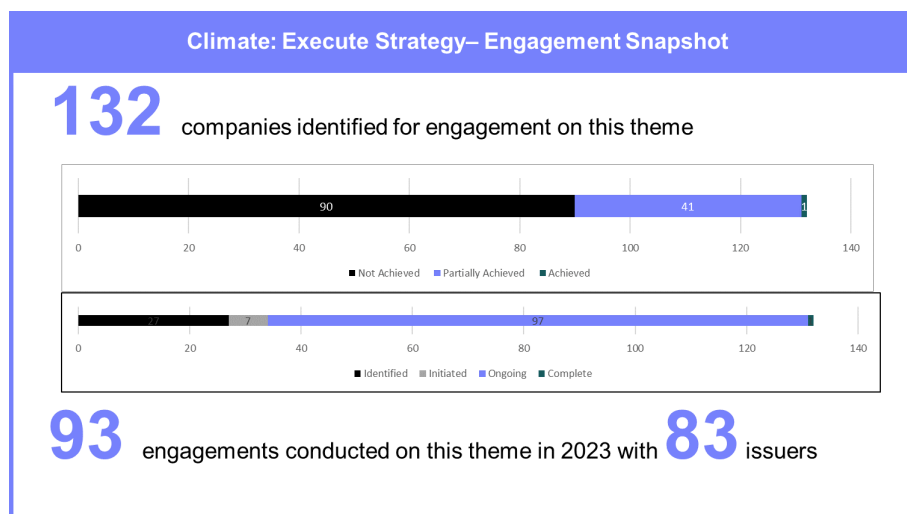
We conduct these engagements with companies in high- impact industries, whose GHG emissions are material to their business. We encourage them to implement a robust and quantifiable climate transition strategy.

These engagements are guided by our Paris Alignment Lens.

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

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. **Decarbonisation 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.

Engagement Snapshot- Tracking Our Progress³⁰**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 IR and Sustainability team at an Indian material 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; decarbonisation strategy; capital allocation strategy.
- We discussed their climate transition goals for their aluminium 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 utilisation 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**³⁰ Source: Goldman Sachs Asset Management, as of December 2023.

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, decarbonisation 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.

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.³¹ Recognising 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 focussed 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

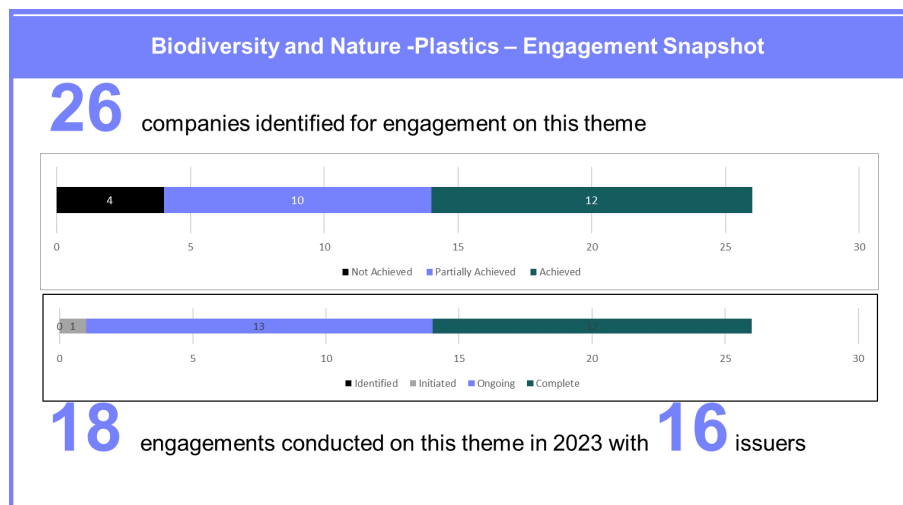
FMCG companies can have a significant impact on total global plastics and waste. Plastic packaging accounts for nearly half of all plastic waste globally, and much of it is thrown away within just a few minutes of its first use.³²

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 tonnes, by type;
- Percentage of packaging made from recycled or renewable materials;
- Percentage of packaging that is recyclable, reusable and/or compostable.

³¹ <https://www.unpri.org/sustainability-issues/environmental-social-and-governance-issues/environmental-issues/biodiversity>

³² UNEP (2018). SINGLE-USE PLASTICS: A Roadmap for Sustainability (Rev. ed., pp. vi; 6)

Engagement Snapshot- Tracking Our Progress³³**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 ‘maximising 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.

³³ Source: Goldman Sachs Asset Management, as of December 2023

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 their 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.

Deforestation

About two thirds³⁴ 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 leather³⁵.

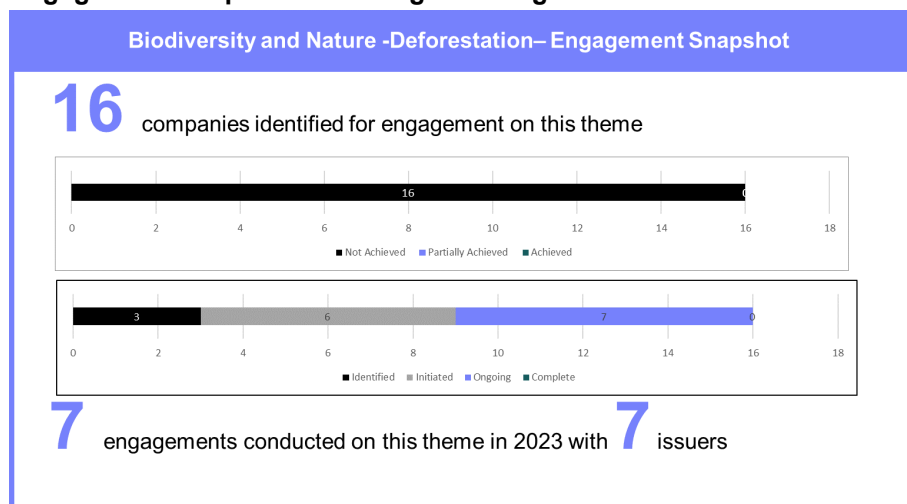
In response, the Global Stewardship Team engages with companies with exposure to deforestation risks from these commodities. We seek to engage with companies that have not disclosed deforestation-reduction plans and are large holdings across public markets investing business portfolios, and where those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

³⁴ 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

³⁵ RAUTNER, M., LEGGETT, M., and DAVIS, F. 2013) The Little Book of Big Deforestation Drivers, Global Canopy Programme; Oxford

Engagement Snapshot- Tracking Our Progress³⁶:**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. They responded that the company 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.

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

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.

DEEP DIVE: INCLUSIVE GROWTH**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.³⁷ We aim to narrow the gender gap at Japanese companies through constructive engagement.

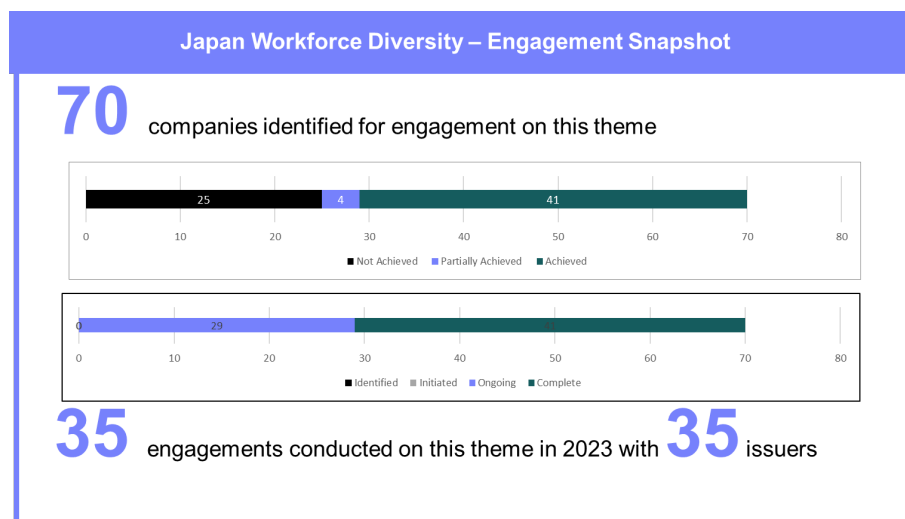
Our approach to engaging with Japanese companies on workforce diversity includes our internal screening using data points including the ratio of women in directorships, executive and management roles. We also consider gender pay and mobility gaps and paternity leave. Our aim is to identify companies 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 report³⁸. 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.

³⁷ World Economic Forum, Global Gender Gap Report.

³⁸ Yuho is an annual securities report commonly known by Japanese investors that includes financial statements for Japanese companies that they need to publicise.

Engagement Snapshot: Tracking Our Progress³⁹

See more to our approach to inclusive growth in Principle 11.

DEEP DIVE: STRONG CORPORATE GOVERNANCE

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 (“UNGC”) 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.

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 Expectations:⁴⁰

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

⁴⁰ Source: Goldman Sachs Asset Management, ISS, as of December 2023.

Topic	Our Expectations	Number of Directors Voted Against for Not Meeting Our Expectations
Independence	Boards demonstrate independent oversight	1,491
Diversity	Directors represent diverse skill sets and backgrounds	2,465
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 recapitalisation 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 based 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.

Spotlight: Remuneration in Australia

In 2023, a majority of shareholders voted against 40 remuneration plans at ASX 300 companies up from 22 the previous year⁴¹. 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.

Please refer to Principle 9 and Principle 12 for further information on our escalation efforts in engagement and voting.

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.

Spotlight: Governance in Japan

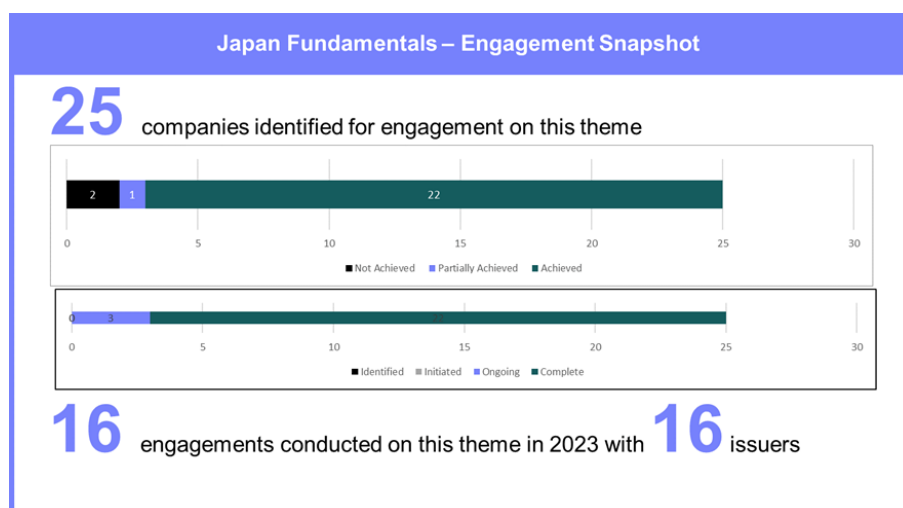
To encourage portfolio companies in their governance development, we have a Japan-specific governance engagement programme focussed on a wide range of ongoing governance concerns. We integrate our engagement with our proxy voting efforts and incorporate Japan-specific governance and fundamental issues 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.

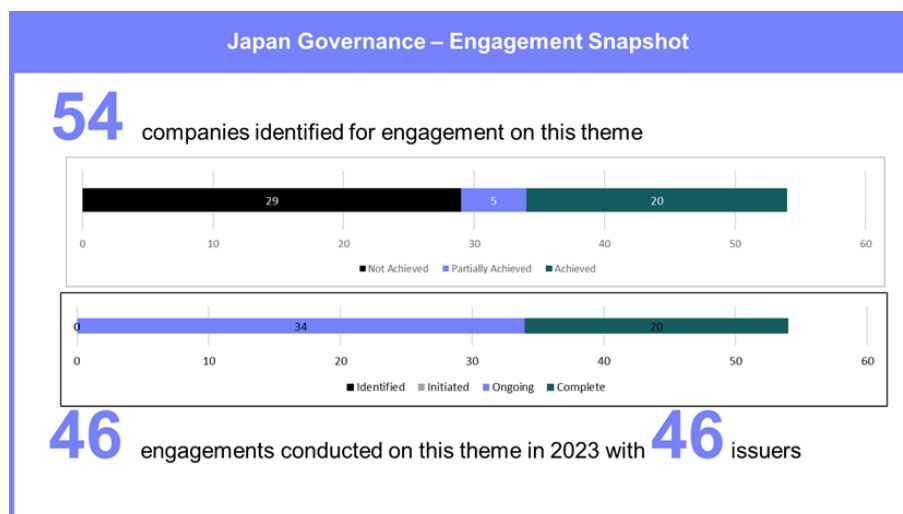
⁴¹ Source: ISS

	Return on Capital	Capital Misallocation	Cross-Shareholdings
Issue	Structurally low return at many Japanese companies.	Some Japanese companies are reluctant to return their capital to shareholders even when there's no strategic need and may retain excess net cash levels.	Strategic shareholdings (i.e., cross-shareholdings) are typically shares a company holds in other companies for the sake of business relations. They can create conflicts of interest with transactions, and hinder minority shareholder rights.
Engagement	Our thematic engagement programs for Japanese companies, focussed on fundamental performance, potential capital misallocation, and other key governance issues such as cross-shareholding.		
Our Voting Policy	Vote against management if 5-year average ROE is below 5% without recovery. In 2023, we continued to conduct case-by-case due diligence to ensure we do not vote against companies with low ROE purely due to recent COVID impact.	Consider a vote against companies with total payout ratios below 30%, after considering balance sheet and fundamental business strength. We may also consider voting against companies with income allocation up to 50% when the balance sheet is too problematic.	Vote against companies with excessive strategic shareholdings, after considering the companies' most recent disclosure materials.

Engagement Snapshot: Tracking Our Progress⁴²:



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

Engagement Snapshot: Tracking Our Progress⁴³:**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 financial company to discuss the progress of its new ROE improvement strategy. We had identified the company for engagement under our Japan Fundamental engagement initiative area. We have been engaging with it on 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 reorganised 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 revitalisation 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 favour 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.

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

1. Global Norms Violations:

"Global norms" refer to standards of expected corporate behaviour, for example the UNGC and the OECD Guidelines. These establish business practice principles related to human and labour 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, labour-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.

How we engaged and voted in 2023

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.

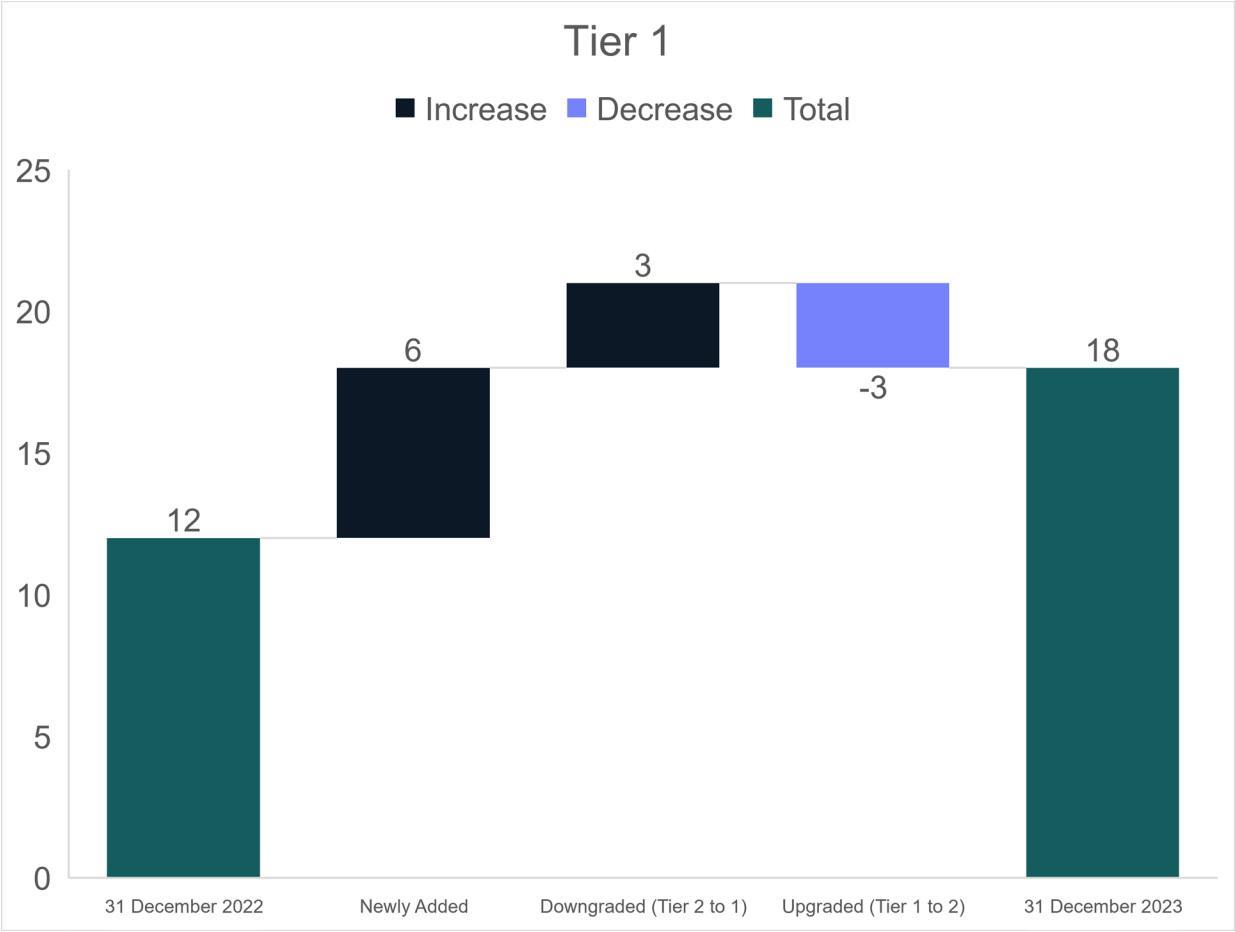
Tiering	Definition
Tier 1	We believe that the company has an ongoing global norms violation with insufficient remediation.
Tier 2	We believe the company may have had a global norms violation, but some remediation has taken place OR there is a serious allegation of wrongdoing, and the situation is still developing.
Tier 3	We believe the company is not currently considered a global norms violator.

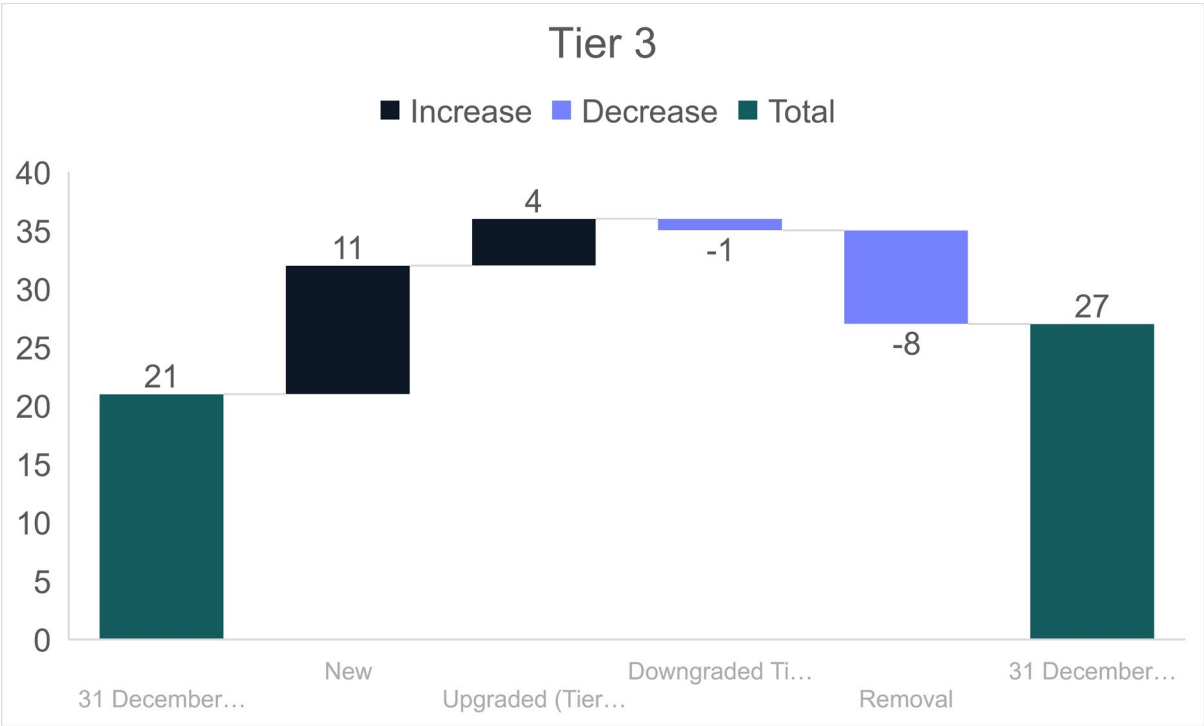
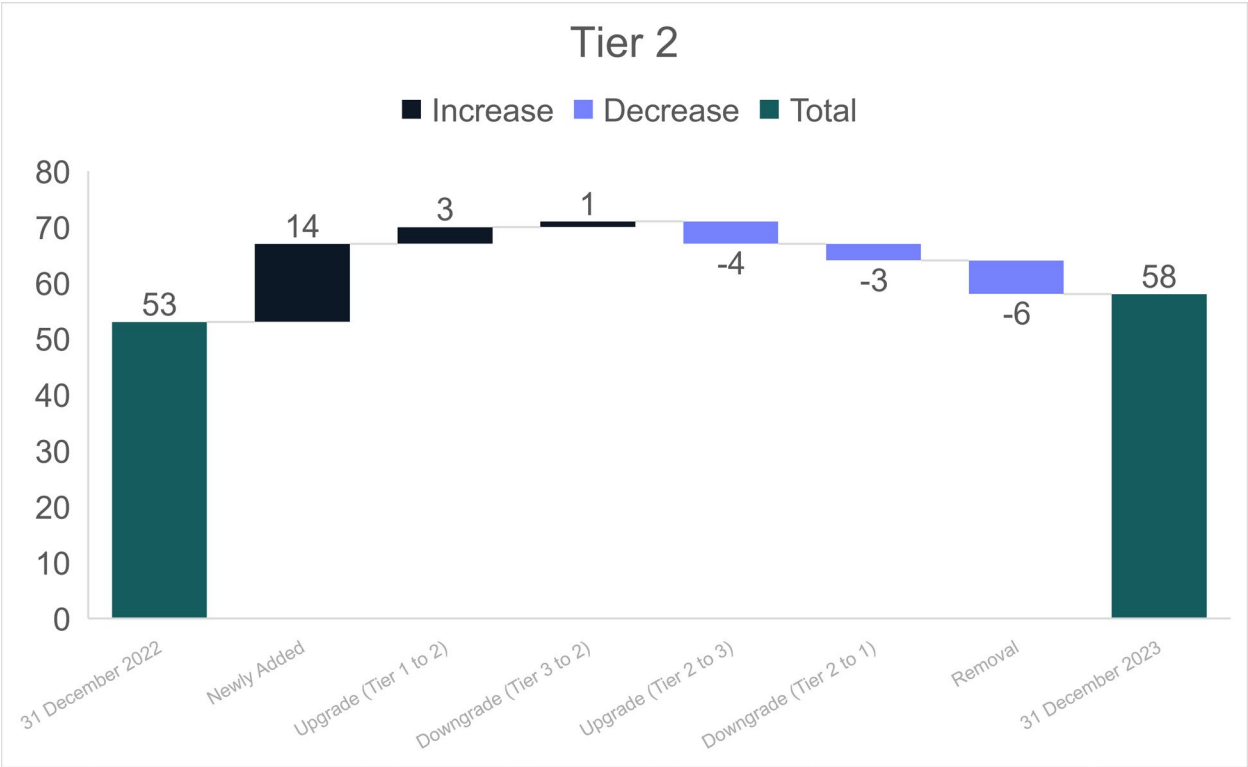
Global Norms by Subject, Region, Tiering:⁴⁴

Corporate Groups by Subject	
Bribery and Corruption	28
Environment	9
Human Rights and Labor Rights	46
Multiple	20
Corporate Groups by Region	
Americas	28
APAC	46
EMEA	29
Corporate Groups by Tiering	
Tier 1	18
Tier 2	58
Tier 3	27

⁴⁴ Source: Goldman Sachs Asset Management, as of December 2023.

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.





Engagement Snapshot: Tier 1 and 2 Corporate Groups⁴⁵

Theme	Number of Issuers	Number of Issuers Engaged	Number of Engagements
Global Norms	76	39	42

Tier 1 Corporate Groups	18
Tier 2 Corporate Groups	58

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 shut-down 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 organisations 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

⁴⁵ 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 categorised as Tier 1 and Tier 2.

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 labour of ethnic minorities within its labour transfer programs.
- During the engagement, we discussed the company's processes to reduce the risk of forced labour 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 programme audits on its key factories, with no forced labour 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 labour. 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 prioritise 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 focussed 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

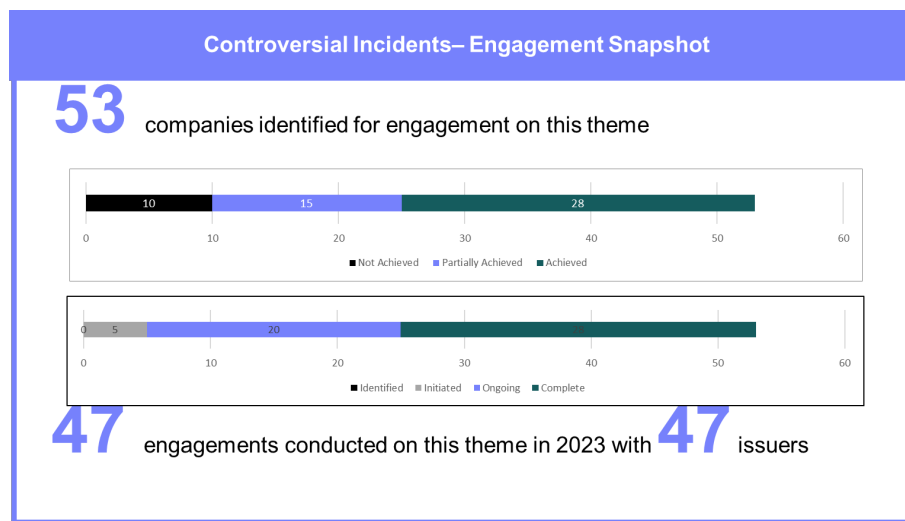
We screen for potential controversial incidents using a variety of data sources, primarily drawing from third-party data providers but supplementing with internal research, findings from NGOs or media sources, and our own engagement efforts. Companies in Tier 3 of our Global Norms framework may also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

Engagement Snapshot: Tracking Our Progress⁴⁶:



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.

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

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.

CASE STUDY

Sector: Financials

Country: Greece

Category: Proxy Related

Theme: Corporate Governance

- In May 2023, members of the Global Stewardship Team engaged with the CFO and Investor Relations team of a Greek financial company to discuss its remuneration report ahead of its upcoming annual meeting.
- We explained our view that remuneration should be used to attract and retain key executives and be aligned to long term shareholder value. In this case, we noted an insufficient level of disclosure around termination payments made to its former Chief Executive Officer. The company advised it was currently working on a new remuneration policy to align to best market practice. We encouraged the company to provide greater disclosure around any additional payments made to the executive team, as well as ensuring incentive plans include rigorous targets that align to business strategy.
- Ultimately, we voted against the remuneration report at the annual meeting, as it did not meet the level of disclosure expected.
- We will seek to continue engaging with the company on its remuneration policy.

CASE STUDY

Sector: Communication Services

Country: India

Category: Proxy Related

Theme: Executive Compensation

- In March 2023, members of the Global Stewardship Team and Fundamental Equity Investment team engaged with the Investor Relations team of an Indian communication services company to discuss the compensation plan of a new director.
- We raised our concern on the compensation structure, which appears to be open ended, and the board retains significant discretion in determining the director's final pay outcome. There is also no clarity on the performance parameters that will guide the director's variable pay under the proposed framework.
- The company did not specify or publicly disclose the financial and non-financial performance metrics within the plan. The performance metrics are mainly top-line targets such as strategic performance, product innovation and financial targets including revenue growth.
- We encouraged the company to update and report its compensation plan annually and disclose more detail on its compensation plan such as the ceiling of variable pay, performance targets and pay range which could also serve to clarify the most important metrics as identified and focussed on by management.

In the shareholder meeting in March 2023, we voted against the appointment and remuneration of this director as we believe this is in the best interest of shareholders.

PROVIDING FEEDBACK



One of our four engagement categories is providing feedback to issuers on their reporting usually at their request. This 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 bank 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 previously 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% 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 programme 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.

CASE STUDY

Sector: Consumer Discretionary

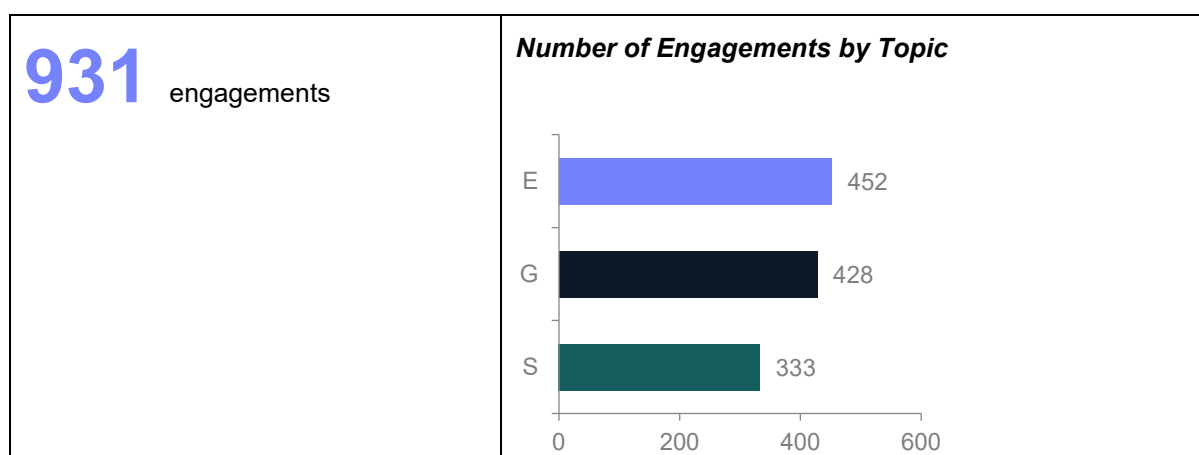
Country: United Kingdom

Category: Providing Feedback**Theme: Corporate Governance, Executive Compensation**

- In May 2023, members of the Global Stewardship Team and Fundamental Equity Investment team engaged with the Chair of the Board and members of the Investor Relations team of a UK consumer discretionary company to discuss the transition of its new CEO and executive compensation.
- The company provided an update on the transition of the new CEO, stating the new CEO had been on the company board since 2018 and has a strong grasp of the company. The company noted that there will be a handover process to ensure continuity and a smooth transition with minimal disruption.
- We engaged with the company in January 2023 and April 2023 to discuss the remuneration policy and had previously provided guidance around ensuring its compensation structure clearly aligns to long term shareholder value and attracts and retains key executives. We also discussed the balance between ensuring the company is paying competitively to CEO pay globally, while also maintaining best practice within the UK.
- The company acknowledged that pay disparity between UK and US executives remains a challenge but feels confident that its incumbent CEO is comfortable with the compensation level and that retention is not an immediate concern.
- We will seek to continue engaging with the company on compensation and the CEO transition.

**INVESTMENT RESEARCH AND MONITORING**

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 engagement as part of their research process. These engagements are designed to help inform investment decision-making.

Fundamental Equity Investment Team⁴⁷

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.⁴⁸

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

⁴⁷ Includes only engagement 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.

⁴⁸ Engagements with management teams may include discussions on ESG matters along with other topics, whereas in other cases we may conduct meetings focussed specifically on ESG topics.

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 phosphorous. 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:

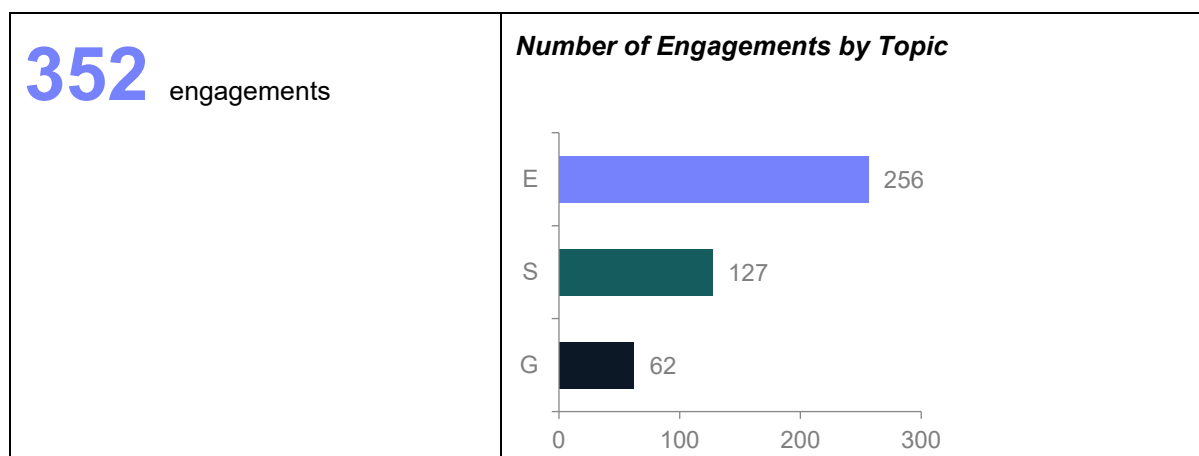
Sector: Information Technology

Country: Sweden

Category: Investment Research and Monitoring

Theme: Governance

- In September 2023, our Fundamental Equity Investment team engaged with a Swedish information technology business 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 our investment team 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, its 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 Team⁴⁹

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 materialising.

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 & Land Use**

- In July 2023, members of the Fixed Income Investment Grade Credit, ESG and GSI 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.

⁴⁹ Includes only engagement with discussion of environmental, social or governance issues. 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.

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 organised 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:**Organisation 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 focussed 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:**Organisation Type: Sovereign****Region: Europe****Category: Investment Research and Monitoring****Theme: Climate Change and Energy**

- In March 2023, members of the Fixed Income GSI 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 SFDR 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:**Organisation type: Sovereign****Region: South America****Category: Investment Research and Monitoring****Theme: Social**

- In July 2023, members of the Fixed Income GSI team engaged with this issuer to discuss its sustainable finance mobilisation 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.

Outcomes of our engagement work

- The case studies above describe some of the company actions taken following our engagement work. Not all company actions are based solely on our engagement efforts and there may be a multitude of other factors which influence investee companies. Many of our engagements with issuers seek to encourage positive change. The outcomes can be seen in a variety of ways, including:
 - Companies may increase disclosure
 - Companies may address and remedy negative impacts on the environment and/or people
 - Companies may develop and implement sustainability policies
 - Changes may be made to board composition and structure
 - We may learn information about stewardship related issues which may support our investment process
 - We may escalate our engagement activities or inform our proxy voting

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.

CASE STUDY:**Industry: Real Estate**

- During 2023, the Real Estate team worked with a large European retail asset built in the mid-1990s to improve its Energy Performance Certificate ("EPC") in order to improve its ESG performance in line with market expectations and global decarbonisation goals.
- An ESG audit identified a plan of targeted investment opportunities, for example, investing in new services metering & controls, lighting upgrades, central plant replacement and renewable energy procurement.
- These improvements resulted in the asset raising its EPC performance from D2 to B3.

CASE STUDY:**Industry: Telecommunications**

- After investing in a company in the telecommunications sector in 2022, during 2023, the Infrastructure team began to engage with the portfolio company on ESG topics, including the development of a decarbonisation plan.
- The level of activity and engagement was significant; the Infrastructure team met with the company's senior management team regularly and discussed the company's decarbonisation project at board meetings.
- Once a vendor was selected to lead the company's decarbonisation program, the company also appointed a responsible individual to lead and partner with the vendor.
- As a part of the plan, the company began to review its renewable energy procurement options and fleet purchasing and leasing.
- The Infrastructure team received periodic updates at regular meetings to review the progress of the decarbonisation plan development.
- In 2023 the tCO₂e per passing reduced 6.7% when compared to 2022, and the tCO₂e per subscriber reduced 12.2%.
- In Q4 2023, the company's management team finalised its decarbonisation plan, with the Company's board to review and approve the plan in Q2 2024.

CASE STUDY:**Industry: Social Infrastructure**

- In 2023, the Chief Sustainability Officer of one of the Infrastructure team's portfolio companies began work on an initiative to prepare for the EU's new Corporate Sustainability Reporting Directive ("CSRD") requirements, while also driving sustainability and value creation through the company's core offering (providing premium modular space rental solutions to governments in Northern Europe).
- The company engaged the Infrastructure team as a key stakeholder early on in this process, and through this engagement multiple ESG and sustainability initiatives were identified and formalised across the organisation, namely in procurement, sales, and IT.
- A core initiative that was identified through this process, and tied to many of the other uplifts, was the need for clear and consistent modular Life Cycle Assessment ("LCA") data which could then be used by a variety of relevant stakeholders to further drive sustainability efforts within many parts of the organisation.
- Once this need was identified, the Infrastructure team connected the company with vendors within the GS network who specialise in sustainability in the built environment, and a project was initiated to uplift and formalise the company's LCA process and also identify how the organisation can drive greater circularity in their products and decarbonise.

- In parallel, the company's sustainability team has also worked with their sales department to uplift the internal understanding of the sustainability benefits of the company's product, and how this can be used as a differentiator with prospective clients who are sustainability focussed.
- As a result of these initiatives, the company has seen growing traction and interest from clients.
- Additionally, the company completed their inaugural group level EcoVadis rating this year with a score of Gold, which is also intended to be shared with clients who are interested in supply chain ESG and sustainability.

CASE STUDY:

Industry: Real Estate

- In 2023, the Real Estate team supported an asset in the hotel sector to embark on a comprehensive ESG journey, driven by proactive engagement and a commitment to sustainable practices.
- The Real Estate team supported the hotel's management team in conducting an internal review of the asset's ESG performance. This included initiating discussions with stakeholders to identify material gaps and opportunities for improvements in operational performance. The Real Estate team identified three areas for enhancement and assisted the asset in establishing a clear implementation timeframe.
- First, the team prioritised tracking diversity and inclusion ("D&I") initiatives, ensuring transparency in vendor spend and promoting an inclusive supply chain. Second, the asset committed to procuring renewable energy sources, aligning with its dedication to reducing environmental impact. Third, the asset directed efforts towards monitoring energy consumption through advanced metering systems, reinforcing its commitment to resource efficiency.

Outcomes of our engagement work

The case studies above describe some of the actions taken by our portfolio companies following our engagement work. Not all company actions are based solely on our engagement efforts and there may be a multitude of other factors which influence portfolio companies.

Principle 10 Signatories, where necessary, participate in collaborative engagement to influence issuers

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.

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
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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
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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
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Industry Spotlight for 2023

Throughout 2023, members of the Global Stewardship Team participated in over 50 forums and events focussed 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

Goldman Sachs Asset Management seeks to build industry influence and promote best practices in stewardship. Throughout 2023, members of the Global Stewardship Team participated in over 90 events organised by our external memberships. Examples include:

- **30% Club**

The Japan chapter of the 30% Club is dedicated to promoting gender diversity at all levels of an organisation. 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 2030.⁵⁰⁵¹

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

Spotlight: Supporting the Development of Future Women Leaders

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.

- **Japan 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 organisation focussed 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.

- **Council of Institutional Investors**

⁵⁰ 30% Club Japan Chapter website <https://30percentclub.org/chapters/japan/>

⁵¹ 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.

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 focussed on the challenges women of colour 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.

IFRS International Sustainability Standards Board

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.

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. Such commitments include:

- UK Stewardship Code
- Japan Stewardship Code
- Investor Stewardship Group
- The Singapore Stewardship Principles for Responsible Investors
- EU Shareholder Rights Directive II⁵²

ALTERNATIVES

For information on how we have sought to partner with other private markets stakeholders, please refer to Principle 4.

Select list of initiatives

Goldman Sachs and Goldman Sachs Asset Management seek to build industry influence and promote best practices in ESG and stewardship through various memberships and affiliations. Below, find a select list of our affiliations/memberships:

Corporate Governance
Council of Institutional Investors – We have been a member since 2017 and hold a seat on their Corporate Governance Advisory Council.
ESG Disclosure Study Group – We became a founding member of the EDSG in June 2020. EDSG is a Japan-based organisation focussed 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.
International Corporate Governance Network ("ICGN") – We became a member of the ICGN in January 2020. Established in 1995 as an investor-led organisation, the ICGN's mission is to promote effective standards of corporate governance and investor stewardship to advance efficient markets and sustainable economies worldwide.

⁵² <https://www.gsam.com/content/dam/gsam/pdfs/common/en/public/miscellaneous/our-approach-to-stewardship.pdf?sa=n&rd=n>

Japan Stewardship Initiative (“JSI”) – We were a founding member of the JSI launch in 2019 and continue to contribute as a steering committee member.
Asia Corporate Governance Association (“ACGA”) – Goldman Sachs Asset Management joined the ACGA in 2022 and is a member of the China Working Group.
Environmental
CDP – GS has been a signatory to the CDP climate change survey since 2006 and has made our climate change-related disclosures publicly available since 2010.
WRI Corporate Consultative Group – Since 2014, we have been members of the advisory board for the World Resources Institute’s Corporate Consultative Group.
Banking Environment Initiative (“BEI”) – Since 2014, we have been members of the BEI.
RE100 – GS has been a member since 2015.
Climate Bonds Initiative – Goldman Sachs Asset Management became a Climate Bonds Initiative Partner in 2015.
TCFD – GS is a supporter of the TCFD standards which can be found on their official website.
One Planet Sovereign Wealth Fund Framework – Goldman Sachs Asset Management became a member of the Asset Manager Working group within the One Planet Sovereign Wealth Fund Framework in 2018.
ICMA – Goldman Sachs Asset Management joined ICMA’s Green, Social & Sustainability Bond Committees in 2019.
Climate Finance Leadership Alliance – GS joined the Climate Finance Leadership Alliance as one of the six founding member institutions in 2019, which will help facilitate the private financing objectives included in the Paris Agreement.
United Nations Environment Programme Finance Initiative (“UNEP FI”) – In 2019, Goldman Sachs Asset Management was selected to join the UNEP FI Reference Group for “A Legal Framework for Impact”. This initiative publishes legal analysis and recommendations for investors seeking to account for sustainability impact in the investment process.
Institutional Investors Group on Climate Change (“IIGCC”) – Goldman Sachs Asset Management has been a member of the IIGCC since 2019.
Climate Action 100+ – Goldman Sachs Asset Management became a member of Climate Action 100+ in 2021.
Social
30% Club Japan – Goldman Sachs Asset Management became a member of the 30% Club’s Japan Investors Group in 2020.
Industry Standards and Initiatives
Principles for Responsible Investment (“PRI”) – Goldman Sachs Asset Management has been a signatory to the UN PRI since 2011.
SASB – Goldman Sachs Asset Management has been a member of SASB since 2018.
United Nations Development Programme – Goldman Sachs Asset Management joined the UNDP SDG Financing Technical Committee in 2019.
Stewardship Codes and Statements
UK Stewardship Code – Goldman Sachs Asset Management is a signatory to the 2020 UK Stewardship Code, previously a signatory to the 2012 code.
Japan Stewardship Code – Goldman Sachs Asset Management has been a signatory since 2014.
Singapore Stewardship Principles – Goldman Sachs Asset Management has been a supporter of the Singapore Stewardship Principles since 2016.

Investor Stewardship Group (“ISG”) – Goldman Sachs Asset Management became a signatory of the ISG in 2018.

Principle 11: Signatories, where necessary, escalate stewardship activities to influence issuers

PUBLIC MARKETS

How we select and prioritise issues for 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	Escalating our activities related to a specific entity
<ul style="list-style-type: none"> • Evolving our proxy voting to reflect our developing views on issues. • Expanding or developing our expectations for a particular thematic engagement. <p><u>Example:</u>⁵³</p> <p>180%</p> <p>Increase in number of votes against the allocation of income at Japanese companies</p> <p>In 2023, we strengthened our approach on low dividend payments to promote capital allocation in the best interest of shareholders.</p>	<ul style="list-style-type: none"> • 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). <p><u>Example:</u>⁵⁴</p> <p>11</p> <p>Votes against company directors due to lack of disclosure of material GHG emissions</p> <p>5</p> <p>Votes against company directors due to violations of Global Norms</p>

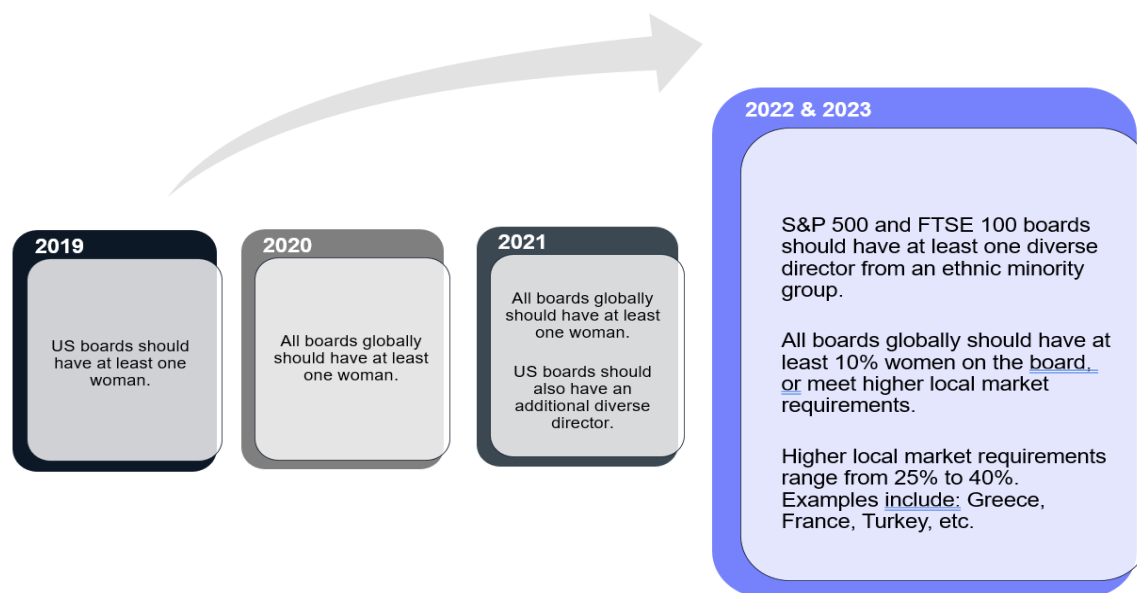
Examples of our escalation activities and outcomes in 2023, including activities differing by region

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.

⁵³ Source: Goldman Sachs Asset Management, ISS, as of December 2023.

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

Evolution of our 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 region⁵⁵

Region	# of companies
US	303
Americas ex US	67
EMEA	148
Japan	278
APEJ	242

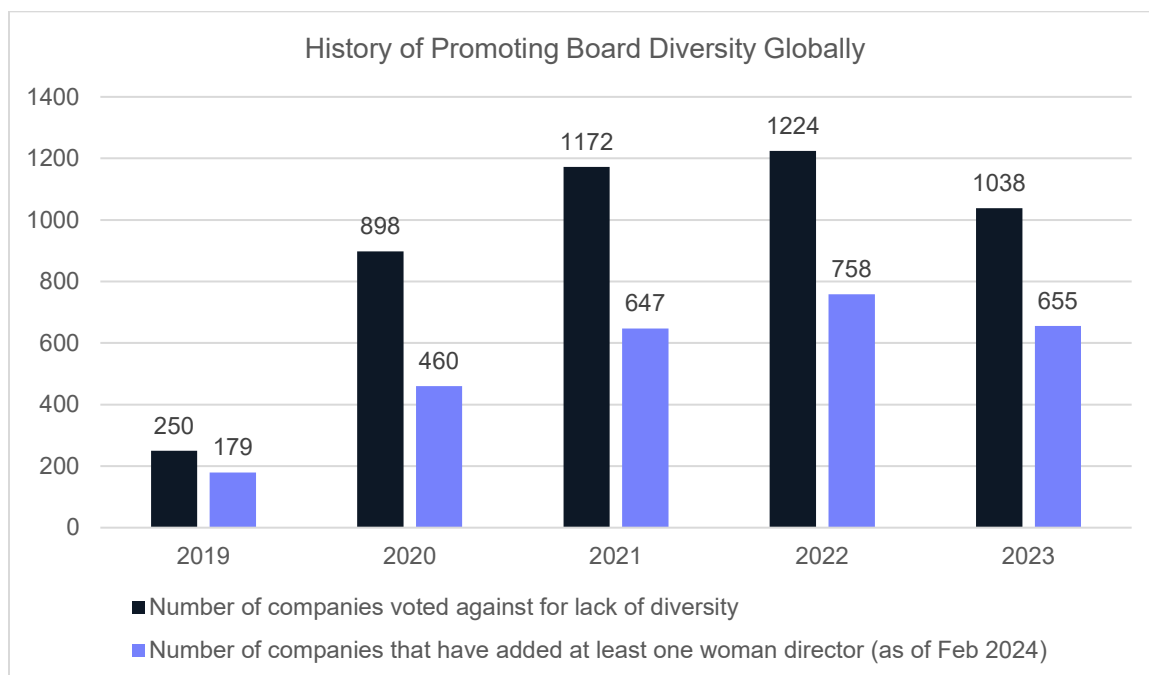
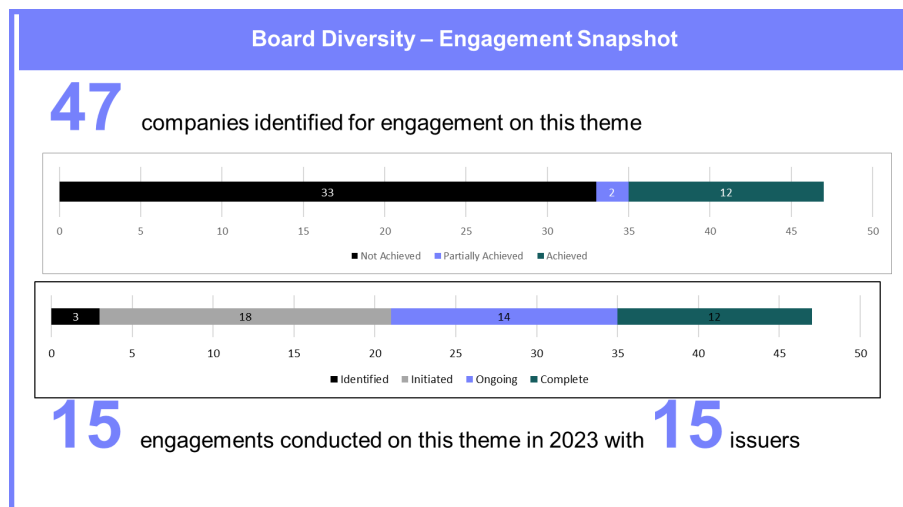
Companies voted against for lack of board diversity by sector⁵⁶

Sector	# of companies
Communication Services	52
Consumer Discretionary	114
Consumer Staples	49
Energy	48
Financials	131
Health Care	111
Industrials	203
Information Technology	123
Materials	102
Other ⁵⁷	4
Real Estate	67
Utilities	34

⁵⁵ Source: Goldman Sachs Asset Management, ISS, as of December 2023

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

⁵⁷ Primarily includes UCITS fund meetings.

History of Promoting Board Diversity Globally⁵⁸Engagement Snapshot- Tracking Our Progress:⁵⁹

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 breakdown⁶⁰:

Sector	Number of US Companies Voted Against
Communication Services	23
Consumer Discretionary	23

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

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

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

Consumer Staples	8
Energy	17
Financials	69
Health Care	58
Industrials	40
Information Technology	30
Materials	11
Real Estate	18
Utilities	6

EMEA – Increasing Our Gender Diversity Expectations

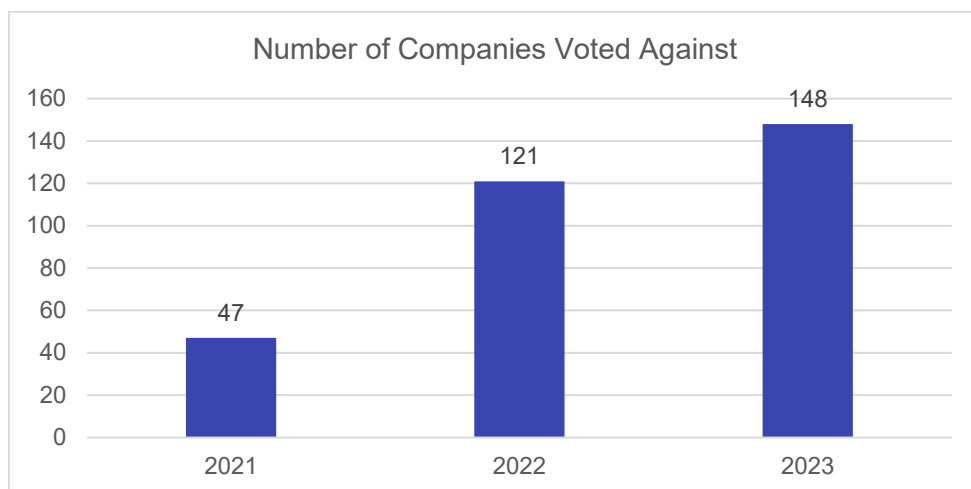
Board composition continues to be an area of focus, with regulations and codes across the region increasing expectations of levels of board diversity. We engage with companies to explain our expectation that they meet local best practices in this area.

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 Against⁶¹



ALTERNATIVES

The GS Alternatives escalation process has been designed in the context of the nature of our investments, our relationships with management teams and, in certain circumstances, our ability to hold seats held on a portfolio company's board, which enable direct discussions at senior levels of the companies in which we invest. Investment teams overseeing portfolio companies must internally escalate certain matters to relevant supervisor(s) and relevant control side personnel, such as Legal, Compliance, Risk and Corporate Communications. Matters which should be escalated may include but are not limited to health and safety and compliance issues.

⁶¹ Source: Goldman Sachs Asset Management, ISS, as of December 2023

Principle 12: Signatories actively exercise their rights and responsibilities

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.

OUR GENERAL APPROACH

We generally apply our Global Proxy Voting Policy to all equity investments for which we hold voting rights, however there are some instances for which we may believe that deviating from the Policy is in the best interests of our clients.

We aim to vote at all shareholder meetings for companies held in our managed portfolios. From time to time, our ability to vote proxies may be affected by regulatory requirements and compliance, legal or logistical considerations. As a result, we may determine that it is not practicable or desirable to vote certain proxies.

We generally disclose our voting publicly on a quarterly basis on our website for company proxies voted according to the Policy. We also disclose our voting publicly each year in a filing with the US Securities and Exchange Commission and on our website for all Goldman Sachs Asset Management managed US registered mutual funds.

In addition to our proxy voting responsibilities, we focus on proactive, outcomes-based engagement in an attempt to promote best practices. In some instances, we will seek to engage with companies on proxy voting related matters before or after the relevant meeting, or in the course of our ongoing thematic engagements.

To maximise the effectiveness of our activities, we strive to align our engagement and voting efforts. The Global Stewardship Team monitors our engagement efforts on the progress companies are making on identified change objectives. Goldman Sachs Asset Management may decide to vote against certain voting items at a company's shareholder meeting as a form of escalation when engagement response or progress is lacking and in doing so is in the best interest of our clients.

OUR EXPECTATIONS OF OUR PORTFOLIO COMPANIES

Approach to Governance

We generally believe companies should seek to comply with commonly accepted corporate governance best practices as well as the corporate governance standards that are applicable in their country and state (United States) of incorporation. This may include recognition of the impact of business decisions on the environment, as well as recognition of the positive and negative impacts of their business decisions on social and human rights issues in the regions in which they operate.

Shareholder Rights

All shareholders should be given 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" structures are preferable.

The Board of Directors

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

Boards should be made up of 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 is appropriate for the company's circumstances and operations. The responsibilities and membership of these committees should be publicly disclosed.

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

Executive Compensation

Executive compensation plan structures are generally an important element of the corporate governance framework. Good compensation plans have characteristics which seek to attract and retain key executives and align management's compensation with long-term shareholder value creation and shareholder's best interests. We generally believe that compensation committees are best placed to know what is needed for the plans they are responsible for and will generally be supportive of plans that broadly meet the characteristics we consider important.

Reporting and Audit

Companies should provide high quality, reliable and transparent financial and non-financial reporting. An independent, high-quality audit is important for shareholders. Auditors should be independent, and any non-audit related fees paid to the audit firm should therefore not be excessive. The Board (or its appropriate committee) should take steps to ensure that company reporting is reliable, fair and balanced and understandable and that the external auditor delivers a robust and high-quality audit.

OUR APPROACH TO SHAREHOLDER PROPOSALS

Our approach to shareholder proposals is focussed on voting to maximise shareholder value on behalf of clients, and our voting decisions on shareholder proposals are considered on a case-by-case basis.

We recognise that environmental, social and governance factors may affect investment performance, expose potential investment risks and provide an indication of management excellence and leadership. We prefer that the board 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 the purpose and impact of each proposal considering the long-term overall benefit to shareholders.

When evaluating shareholder proposals, we seek to assess the purpose and impact of each proposal considering the long-term overall benefit to shareholders, and may take into consideration factors such as:

- The company's current level of publicly available disclosure;
- If the company has implemented or formally committed to the implementation of a reporting programme based on the SASB materiality standards or a similar standard; and
- Whether the proposal is likely to enhance or protect shareholder value

We may not support a shareholder proposal where we believe:

- The proposal is overly prescriptive or unduly burdensome;
- The subject of the proposal does not represent a material investment consideration;
- The proposal has a significant cost or reputational risk associated with complying; or
- The company's existing disclosures already substantively meet the request of the proposal.

In certain instances, shareholder proposals focussed on environmental and social topics that are submitted to a shareholder vote may be too prescriptive for a company to implement. In these instances, we will seek to engage with these companies to express our views on the nature of the proposal and whether additional disclosures from the company may be appropriate.

Some highlights of our 2024 policy updates:

	Region	2023 Policy	2024 Policy	Rationale
Gender Diversity	All	Vote AGAINST or WITHHOLD from members of the Nominating Committee if the board does not have at least 10% women directors, or does not meet the requirements of local listing rules or corporate governance codes or national targets.	Vote AGAINST or WITHHOLD from members of the Nominating Committee: <ul style="list-style-type: none"> At companies 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; and At companies within the S&P 500, if, in addition to our gender expectations, the board does not have at least one diverse director from a minority ethnic group; 	We continue to increase our expectations of board diversity, aligned with evolving market practice.
Independence	Japan	Japan Style Boards Vote against top executives when the board consists of fewer than two external directors or less than 1/3 external directors US Style Boards Vote against affiliated outsiders when the board does not consist of a majority of independent directors	Expect TOPIX 100 company boards to consist of at least 50% outside directors Japan Style Boards Vote AGAINST top executives when the board consists of fewer than two independent outside directors or less than 1/3 of the board consists of independent outside directors US Style Boards Vote AGAINST members of the Nominating Committee when less than a majority of the board consists of independent outside directors	We believe it is important to strengthen our independence policies to encourage Japanese companies to achieve majority independence.
Independence	India	No public policy	Vote AGAINST members of the Audit Committee who are classified as Promoters or Beneficial Owners of the company	We believe a conflict of interest can occur when a Promoter board member serves on the company's Audit Committee.

Monitoring our voting rights

We send an account and positions file to our proxy services provider, ISS, on a daily basis. ISS uses this file to look for upcoming meetings and to reconcile against ballots received from the respective custodians. We review exception reports to seek to ensure ballots are getting voted in line with our instructions.

Differences at a fund level

Individual funds do not generally set their own voting policies. 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 as well as compliance and legal. In these instances, all shares following the Policy are adjusted and voted in the same manner.

Our approach to stock lending

Fundamental Equity Team

The Fundamental Equity Team views the analysis of corporate governance practices as an integral part of the investment research and stock valuation process. In forming their views on particular matters, these Portfolio Management Teams may consider applicable regional rules and practices, including codes of conduct and other guides, regarding proxy voting, in addition to the Guidelines and Recommendations. For the managed portfolios that participate in a securities lending program, GSAM will seek to recall shares that are out on loan for the purpose of voting at shareholder meetings, recognising that the handling of such recall requests is beyond the Portfolio Management Team's control and may not be satisfied in time for it to vote the shares in question.

QIS and QES Portfolio Management Teams

The QIS and QES Portfolio Management Teams have decided to generally follow the Guidelines and Recommendations based on such Portfolio Management Teams' investment philosophy and approach to portfolio construction, as well as their participation in the creation of the Guidelines. The QIS and QES Portfolio Management Teams may from time to time, however, review and individually assess any specific shareholder vote. For managed portfolios that participate in a securities lending program, GSAM generally will not recall shares that are out on loan for the purpose of voting at shareholder meetings.

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](#).

Clients voting preferences

Where clients have investments in segregated accounts, they can choose to delegate their proxy voting authority to us, or to do their own voting.

Clients with investments in pooled accounts are not able to direct votes.

How we voted

Goldman Sachs Asset Management aims to vote at all shareholder meetings for companies held in all portfolios. From time to time, our ability to vote proxies may be affected by regulatory requirements and compliance, legal or logistical considerations. As a result, from time to time we may determine that it is not practicable or desirable to vote proxies. For CY 2023, we voted at 99% of votable meetings.

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 analyse 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.

2023 Proxy Voting Snapshot⁶²

MEETINGS	PROPOSALS
12,148 meetings voted	118,528 proposals voted
48% of meetings with at least one vote against management	12% of all proposals voted against management

Meetings and Proposals Voted by Region⁶³

	Meetings Voted	% Total Meetings Voted
US	3,431	28%
Americas ex US	1,019	8%
EMEA	2,355	19%
Japan	1,326	11%
Asia ex Japan	4,017	33%
Total Meetings Voted	12,148	100%

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

⁶³ Source: Goldman Sachs Asset Management, ISS, as of December 2023.

Proposals Voted by Category⁶⁴

	With mgmt.	Against mgmt.	Number Voted	% out of total voted	% with mgmt.	% against mgmt.
Director Related	52358	7979	60273	51%	87%	13%
Shareholder Proposal	2642	288	2921	2%	90%	10%
Compensation	11813	2738	14533	12%	81%	19%
Capitalisation	7981	973	8948	8%	89%	11%
Routine Business / Other	29324	2537	31853	27%	92%	8%
Total	104118	14515	118528	100%		

Proposals Voted by Category and Region

	<u>USA</u>		<u>Americas ex USA</u>		<u>EMEA</u>		<u>Japan</u>		<u>Asia ex Japan</u>	
	No. of items	% of votes against mgmt	No. of items	% of votes against mgmt	No. of items	% of votes against mgmt	No. of items	% of votes against mgmt	No. of items	% of votes against mgmt
Director Related	20,674	15%	5,864	10%	13,979	9%	12,203	10%	7,617	22%
Compensation	5,324	12%	938	24%	4,929	21%	465	8%	2,895	27%
Capitalisation	323	4%	688	50%	3,904	7%	13	23%	4,026	9%
Routine Business/ Other	3,695	2%	2,519	5%	11,893	5%	1,242	9%	12,512	13%
Shareholder Proposals	670	8%	173	n.a.	547	5%	367	30%	1,173	8%

DIRECTOR ELECTIONS⁶⁵

7,537 numbers of directors voted against globally	14.5% percentage of directors voted against globally
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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.

⁶⁴ Source: Goldman Sachs Asset Management, ISS, as of December 2023

⁶⁵ Source: Goldman Sachs Asset Management, ISS, as of December 2023

In 2023, we voted against directors globally for the reasons shown in the following chart⁶⁶:

Rationale	% of Votes
Diversity	33%
Independence	20%
Overboarding	4%
Attendance	1%
Other Governance Issues	39%
Climate	0.3%
Other	4%
Grand Total	100%

Shareholder Proposals

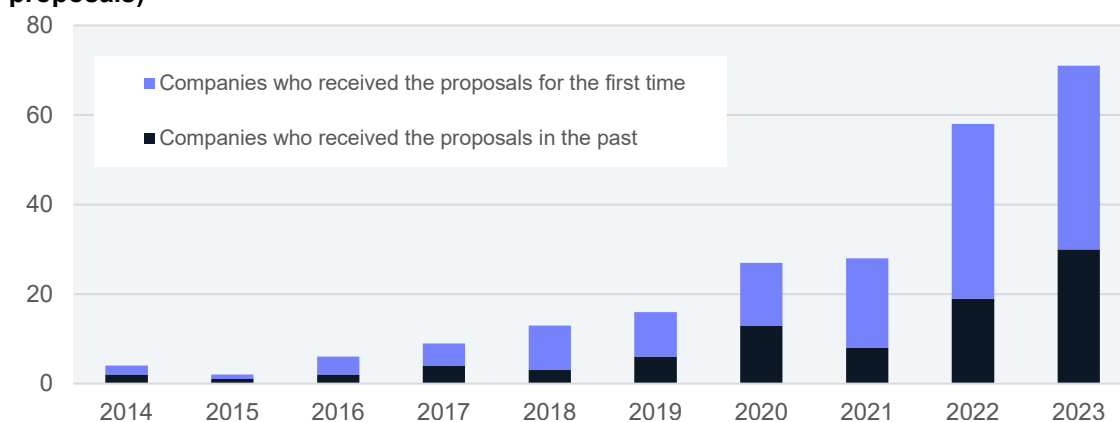
Our approach to shareholder proposals is focussed on voting to maximise shareholder value on behalf of clients, and our voting decisions are made on a case-by-case basis. We recognise that many factors may affect investment performance, expose investors to potential investment risks and provide an indication 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, we voted on 2,921 shareholder proposals globally, supporting management approximately 92% of the time.

Spotlight: 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.

⁶⁶ Source: Goldman Sachs Asset Management, ISS, as of December 2023

The Number of Japanese Companies Receiving Shareholder Proposals⁶⁷ (Including ESG-related shareholder proposals)



Source: IR Japan

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 centred 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.

⁶⁷ <https://contents.xj-storage.jp/xcontents/AS02854/8d90936f/22b7/4cf8/a9f1/1d15ae6a959d/20240202150323407s.pdf>

PROXY VOTES ON CLIMATE-RELATED ISSUES

Board Accountability

We expect boards to be accountable for climate transition risk and will 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 in their material emissions disclosures. In 2023, we voted against 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%⁶⁸. We also voted on seven shareholder sponsored “say on climate” proposals, supporting none.

Rationale for most significant votes

For SFDR purposes, the criteria of votes we believe are most significant is based on: (i) the market value of the shareholding and (ii) where we have voted against management company recommendations on the election of directors. These are as follow:

Company	Proposal	Management Recommendation	Goldman Sachs Asset Management Vote	Vote Rationale	Vote Outcome (%For)
Alphabet Inc.	Elect Director	For	Against	A vote against this nominee is warranted as the board did not meet the governance expectations of our proxy voting policy.	Item 1d: Elect Director John L. Hennessy (Result: 84.1% support) Item 1e: Elect Director Frances H. Arnold (Result: 89.4% support)
Amazon.com, Inc.	Elect Director	For	Against	A vote against this nominee is warranted as the board did not meet the governance expectations of our proxy voting policy.	Item 1d: Elect Director Edith W. Cooper (Result: 81.3% support) Item 1f: Elect Director Daniel P. Huttenlocher (Result: 81.0% support) Item 1g: Elect Director Judith A. McGrath (Result: 71.3% support)
Berkshire Hathaway Inc.	Elect Director	For	Withhold	A vote against this nominee is warranted as the board did not meet the governance expectations of our proxy voting policy.	Item 1.6: Elect Director Stephen B. Burke (Result: 89.0% support) Item 1.7: Elect Director Kenneth I. Chenault (Result: 89.7% support) Item 1.10: Elect Director Charlotte Guzman (Result: 86.3% support)
Meta Platforms, Inc.	Elect Director	For	Withhold	A vote against this nominee is warranted as the board did not meet the governance expectations of our proxy voting policy.	Item 1.1: Elect Director Peggy Alford (Result: 87.3% support) Item 1.2: Elect Director Marc L. Andreessen (Result: 90.6% support) Item 1.3: Elect Director Andrew W. Houston (Result: 90.9% support)

⁶⁸ Source : Goldman Sachs Asset Management, ISS , as of December 2023

					Item 1.8: Elect Director Tony Xu (Result: 91.1% support)
Tesla, Inc.	Elect Director	For	Against	A vote against this nominee is warranted as the board did not meet the governance expectations of our proxy voting policy.	Item 1.2: Elect Director Robyn Denholm (Result: 73.9% support)

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. Please see our disclosures under Principles 6, 7 and 9 for examples of how we undertake our stewardship activities.

Appendix

PUBLIC MARKETS

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 organised 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

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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.

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Environmental, Social and Governance ("ESG") strategies may take risks or eliminate exposures found in other strategies or broad market benchmarks that may cause performance to diverge from the performance of these other strategies or market benchmarks. ESG strategies will be subject to the risks associated with their underlying investments' asset classes. Further, the demand within certain markets or sectors that an ESG strategy targets may not develop as forecasted or may develop more slowly than anticipated.

As part of our investment process, we may integrate ESG factors alongside traditional factors. The identification of a risk related to an ESG factor will not necessarily exclude a particular investment that, in our view, is otherwise suitable and attractively priced for investment, and we may invest in an issuer without integrating ESG factors or considerations into our investment process. Moreover, ESG information, whether from an external and/or internal source, is, by nature and in many instances, based on a qualitative and subjective assessment. An element of subjectivity and discretion is therefore inherent to the interpretation and use of ESG data. The relevance and weightings of specific ESG factors to or within the investment process vary across asset classes, sectors and strategies and no one factor or consideration is determinative. Goldman Sachs Asset Management in its sole discretion and without notice may periodically update or change the process for conducting its ESG assessments and implementation of its ESG views in portfolios, including the format and content of such analysis and the tools and/or data used to perform such analysis. Accordingly, the type of assessments depicted here may not be performed for every portfolio holding. The process for conducting ESG assessments and implementation of ESG views in portfolios, including the format and content of such analysis and the tools and/or data used to perform such analysis, may also vary among portfolio management teams.

Goldman Sachs Asset Management may invest in a security prior to completion of an ESG assessment. Instances in which ESG assessments may not be completed for a specific security prior to investment include but are not limited to IPOs, in-kind transfers, corporate actions, and/or certain short-term holdings. Goldman Sachs Asset Management in its sole discretion and without notice may periodically update or change the process for conducting its ESG assessment and implementation of its ESG views in portfolios, including the format and content of such analysis and the tools and/or data used to perform such analysis. Accordingly, the type of assessment depicted here may not be performed for every portfolio holding. No one factor or consideration is determinative in the fundamental research and asset selection process.

Investments in fixed income securities are subject to the risks associated with debt securities generally, including credit, liquidity, interest rate, prepayment and extension risk. Bond prices fluctuate inversely to changes in interest rates. Therefore, a general rise in interest rates can result in the decline in the bond's price. The value of securities with variable and floating interest rates are generally less sensitive to interest rate changes than securities with fixed interest rates. Variable and floating rate securities may decline in value if interest rates do not move as expected. Conversely, variable and floating rate securities will not generally rise in value if market interest rates decline. Credit risk is the risk that an issuer will default on payments of interest and principal. Credit risk is higher when investing in high yield bonds, also known as junk bonds. Prepayment risk is the risk that the issuer of a security may pay off principal more quickly than originally anticipated. Extension risk is the risk that the issuer of a security may pay off principal more slowly than originally anticipated. All fixed income investments may be worth less than their original cost upon redemption or maturity.

Equity investments are subject to market risk, which means that the value of the securities in which it invests may go up or down in response to the prospects of individual companies, particular sectors and/or general economic conditions. Different investment styles (e.g., "growth" and "value") tend to shift in and out of favour, and, at times, the strategy may underperform other strategies that invest in similar asset classes. The market capitalisation of a company may also involve greater risks (e.g., "small" or "mid" cap companies) than those associated with larger, more established companies and may be subject to more abrupt or erratic price movements, in addition to lower liquidity.

International securities may be more volatile and less liquid and are subject to the risks of adverse economic or political developments. International securities are subject to greater risk of loss as a result of, but not limited to, the following: inadequate regulations, volatile securities markets, adverse exchange rates, and social, political, military, regulatory, economic or environmental developments, or natural disasters.

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