

# Goldman Sachs Asset Management's Statement on Sustainable Investing – Public Investing

## Introduction

Goldman Sachs Asset Management's public markets investment business ("Public Investing")<sup>1</sup> aims to help clients achieve their financial objectives and deliver long-term investment performance.<sup>2</sup> In certain products and strategies we may integrate environmental, social, and governance (ESG) factors (alongside other relevant factors), with the goals of managing risk and improving long-term returns.<sup>3</sup> This is known as ESG integration.<sup>4</sup> Additionally, we also offer a curated set of thematic sustainability strategies and tailor solutions based on specific client interests and priorities.

Our approach to **ESG integration**<sup>5</sup> is centered around four pillars: **Identify**, **Assess**, **Apply**, and **Engage**. We seek to focus on the most financially material sustainability issues; identify, leverage and thoughtfully apply decision-useful data; and actively steward around issues within select products and strategies. We tailor methodologies and applications across products and strategies where they may enhance risk-adjusted returns.

The level of integration of ESG factors into clients' portfolios is dependent on their stated investment and sustainability objectives, the availability of sufficient decision-useful data, and the financial materiality of such factors. Specific products and strategies for each asset class may be implemented to help clients achieve their sustainability goals.

The purpose of this Sustainable Investing Statement for Public Investing (the "statement") is to reinforce our commitment to sustainable investment practices and provide transparency on our approach to the integration of ESG factors in certain products and strategies for internal and external stakeholders, including clients, prospects, and other third parties.<sup>6</sup>

<sup>1</sup> Goldman Sachs Asset Management includes investing in public markets ("Public Investing") and private markets ("GS Alternatives"). Note that the External Investing Group (XIG) is not in scope of this statement.

<sup>2</sup> There is no guarantee that objectives will be met.

<sup>3</sup> For the avoidance of doubt, this statement does not apply to all Public Investing products and strategies.

<sup>4</sup> ESG integration as defined by the [UNPRI](#), refers to the systematic inclusion of ESG issues in investment analysis and investment decisions. ESG integration does not mean that every investment decision considers ESG factors, it does not alter the stated investment objective of the strategy, nor does it exclude or constrain the strategy's investable universe. ESG factors are considered alongside traditional financial factors and not in isolation.

<sup>5</sup> As part of the investment process, Public Investing 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 the view of Public Investing, is otherwise suitable and attractively priced for investment, and Public Investing may invest in an issuer without integrating ESG factors or considerations into the 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. Public Investing 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.

<sup>6</sup> This statement is designed to sit alongside our existing firm-wide [Code of Business Conduct and Ethics](#) which provides an overview of our approach to important operational issues, including, but not limited to; Anti-Bribery and Anti-Corruption, Anti-Money Laundering, Antitrust, and Conflicts of Interest.

This material is provided for educational purposes only and should not be construed as investment advice or an offer or solicitation to buy or sell securities. Views and opinions expressed are for informational purposes only and do not constitute a recommendation by Goldman Sachs Asset Management to buy, sell, or hold any security. Views and opinions are current as of the date of this presentation and may be subject to change, they should not be construed as investment advice.

## Table of Contents

<b>Our Approach to Sustainable Investing .....</b>	<b>3</b>
ESG Integration.....	3
Sustainable Investing Priorities.....	7
<b>Sustainable Investing Governance and Organization.....</b>	<b>8</b>
Public Investing Sustainability Governance Structure.....	8
Public Investing Sustainable Organization.....	8
Governance of the Statement on Sustainable Investing for Public Investing.....	9
<b>Implementation .....</b>	<b>10</b>
Approach to Screening and Exclusions .....	10
<b>Conclusion .....</b>	<b>11</b>
Monitoring and Review .....	11

# Our Approach to Sustainable Investing

## ESG Integration

### Our Approach to ESG Integration

Our approach to ESG integration is structured around four key pillars: **Identify**, **Assess**, **Apply** and **Engage**. This approach is designed to support the integration of material ESG factors into security selection and portfolio construction in certain products and strategies across asset classes, helping mitigate ESG-related risks and capture long-term value opportunities.

ESG integration does not mean that every investment decision considers ESG factors. ESG factors may be considered alongside traditional financial factors and are not considered in isolation. ESG integration does not alter the stated investment objective of the strategy, nor does it necessarily exclude or constrain the strategy's investable universe.

Recognizing the diversity of investment styles across Public Investing, our approach to ESG integration is asset-class-specific, allowing for the incorporation of financially material ESG factors, where relevant, in a manner consistent with a strategy's investment style.

We also offer a selection of products with more defined sustainability characteristics or objectives, which are designed for clients who want to go beyond standard ESG integration.

### **Four Pillars of Our ESG Integration Approach**

#### **a) Identify**

##### **Identifying financially material sustainability topics within select products and strategies.**

Public Investing focuses on identifying financially material, operational ESG risks and opportunities. We seek to identify what we believe to be material factors that may impact risk and return and where we believe insights can be additive to our investment process as we work to generate financial returns for our clients.

Our analysis focuses on operational performance and where ESG issues are expected to have material financial impacts, emphasizing conditions that impact a company's bottom line.

ESG considerations can differ by industry. With this in mind, Public Investing leverages a proprietary materiality map to determine which ESG issues are relevant by industry, and how relevant they are relative to each other. Our materiality map incorporates a number of individual ESG issues across environmental, social and governance themes. We have developed a proprietary weighting schema, informed by industry standards<sup>7</sup> and our investment teams' expertise.<sup>8</sup>

The materiality results feed into our proprietary [Sustainability Measurement Toolkit](#)<sup>9</sup>, which can be leveraged in our investment processes, as further described below.

#### **b) Assess**

##### **Leveraging diverse sets of data, methodologies, and sources for differentiated insights.**

We take a thoughtful, curated approach to the diverse sets of data and methodologies we use, just as we do with any inputs that may provide incremental insights to enhance investment decision-making. We tailor the application to investment strategies and asset classes, both as foundational tools and for topical deep dives. We continue to monitor and review new data sets which we can obtain and the methods we apply to enhance the insights that can be used in the investment process<sup>10</sup>.

Public Investing has developed several tools to enhance the integration of ESG factors into certain investment products and strategies. Where relevant, investment teams may leverage these tools to integrate ESG factors into investment processes. As our

<sup>7</sup> For example, we have been a member of the Sustainability Accounting Standards Board (SASB) Investor Advisory Group since 2018 and continue to support its work as part of the International Sustainability Standards Board (ISSB).

<sup>8</sup> The materiality map is designed to be updated periodically according to analysis or new information as deemed appropriate.

<sup>9</sup> The Sustainability Measurement Toolkit is an ESG measurement process across the Public Investing platform utilizing a bottom-up-, data-driven approach to assess operational ESG considerations. It is designed by the Sustainable Investing Platform (SIP) with input from Public Investing teams to create a grounded set of metrics.

<sup>10</sup> 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.

approach to ESG integration is asset-class specific, the tools leveraged may vary depending on the investment team. These tools are described below.

### **Fluent: Public Investing's Proprietary Research Tool**

Research analysts across our investment teams can leverage a proprietary tool, Fluent, when conducting ESG- and sustainability-related assessments of portfolio companies and issuers. Fluent provides a centralized repository of externally and internally generated research, capturing decision-useful financial information alongside ESG, engagement and proxy-voting information.

Fluent also houses certain proprietary ESG toolkits, including the Sustainability Measurement Toolkit and the Paris Alignment Lens.

### **Sustainability Measurement Toolkit**

The Sustainability Measurement Toolkit is a proprietary objective ESG-assessment tool for Public Investing that uses a bottom-up, data-driven approach to assess financially material, operational ESG considerations. The toolkit aims to address inconsistencies across industry indices and ratings that previously made it difficult to draw meaningful comparisons across subjects. It allows us to create ESG criteria to assess financially material ESG considerations for corporate equity and fixed income. The toolkit computes a metric based on a common set of ESG issues, data and materiality map. It can be leveraged for direct or indirect input for portfolio construction, ESG regulatory requirements (where appropriate), and potential engagement opportunities.

The Toolkit computes a proprietary ESG metric based on the following approach:

- **ESG Framework:** The development of the toolkit focused on identifying financially material, operational ESG risks and opportunities. Based on this principle, existing Public Investing frameworks and existing industry standards, we built an ESG Framework predicated on key issue areas across six themes and three sub-metrics (environmental, social, and governance).
- **Materiality Map:** The map (as described above in *Four Pillars of our ESG Integration Approach, Assess*) helps us identify which ESG issues are financially material for specific industries.
- **Issue Metrics:** We quantify the ESG issues for companies using performance, policy and target data. There are a number of issue ratings considered across ESG topics.
- **Aggregation:** We combine the materiality map and issue metrics into aggregated ratings via weighted power means.

The output ESG metric provides a consistent and modular approach to evaluating companies while allowing investment teams flexibility around ESG integration and ownership in active views. The toolkit may act as an input to inform ESG views, which are ultimately determined by investment analysts.

### **Paris Alignment Lens**

Public Investing developed the Paris Alignment Lens to help assess the alignment of portfolio companies with the goals of the 2015 Paris Agreement, where relevant, and to assist clients in achieving their net zero goals. This tool combines quantitative and qualitative information from internal and external sources on a company's climate disclosures, climate strategy, capital allocation, and target setting. It provides forward-looking analysis of a company's progress toward aligning with the goals of the Paris Agreement. Companies may be deemed to be "Achieving Net Zero", "Aligned", "Aligning", "Committed to Aligning", or "Not Aligned".

The output of this assessment can be used to enhance ESG integration and supplement investment analysis with a forward-looking view of a company's climate performance. This can help us create a framework for engagement with companies held in select portfolios.

### **Biodiversity Diagnostic Capability**

Public Investing has developed a proprietary biodiversity diagnostic capability that leverages our Sustainability Measurement Toolkit. This diagnostic capability may be used to assess biodiversity- and nature-related risks and exposures within certain public portfolios, where applicable. It leverages industry frameworks such as ENCORE and the Taskforce on Nature-related Financial Disclosures (TNFD) to help assess biodiversity risks and impacts. Public Investing is working to further develop this diagnostic capability.

### Proprietary Green Bond Methodology

The dedicated Public Investing Green, Social, and Impact Bonds team utilises a proprietary framework to help clients manage the risk from and capitalise on opportunities created by the transition to a more sustainable economy. This proprietary framework for green bonds focuses on delivering impact on key indicators. Clients are able to make investments to help achieve their sustainability ambitions through green bond screening covering: the types of projects being financed, how the projects are selected, the management of the proceeds, and what is being reported. Public Investing continues to leverage the complementary strengths of its existing investing teams to launch new sustainability-related strategies in line with clients' preferences.

### Sustainable Investment Framework

Public Investing has developed a proprietary Sustainable Investment Framework which is informed by the definition of 'sustainable investment', as prescribed by the Regulation (EU) 2019/2088 Sustainable Finance Disclosure Regulation (SFDR).<sup>11</sup> This Framework adopts a proprietary approach which is applied across certain products and investment strategies within Goldman Sachs Asset Management and utilizes inputs from third-party data providers. This definition is separated into three pillars:

- **Pillar One:** Contribution to an Environmental or Social Objective
- **Pillar Two:** Do No Significant Harm
- **Pillar Three:** Good Governance

This proprietary framework contains useful data across environmental, social, and governance topics, and can be leveraged by investment teams and integrated throughout the investment process, where applicable.

### c) Apply

#### Providing tools for investment teams to leverage in their portfolio construction and company selection.

The tools described above can be used by investment teams to access decision-useful data and help enhance the portfolio construction and investment decision process.

Public Investing's sustainability tools are designed to provide investment teams with relevant insights, and the investment teams ultimately decide how to implement these insights into company selection and portfolio construction processes. Investment teams may do this in a number of ways. They may opt to put formal targets or constraints on certain portfolios using these tools, which may include but is not limited to better than the benchmark ESG assessments, a minimum percentage of sustainable investments, a minimum percentage of carbon reduction, and/or excluding issuers which are not aligned with sustainable investment objectives. Investment teams may also opt not to include these insights when they deem that the information not to be decision useful.

As the relevance of data points varies across asset classes and products and evolves over time, the tools we develop, and the application of these tools, may vary and evolve as well.

### d) Engage

#### Working to preserve and enhance value through active ownership.

Public Investing works to preserve and enhance value through active ownership, focusing on financially material ESG- and sustainability-related risks and opportunities. We seek opportunities to improve performance as active owners, and to leverage and apply our insights on material drivers of performance – risk management, revenue acceleration, and margin improvement.

We believe pragmatic and well-informed ESG-and sustainability-related risk and opportunity management may directly and positively impact investment returns.

<sup>11</sup> Article 2(17) of the SFDR: 'sustainable investment' means an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

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.

This value creation extends from our Global Stewardship Team, through applying our engagement frameworks and global proxy-voting policies which are focused on unlocking long-term value for our clients.

### Commitment to Stewardship

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

The Global Stewardship Team helps drive the continued enhancement of our global approach to stewardship in collaboration with our public markets investment teams. The work of the Global Stewardship Team is centered around three core activities:



The Global Stewardship Team is supported by the broader Goldman Sachs Asset Management platform and 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. For our Public Investing business, Goldman Sachs Asset Management has developed a customized [Global Proxy Voting Policy](#) to execute our voting responsibilities where clients have delegated proxy voting responsibility to us.

Our engagements with issuers are often conducted across the various asset classes. The Global Stewardship Team, Fundamental Equity and Fixed Income investment teams may engage with certain issuers identified under our engagement framework.

By leveraging resources and knowledge across Goldman Sachs, the Global Stewardship Team is able to be a thought leader for our clients. The team represents Goldman Sachs Asset Management at various conferences and industry forums and participates in numerous forums and media events annually to gain perspective on the evolving corporate governance and sustainability landscape across regions. Goldman Sachs Asset Management seeks to build industry influence and promote best practices in stewardship through various memberships and affiliations.

For further information on our Stewardship Framework, including engagement themes, objectives, and how we vote to promote our objectives please visit our [website](#).

Additionally, Goldman Sachs Asset Management is informed by market-level stewardship codes and requirements, including:

- UK Stewardship Code
- Japan Stewardship Code
- The Singapore Stewardship Principles for Responsible Investors
- EU Shareholder Rights Directive II<sup>12</sup>

Details of our compliance with these codes and requirements are available on our [website](#).

<sup>12</sup> Please refer to our [Annual Stewardship](#) report for further details.

Goldman Sachs Asset Management leverages the resources of Goldman Sachs & Co. LLC subject to legal, internal and regulatory restrictions.

## Sustainable Investing Priorities

### Reporting

We understand the importance of providing transparency to our stakeholders to promote accountability, provide visibility into progress achieved, and support our clients' objectives. Public Investing can provide reporting on sustainability and ESG-related topics at both an organizational and product-specific level. Our reporting efforts include reporting to satisfy our regulatory obligations, fulfill sustainability signatory requirements and provide insights into our stewardship efforts. Additionally, for certain products and strategies, Public Investing may provide tailored product-specific reports, upon client request.

### Memberships and Affiliations

Goldman Sachs Asset Management, whether directly or through its local asset management affiliates, participates in numerous memberships and affiliations. Details on our memberships and affiliations are available on our [website](#).

### Commitments

Goldman Sachs Asset Management makes a number of sustainability-related commitments, including: contributing to the Goldman Sachs firmwide [\\$750 billion sustainable finance target](#) and abiding by the criteria of certain sustainability labelling regimes across a number of jurisdictions.

#### **\$750 Billion Sustainable Finance Target**

Goldman Sachs announced a firmwide 10-year, \$750 billion sustainable finance goal to support the increasing demand for sustainable finance solutions across our financing, investing, and advisory work with clients<sup>13</sup>. Goldman Sachs Asset Management has contributed approximately 43%<sup>14</sup> towards the firmwide cumulative progress to reaching the \$750 billion sustainable finance goal. Goldman Sachs Asset Management has a framework to categorize products or strategies with defined sustainability characteristics or objectives (i.e. where sustainability forms a core part of the investment objective) that contribute towards this firmwide target e.g. thematic sustainability strategies.

#### **Towards Sustainability Label**

A number of our funds within Public Investing have been awarded the Belgian Towards Sustainability label, which requires products to adhere to the sustainability requirements of the label.<sup>15</sup> The label offers assurance that products bearing the label apply a minimum standard of sustainability measured by the Towards Sustainability Quality Standards.

#### **GreenFin Label**

Certain funds within Public Investing hold the GreenFin label, which was created by the French Ministry for Energy Transition. The label targets financial players investing in line with energy and climate transition goals and sets out criteria which funds must meet in order to be granted the label.<sup>16</sup>

<sup>13</sup> Firmwide sustainability goals are not binding characteristics of specific products. There is no guarantee that any particular ESG objective will be pursued or met with respect to any particular product. Further information on the \$750 Billion Sustainable Finance Commitment can be found in the latest [Goldman Sachs Sustainability Report](#).

<sup>14</sup> Figure taken as of 12/31/2023. Further information can be found in the latest [Goldman Sachs Sustainability Report](#).

<sup>15</sup> Further details on the Towards Sustainability Label can be found on the [website](#).

<sup>16</sup> Further details on the GreenFin label can be found the [website](#).

## Sustainable Investing Governance and Organization

### Public Investing Sustainability Governance Structure

The governance bodies which pertain to Sustainable Investing within Public Investing are as follows:

#### Public Investing – Sustainable Investing Governance Bodies<sup>17, 18</sup>



#### Goldman Sachs Asset Management Oversight Bodies

Governance Body	
<b>Asset &amp; Wealth Management (AWM) Sustainable Investing Executive Group</b>	The AWM Sustainable Investing Executive Group oversees AWM’s sustainability strategy and resolves conflicts if they arise from other sustainable investing governing bodies. This group contains senior representatives from Public Investing, GS Alternatives, Private Wealth Management, and Client Solutions. <sup>19</sup>

#### Public Investing Management Oversight Bodies

Governance Body	
<b>Sustainable Investing Oversight Group</b>	The Sustainable Investing Oversight Group oversees Public Investing’s sustainability strategy and goals. It seeks to ensure that Public Investing is meeting firm, client, and regulatory expectations. This is a multidisciplinary body led by the Sustainable Investing Platform (SIP) and comprises members from Public Investing leadership, Sustainable Investing (SI) heads, Global Stewardship Team, Client Solutions, Legal, Risk, Compliance, Marketing, Product Strategy, and Engineering. <sup>20</sup>

### Public Investing Sustainable Organization<sup>21</sup>

In Public Investing, investment professionals are supported by the centralized Sustainable Investing Platform (SIP). Their focus is on enhancing and setting the direction for sustainability through sustainability research and regulatory expertise. SIP develops sustainable investing frameworks, methodologies, and internal education; provides sustainable investing strategic advice and analytics; and enhances ESG integration within certain products and investment strategies.<sup>22</sup>

<sup>17</sup> There are additional governance forums which exist within Public Investing that may discuss sustainability related topics, such as the Proxy Voting Council.

<sup>18</sup> AWM refers to Asset & Wealth Management business within Goldman Sachs Asset Management.

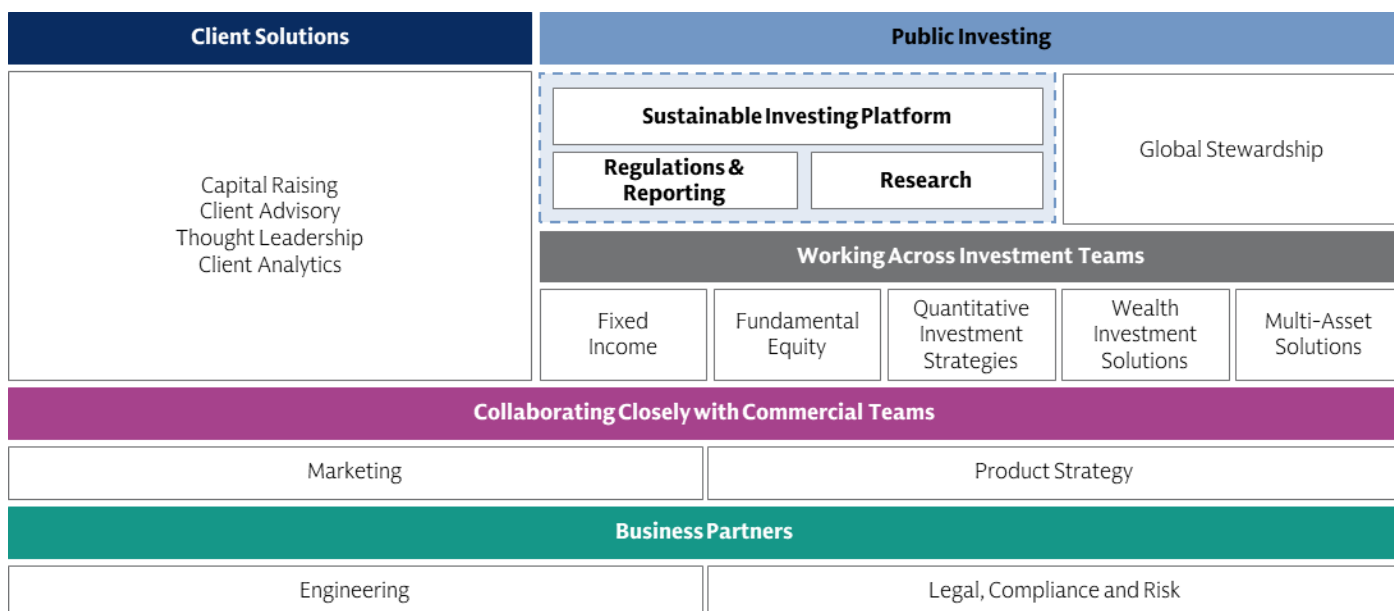
<sup>19</sup> The Asset & Wealth Management Sustainable Investing Executive Group operates within the Goldman Sachs Asset Management business segment; however, ultimate authority rests with the relevant legal entities pursuant to UK regulation.

<sup>20</sup> The Sustainable Investing Oversight Group also assumed governance responsibilities for the Sustainable Investing Leadership Council in order to enhance and streamline sustainability-related governance.

<sup>21</sup> The Client Solutions group is a dedicated resource within Goldman Sachs Asset Management that mobilizes the full range of insights, advisory services, and investment solutions across our client segments.

<sup>22</sup> For further information on how SIP works to enhance ESG integration within certain investment strategies, please refer to the *ESG Integration* section.





Source: Goldman Sachs Asset Management. As of December 2024.

The Sustainable Investing Platform is comprised of two centralized pillars: **Regulations & Reporting**, and **Research**, which work to advance key areas of focus.

SIP Regulations & Reporting		SIP Cross-Functional		SIP Research	
REGULATIONS	REPORTING	INSIGHTS & CLIENT ENGAGEMENT	INVESTMENT TEAM SUPPORT	UNIVERSE CREATION & VALIDATION	TOOLKITS & FRAMEWORKS
Supporting the integration of global sustainability regulations and standards	Providing transparency through reliable and robust sustainability reporting	Creating content for use in publications, with clients and at events	Servicing sustainability-related requests from investment teams and sales	Creating and/or validating sustainability universes and bonds that are part of sustainable investing solutions	Developing sustainability toolkits and frameworks that may be leveraged in the investment process and/or for product development

Additionally, Public Investing has dedicated Sustainable Investing heads embedded within Public Equity, Fixed Income, and Multi-Asset Solutions who partner closely with SIP and are responsible for integrating and implementing, where applicable, sustainability best practices into the investment process for their asset class, where applicable.

## Governance of the Statement on Sustainable Investing for Public Investing

Sustainable investing is one of our focus areas within Public Investing. This statement and its integration into Public Investing are overseen by the Sustainable Investing Oversight Group.

Numerous teams within Public Investing work together to implement our approach to sustainable investing. Each has specific roles and responsibilities in this regard.<sup>23</sup>

### Sustainable Investing Platform (SIP)

This statement is owned by the Sustainable Investing Platform (SIP) team within Public Investing and is updated periodically.<sup>24</sup>

<sup>23</sup> The implementation approach to integrating ESG and sustainability within our products and strategies may vary depending on the asset class and jurisdiction of the product. ESG factors are not integrated across all products and strategies within Public Investing.

<sup>24</sup> The SI Statement will generally be reviewed on at least an annual basis.

## Investment Teams

The investment teams across Public Investing may embed relevant ESG considerations into investment decision-making and implement the sustainable investing approach within their respective investment processes with respect to certain products and strategies. Depending on the asset class, and where considered, investment teams may leverage and embed ESG considerations in different ways by leveraging a variation of data, analytics, and toolkits.

## Control-Side Support

Advice and counsel are provided by control-side functions such as Legal, Compliance and Risk.

## Implementation

Where applicable, ESG factors can be important tools for identifying investment risk and capturing potential opportunity. Each of our investment teams within the business analyzes ESG information in a manner consistent with its investment style and specific strategy guidelines.

Public Investing seeks to drive long-term value through investing and to take a holistic approach to sustainability. Our ESG strategies employ a range of approaches to sustainability.

In certain strategies, ESG factors may be utilized to set exclusions, drive tilts, or seek to select securities with strong ESG performance. For our clients who want sustainable and impact investing in their portfolios, we are committed to helping them deploy their capital in a manner that is impactful and financially sound.

## Approach to Screening and Exclusions

Public Investing employs investment restrictions on a product-specific basis which may increase the ability of teams to analyze ESG information and incorporate sustainable practices in a manner best suited to the asset class and specific strategy guidelines.

## Firmwide Sanctions Policy

At the Goldman Sachs Group level, the firm has a comprehensive compliance program that includes written policies, procedures and internal controls designed to ensure compliance with all applicable economic sanctions and trade embargo regulations.<sup>25</sup> Accordingly, Goldman Sachs conducts regular screening of, among other things, clients, vendors, employees, and transactions to ensure that the firm and its subsidiaries adhere to restrictions on doing business with persons, entities, or jurisdictions targeted by applicable sanctions programs.<sup>26</sup>

## Cluster Munitions

In line with the Convention on Cluster Munitions (CCM), our European funds comply with the international treaty to prohibit the use, transfer, and stockpile of cluster bombs, a type of explosive weapon that scatters submunitions over an area.<sup>27, 28</sup> To ensure that Public Investing complies with applicable laws on cluster munitions<sup>29</sup> and its undertakings for collective investment in transferable securities (UCITS) portfolios are not invested in entities engaged in financing/manufacturing cluster munitions, Public Investing utilizes

<sup>25</sup> Including, those promulgated by the Office of Foreign Assets Control ("OFAC"), a division of the U.S. Department of the Treasury, and applicable sanctions regulations of the United Nations, European Union, and His Majesty's Treasury of the United Kingdom ("HM Treasury"). The Firm's Government Sanctions Group, a component of Financial Crime Compliance, is responsible for ensuring compliance with these regulations.

<sup>26</sup> Any updates to these programs are incorporated into the screening process in a timely manner. In the event that these screening processes or other relevant processes reveal a potential match to a sanctioned party, the Firm takes appropriate steps to comply with the relevant legal requirements for blocking assets, rejecting transactions, and/or making reports to the relevant government authorities. In addition to such screening and reporting, Goldman Sachs conducts due diligence with respect to clients and counterparties related to investment banking advisory work, potential financings, and the provision of investment management services. Goldman Sachs also requires employees to attend regular trainings and conducts regular internal audits of its processes and procedures to ensure the effectiveness of its programs.

<sup>27</sup> The convention was adopted on 30th May 2008 in Dublin and was opened for signature on 3 December 2008 in Oslo. It entered into force on 1 August 2010, six months later it was ratified by 30 states. Countries that ratify the convention will be obliged "never under any circumstances to: (a) Use cluster munitions; (b) Develop, produce, otherwise acquire, stockpile, retain or transfer to anyone, directly or indirectly, cluster munitions; (c) Assist, encourage or induce anyone to engage in any activity prohibited to a State Party under this Convention.

<sup>28</sup> Funds and segregated mandates which are managed out of the Netherlands (Goldman Sachs Asset Management B.V.) are also subject to the ban on the use, possession, production and transfer of cluster munitions. The ban is included in Section 21a of the Market Abuse (Financial Supervision Act) Decree (Besluit Marktmissbruik Wft).

<sup>29</sup> The Convention has been ratified by the Luxembourg government through the law of the 4 June 2009 that prohibits all use, stockpiling, production and transfer of cluster munitions.

data provided by a third-party vendor, as well as other relevant data sources, and leverages our guidelines monitoring system to perform pre-trade compliance checks at time of purchase of a security.

### Thematic Exclusions

We recognize that our clients have a wide range of investment philosophies and operate across different geographies and regulatory environments. This requires us to offer a broad range of sustainable investing solutions, including those bespoke and tailored to our clients' sustainable investing goals, objectives and preferences for the exclusion of certain sectors and/or activities.<sup>30</sup>

Public Investing may apply a thematic approach to exclusionary investing, utilizing external data sources as well as in-house proprietary methodology to apply ESG ratings and thresholds across select portfolios as mandated by clients.

In certain portfolios, our investment teams may apply exclusionary revenue-based thresholds for certain sectors and activities.<sup>31</sup>

Where applicable, exclusion limits and thresholds can be found in fund offering documentation, including pre-contractual disclosures, website disclosures under the purview of SFDR and the [EU Sustainable Finance Disclosure Regulation \(SFDR\) – GSAM Disclosure Policy Document](#).

### Global Norms Violations

"Global Norms" refer to standards of expected corporate behavior, for example the United Nations Global Compact (UNGC) and the OECD Guidance for Responsible Business Conduct. These establish business practice principles related among other things to human and labor rights.

The Global Stewardship Team has developed a process for evaluating companies that have been identified by third-party data providers as in violation of Global Norms including the United Nations Global Compact and the Guidelines for Multinational Enterprises developed by the Organization for Economic Co-operation and Development (OECD), as well as companies that, in their view, exhibit poor governance practices.

We believe that the Global Norms align with related frameworks including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

The Global Stewardship Team's assessment of Global Norms violations helps us identify companies for which we may implement appropriate stewardship actions, including engagement and voting escalation.

Certain investment teams across Public Investing may seek to implement portfolio monitoring or construction actions based on the assessment of the issues.

## Conclusion

Sustainable investing is becoming increasingly important to our clients who are seeking to build portfolios that integrate sustainability considerations while maintaining the rigor and risk-return standards of investment management. We continue to build the team, structure, process, and capabilities to deliver for our clients on their sustainable investing priorities.

## Monitoring and Review

Public Investing is continually reviewing our approach to sustainable investing and how we can aim to help clients achieve their financial objectives by delivering long-term investment performance. On an annual basis,<sup>32</sup> the SIP team will conduct a review of the statement on sustainable investing to ensure the following: i) that our sustainable investing objectives and priorities are properly implemented within the Public Investing business,<sup>33</sup> and ii) that the statement accurately reflects our approach to sustainable investing.<sup>34, 35</sup>

<sup>30</sup> Within separately managed accounts, we are able to tailor client investment guidelines based on our clients specified sustainable investment policies and goals.

<sup>31</sup> Exclusions applied may vary by product and/or asset class.

<sup>32</sup> SIP will ensure that there is generally a yearly touch point for reviewing the SI Statement to evaluate the contents included within the document.

<sup>33</sup> This review will be conducted in line with the recommendations provided in the PRI guidance for 'Developing and Updating a Responsible Investment Policy'. The recommendations provided by the UN PRI will serve as guidance only; the SIP team will structure the SI Statement and corresponding processes based on the discretion of key stakeholders, whilst considering the recommendations provided by the UN PRI.

<sup>34</sup> The SI Statement will be updated, where applicable, generally on an annual basis following the publication of GSAM's annual sustainability-related reporting (including, but not limited to the annual AWM TCFD report, and the annual Stewardship Report).

<sup>35</sup> Additionally, changes to the SI Statement can be made on an ad-hoc basis.

## RISK CONSIDERATIONS

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. 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 favor, and, at times, the strategy may underperform other strategies that invest in similar asset classes. The market capitalization 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. Private equity investments, are speculative and illiquid, involve a high degree of risk and have high fees and expenses that could reduce returns; they are, therefore, intended for long-term investors who can accept such risks. Real estate investments involve a high degree of risk including, but not limited to, changes in the real estate markets, the financial conditions of tenants, zoning and other laws, tax rates, terms of debt financing, and unforecastable factors, such as substantial national or international events. Different “factor” investment styles (e.g., “momentum”, “value” or “low volatility”) tend to shift in and out of favor depending upon market and economic conditions as well as investor sentiment. There is no guarantee that the use of these quantitative models will result in outperformance of an investment relative to the market or relevant benchmark. The value of investments and the income derived from investments will fluctuate (can go down as well as up), and a loss of principal may occur. An investment in Real Estate Investment Trusts (“REITs”) involves certain unique risks in addition to those risks associated with investing in the real estate industry in general. REITs whose underlying properties are focused in a particular industry or geographic region are also subject to risks affecting such industries and regions. The securities of REITs involve greater risks than those associated with larger, more established companies and may be subject to more abrupt or erratic price movements because of interest rate changes, economic conditions, tax code adjustments, and other factors. Mortgage-related and other asset-backed securities are subject to credit/default, interest rate and certain additional risks, including extension risk (i.e., in periods of rising interest rates, issuers may pay principal later than expected) and prepayment risk (i.e., in periods of declining interest rates, issuers may pay principal more quickly than expected, causing the strategy to reinvest proceeds at lower prevailing interest rates). Municipal securities are subject to credit/default risk and interest rate risk and may be more sensitive to adverse economic, business, political, environmental, or other developments if it invests a substantial portion of its assets in the bonds of similar projects or in particular types of municipal securities. While interest earned on municipal securities is generally not subject to federal tax, any interest earned on taxable municipal securities is fully taxable at the federal level and may be subject to tax at the state level. Exchange-Traded Funds are subject to risks similar to those of stocks. Investment returns may fluctuate and are subject to market volatility, so that an investor’s shares, when redeemed, or sold, may be worth more or less than their original cost. ETFs may yield investment results that, before expenses, generally correspond to the price and yield of a particular index. There is no assurance that the price and yield performance of the index can be fully matched. Mutual funds are subject to various risks, as described fully in each Fund’s prospectus. There can be no assurance that the Funds will achieve their investment objectives. The Funds may be subject to style risk, which is the risk that the particular investing style of the Fund (i.e., growth or value) may be out of favor in the marketplace for various periods of time.

## GENERAL DISCLOSURES

This material is provided for informational purposes only. It is not an offer or solicitation to buy or sell any securities. There is no guarantee that these objectives will be met.

THIS MATERIAL DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY JURISDICTION WHERE OR TO ANY PERSON TO WHOM IT WOULD BE UNAUTHORIZED OR UNLAWFUL TO DO SO.

The portfolio risk management process includes an effort to monitor and manage risk, but does not imply low risk. Views and opinions expressed are for informational purposes only and do not constitute a recommendation by Goldman Sachs Asset Management to buy, sell, or hold any security. Views and opinions are current as of the date of this presentation and may be subject to change, they should not be construed as investment advice. Although certain information has been obtained from sources believed to be reliable, we do not guarantee its accuracy, completeness or fairness. We have relied upon and assumed without independent verification, the accuracy and completeness of all information available from public sources. Firmwide sustainability goals are not binding characteristics of specific products. There is no guarantee that any particular ESG objective will be pursued or met with respect to any particular product. Your capital is at risk and you may lose some or all of the capital you invest. Please note that this material includes certain information on Goldman Sachs sustainability practices and track record, at an organizational and investment team level, which may not necessarily be reflected in the portfolio. Please refer to the offering documents of any product(s) prior to investment, for details on how and the extent to which the product(s) takes ESG considerations into account on a binding or non-binding basis.

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.

Diversification does not protect an investor from market risk and does not ensure a profit.

**United States:** In the United States, this material is offered by and has been approved by Goldman Sachs Asset Management, L.P., which is a registered investment adviser with the Securities and Exchange Commission.

**United Kingdom:** In the United Kingdom, this material is a financial promotion and has been approved by Goldman Sachs Asset Management International, which is authorized and regulated in the United Kingdom by the Financial Conduct Authority.

**European Economic Area (EEA):** This marketing communication is disseminated by Goldman Sachs Asset Management B.V., including through its branches ("GSAM BV"). GSAM BV is authorised and regulated by the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten, Vijzelgracht 50, 1017 HS Amsterdam, The Netherlands) as an alternative investment fund manager ("AIFM") as well as a manager of undertakings for collective investment in transferable securities ("UCITS"). Under its licence as an AIFM, the Manager is authorized to provide the investment services of (i) reception and transmission of orders in financial instruments; (ii) portfolio management; and (iii) investment advice. Under its licence as a manager of UCITS, the Manager is authorized to provide the investment services of (i) portfolio management; and (ii) investment advice. Information about investor rights and collective redress mechanisms are available on [am.gs.com/policies-and-governance](https://am.gs.com/policies-and-governance). Capital is at risk. Any claims arising out of or in connection with the terms and conditions of this disclaimer are governed by Dutch law.

In the European Union, this material has been approved by either Goldman Sachs Asset Management Funds Services Limited, which is regulated by the Central Bank of Ireland or Goldman Sachs Asset Management B.V., which is regulated by The Netherlands Authority for the Financial Markets (AFM).

**Switzerland:** For Qualified Investor use only – Not for distribution to general public. This is marketing material. This document is provided to you by Goldman Sachs Bank AG, Zürich. Any future contractual relationships will be entered into with affiliates of Goldman Sachs Bank AG, which are domiciled outside of Switzerland. We would like to remind you that foreign (Non-Swiss) legal and regulatory systems may not provide the same level of protection in relation to client confidentiality and data protection as offered to you by Swiss law.

**Asia excluding Japan:** Please note that neither Goldman Sachs Asset Management (Hong Kong) Limited ("GSAMHK") or Goldman Sachs Asset Management (Singapore) Pte. Ltd. (Company Number: 201329851H) ("GSAMS") nor any other entities involved in the Goldman Sachs Asset Management business that provide this material and information maintain any licenses, authorizations or registrations in Asia (other than Japan), except that it conducts businesses (subject to applicable local regulations) in and from the following jurisdictions: Hong Kong, Singapore, India and China. This material has been issued for use in or from Hong Kong by Goldman Sachs Asset Management (Hong Kong) Limited and in or from Singapore by Goldman Sachs Asset Management (Singapore) Pte. Ltd. (Company Number: 201329851H).

**Australia:** This material is distributed by Goldman Sachs Asset Management Australia Pty Ltd ABN 41 006 099 681, AFSL 228948 ('GSAMA') and is intended for viewing only by wholesale clients for the purposes of section 761G of the Corporations Act 2001 (Cth). This document may not be distributed to retail clients in Australia (as that term is defined in the Corporations Act 2001 (Cth)) or to the general public. This document may not be reproduced or distributed to any person without the prior consent of GSAMA. To the extent that this document contains any statement which may be considered to be financial product advice in Australia under the Corporations Act 2001 (Cth), that advice is intended to be given to the intended recipient of this document only, being a wholesale client for the purposes of the Corporations Act 2001 (Cth). Any advice provided in this document is provided by either of the following entities. They are exempt from the requirement to hold an Australian financial services licence under the Corporations Act of Australia and therefore do not hold any Australian Financial Services Licences and are regulated under their respective laws applicable to their jurisdictions, which differ from Australian laws. Any financial services given to any person by these entities by distributing this document in Australia are provided to such persons pursuant to the respective ASIC Class Orders and ASIC Instrument mentioned below.

- Goldman Sachs Asset Management, LP (GSAML), Goldman Sachs & Co. LLC (GSCo), pursuant ASIC Class Order 03/1100; regulated by the US Securities and Exchange Commission under US laws.
- Goldman Sachs Asset Management International (GSAMI), Goldman Sachs International (GSI), pursuant to ASIC Class Order 03/1099; regulated by the Financial Conduct Authority; GSI is also authorized by the Prudential Regulation Authority, and both entities are under UK laws.
- Goldman Sachs Asset Management (Singapore) Pte. Ltd. (GSAMS), pursuant to ASIC Class Order 03/1102; regulated by the Monetary Authority of Singapore under Singaporean laws
- Goldman Sachs Asset Management (Hong Kong) Limited (GSAMHK), pursuant to ASIC Class Order 03/1103 and Goldman Sachs (Asia) LLC (GSALLC), pursuant to ASIC Instrument 04/0250; regulated by the Securities and Futures Commission of Hong Kong under Hong Kong laws

No offer to acquire any interest in a fund or a financial product is being made to you in this document. If the interests or financial products do become available in the future, the offer may be arranged by GSAMA in accordance with section 911A(2)(b) of the Corporations Act. GSAMA holds Australian Financial Services Licence No. 228948. Any offer will only be made in circumstances where disclosure is not required under Part 6D.2 of the Corporations Act or a product disclosure statement is not required to be given under Part 7.9 of the Corporations Act (as relevant).

**FOR DISTRIBUTION ONLY TO FINANCIAL INSTITUTIONS, FINANCIAL SERVICES LICENSEES AND THEIR ADVISERS. NOT FOR VIEWING BY RETAIL CLIENTS OR MEMBERS OF THE GENERAL PUBLIC.**

**Canada:** This presentation has been communicated in Canada by GSAM LP, which is registered as a portfolio manager under securities legislation in all provinces of Canada and as a commodity trading manager under the commodity futures legislation of Ontario and as a derivatives adviser under the derivatives legislation of Quebec. GSAM LP is not registered to provide investment advisory or portfolio management services in respect of exchange-traded futures or options contracts in Manitoba and is not offering to provide such investment advisory or portfolio management services in Manitoba by delivery of this material.

**Japan:** This material has been issued or approved in Japan for the use of professional investors defined in Article 2 paragraph (31) of the Financial Instruments and Exchange Law ("FIEL"). Also, any description regarding investment strategies on or funds as collective investment scheme under Article 2 paragraph (2) item 5 or item 6 of FIEL has been approved only for Qualified Institutional Investors defined in Article 10 of Cabinet Office Ordinance of Definitions under Article 2 of FIEL.

## CONFIDENTIALITY

No part of this material may, without Goldman Sachs Asset Management's prior written consent, be (i) copied, photocopied or duplicated in any form, by any means, or (ii) distributed to any person that is not an employee, officer, director, or authorized agent of the recipient.

© 2024 Goldman Sachs. All rights reserved. Compliance code: 404216-OTU-2172416