Goldman Sachs Asset Management’s Statement on ESG & Impact Investing

Executive Summary

At Goldman Sachs Asset Management, we believe environmental, social, and governance (ESG) factors are important tools for identifying investment risk and capturing opportunity. Our investment teams across equities, fixed income, liquidity and alternatives may analyze ESG information in a manner consistent with their investment style and specific strategy guidelines. ESG factors may be utilized to set exclusions, drive tilts, or seek to select securities with strong ESG ratings. In addition, for our clients who want to benefit from and accelerate trends toward greater sustainability, we are committed to helping our clients deploy their capital in a manner that is impactful and financially sound.

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

Among our investment offerings, there is a range of practice in terms of how ESG data and analysis are applied. Our ESG and Impact investing occurs across a spectrum of five categories:

- **ESG Integrated** – ESG analysis may inform how we evaluate companies and issuers
- **ESG Aligned** – ESG criteria are used to screen out companies and issuers
- **ESG Enhanced** – ESG analysis informs how we evaluate companies, the universe of eligible securities, and our portfolio construction process
- **ESG Impact** – Capital is invested to seek to benefit from or accelerate specific ESG trends
- **ESG Catalyst** – Strategies that seek to advance diversity among capital market participants
ESG Leadership

At Goldman Sachs, oversight for ESG sits at both the Goldman Sachs Board level, as well as at the divisional level. At the Board level, the Public Responsibilities Committee has primary oversight of the firm’s approach to ESG, which includes reviewing key ESG-related policies such as the Environmental Policy Framework and the firm’s annual Sustainability Report. Other ESG matters are also reviewed by the full Board or its other Committees as part of their respective mandates. The Board has responsibility for the overall firmwide approach, including through formalized committees and initiatives.

As one initiative within the Office of the Chairman, the Sustainable Finance Group responsible for catalyzing collaboration across Goldman Sachs businesses to better serve our clients, drive innovation, and capture emerging opportunities related to sustainability across the firm’s financing, advisory, risk management, asset management, and investing activities.

Goldman Sachs Asset Management's Commitment to Stewardship

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 investing clients. Goldman Sachs Asset Management defines stewardship as the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society. We are continually evaluating 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. In this manner, assessing and promoting effective stewardship is a key part of our investment process.

The Goldman Sachs Asset Management Global Stewardship team drives the continued enhancement of our global proxy voting approach, and company and industry engagement. The Goldman Sachs Asset Management Global Stewardship team serves as a dedicated resource to Goldman Sachs Asset Management's investment teams, overseeing several key areas including:

• **Proxy voting** on behalf of our asset owners to seek to create long-term shareholder value.
• **Direct engagement** with company management to seek to drive positive change in our portfolio companies.
• **Industry leadership** to collaborate, share insights and build best practices across the active ownership and stewardship space.

Proxy Voting

Proxy voting is an important element of the equity portfolio management services we provide to our clients. Goldman Sachs Asset Management has developed customized global guidelines on proxy voting in order to execute our voting responsibilities where clients have delegated proxy voting responsibility to us. These guidelines incorporate current issues and evolving views about key governance topics and allow us to cast votes that in Goldman Sachs Asset Management’s view seek to maximize a company’s shareholder value, and are not influenced by conflicts of interest. Our proxy voting policies address a variety of individual topics, including shareholder voting rights, anti-takeover defenses, board structures, the election of directors, executive and director compensation, reorganizations, mergers, and issues of corporate social responsibility. Policies are annually approved by the investment teams in Goldman Sachs Asset Management and the US mutual fund boards.

Engagement

The Goldman Sachs Asset Management Global Stewardship Team focuses on proactive, outcomes-based engagement in an attempt to promote best practices. We seek to review, enhance and monitor our engagement initiatives to ensure they incorporate current issues and evolving views about key environmental, social and governance topics. To guide our engagements, our Global Stewardship Team creates an annual Focus List. The Focus List reflects our thematic priorities and guides our voting and engagement efforts. For 2021-2022, our Focus List includes:

• Accelerating the Climate Transition
• Driving Inclusive Growth
• Promoting Strong Corporate Governance
These engagements are designed to complement the engagements conducted by our Fundamental Equity and Fixed Income investment teams. These teams seek to incorporate engagement into their research process, which may inform investment selection. Interaction with management teams can give our investment team members unique insights into management quality, business model, financial performance and strategy and future business prospects. During these meetings our investment team members typically discuss a range of issues to seek to better understand the business, including strategy, financial and non-financial performance. Some of these meetings may be dedicated to discussion around ESG practices and help to develop a deeper understanding of a company’s ESG performance.

Industry Leadership

By leveraging resources and knowledge across Goldman Sachs, the Goldman Sachs Asset Management Global Stewardship Team is able to be a thought leader in the active ownership space. The team represents Goldman Sachs Asset Management at various conferences and industry forums, and supports active collaboration through strategic partnerships. Goldman Sachs Asset Management continuously monitors emerging issues, regulatory developments, concerns of key stakeholders, as well as best practices relating to environmental and social risk management. As part of this undertaking, we engage with non-governmental organizations and annually review and update our Global Proxy Voting Policy and engagement focus list for emerging issues and evolving environmental and social concerns.

Goldman Sachs Asset Management seeks to build industry influence and promote best practices in ESG and stewardship through various memberships and affiliations. Please refer to Goldman Sachs Asset Management’s Annual Stewardship Report available on our website for a list of Goldman Sachs Asset Management memberships and affiliations.

Additional Resources

Please visit our Goldman Sachs Asset Management Stewardship website for more information, including Goldman Sachs Asset Management’s Annual Stewardship Report, Global Proxy Voting and Engagement Policies, voting records, and stewardship code statements.
Implementation

The following sections outline both how our investment teams may integrate ESG factors as part of our traditional investment approaches, as well as how our investment teams manage dedicated ESG and impact investing strategies:

A. **Fundamental Equity**
B. **Fixed Income**
C. **Quantitative Investment Strategies**
D. **Alternative Investments & Manager Selection**

A. **Fundamental Equity**

Goldman Sachs Asset Management Fundamental Equity (FE) comprises a global and diverse team of 80+ investment professionals¹ who manage a range of strategies across market capitalizations, investment styles, and both developed and emerging public equity markets. The team seeks to invest in and engage with high quality companies over the long-term in order to create meaningful stakeholder value through capital appreciation and active ownership. To identify high quality businesses, research analysts may look for characteristics such as sustainable and competitive operating advantages, strong balance sheets and cash flow generation, management teams who are excellent stewards of capital, the ability to generate returns in excess of their cost of capital, and sound ESG practice.

**Holistic ESG Integration**

Driven by FE’s long-term investment horizon and focus on quality, we believe integrating material ESG factors, where relevant, across many of our portfolios may improve risk-adjusted returns by reducing sustainability risks and/or uncovering compelling potential investment opportunities. Beyond integrating ESG factors as part of our company level assessment of quality, portfolio management teams may also consider material non-financial factors within portfolio construction and risk management. Lastly, proxy voting and company engagement, or stewardship, are an important part of our holistic focus on ESG integration and active ownership within the investment process.

When integrating ESG considerations into our stock level due diligence, we rely, among others, on an analyst’s knowledge and analysis, and engagement efforts with company management. In addition, we have created a proprietary ESG Dashboard that provides access to key ESG related information that analysts may deem relevant to the analysis of a company. This may include:

- 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.

This additional information might help inform, challenge or validate the assumptions that the analyst has used in their quantitative valuation models. The dashboard is housed in Fluent, our centralized 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.

FE’s investment professionals draw further financial and non-financial insight from more than 10,000 company management meetings each year. These meetings provide a forum to evaluate a company’s commitment to shareholders and consider how it compares against its industry and regional peers, and opens up the opportunity to drive positive corporate change.²

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¹ Investment professionals are located across 6 locations, speak 20+ different languages and 40-50% of total AUS is managed by women. As of December 31, 2020, between 40%-50% of assets managed across FE products are led or co-led by female portfolio managers. This number will change as markets move and client asset flows cause assets in different strategies to increase and decrease. Not all 80+ individuals are dedicated ESG resources.

² Engagements with management teams may include discussions on ESG matters along with other topics, whereas in other cases we may conduct meetings focused specifically on ESG topics.
The goal to drive change from the bottom-up is complemented by the proxy voting and engagement efforts of Goldman Sachs Asset Management’s Global Stewardship team. In addition to proactive engagements, the Stewardship team has adopted and implemented a global proxy voting policy, which is updated at least annually to incorporate current beliefs on key ESG topics. Every proxy vote is reviewed by the investment analyst responsible for that stock. As a result, through a constructive, direct dialogue with companies, FE seeks to raise awareness of ESG factors and risks, enhance disclosure and discussion, and drive positive outcomes at the company level. Please see “Goldman Sachs Asset Management’s Commitment to Stewardship” section above for more information.

ESG Enhanced and Impact Offerings

While ESG integration may be part of our investment approach across many of our strategies, FE also manages ESG Enhanced and Impact solutions. Both categories are designed to offer an even more focused approach to sustainable investing.

Across our ESG 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). In addition to the tools we discussed above, investment decisions for our ESG Enhanced portfolios are further informed by Goldman Sachs Asset Management’s proprietary ESG Scorecard. The Scorecard, which also sits within Fluent (our investment platform), forms the basis for stock level due diligence and provides a standardized framework for conducting a baseline assessment of a company’s ESG characteristics relative to peers. Like our ESG Dashboard, the Scorecard pulls in material, time series data, based on the SASB materiality map, allowing us to focus only on ESG factors that we believe are meaningful to a firm’s growth, profitability and risk management profile. 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 Scorecard is completed, our analysts will capture their results in a qualitative rating which has implications for a stock’s inclusion in the final portfolio.

As a direct outcome of our focus on sound ESG practice and sustainability of returns, we would expect all our portfolios to naturally gravitate away from unsustainable areas of the market. To give clients additional comfort that certain industries and activities will not be part of the investment universe for our ESG Enhanced solutions, we have implemented a consistent exclusionary framework covering the following: alcohol, tobacco, adult entertainment, gambling, for-profit prisons, palm oil production and trading, 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.3

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

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

As our clients’ objectives evolve and expand, FE continues to build on our experience and seeks to innovate on a broader set of solutions across the global equity complex. As part of this ambition, we have launched Goldman Sachs Asset Management’s first impact offering in public markets early 2020. Our Global Environmental Impact Equity solution seeks to deliver attractive financial and impact returns by investing in environmental solution providers across five key themes: clean energy, resource efficiency, sustainable consumption, the circular economy, and water sustainability. Our research analysts determine a company’s impact potential which informs our financial assessment and portfolio construction decisions. On an annual basis, the team reports on the impact profile of the portfolio, outlining the aggregate impact of the holding companies over the prior 12-month period.

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 as well as further challenging the status quo of our existing portfolios.

3 Exclusions are determined based on revenue thresholds which may vary from any involvement to 5% depending on the respective area. ESG scorecards are only one among many available tools that Fundamental Equity’s analysts may leverage to conduct a proprietary ESG assessment where relevant. There is no guarantee that these objectives will be met. For ESG Integrated and Impact Strategies, ESG scorecards might not be completed for all holdings of the portfolio. For ESG Enhanced Strategies, research analysts aim to complete ESG scorecards for all portfolio 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 described here may not be performed for every portfolio holding. No one factor or consideration is determinative in the fundamental research and asset selection process. Goldman Sachs Asset Management may invest in a security prior to completion of the ESG scorecard. Instances in which ESG scorecards 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.
B. Fixed Income

Goldman Sachs Asset Management Fixed Income (FI) is committed to aligning with Goldman Sachs’ firmwide sustainability goals of advancing inclusive growth and accelerating the climate transition within its approach to ESG integration and providing ESG client solutions. Relevant investment teams may integrate ESG as one of the core components of the investment process, informed by ESG specialists and enhanced by data. ESG Integration enables us to: (1) make better investment decisions; (2) encourage positive change in issuer behavior; and (3) focus on meeting clients’ needs.

Fixed Income Investment Team

The management of our FI portfolios employs the broad resources and expertise of the Goldman Sachs Asset Management Global Fixed Income and Liquidity Solutions Team comprising of over 316 professionals located across London, New York, Bengaluru, Salt Lake City, Houston, Singapore, San Francisco, Burlington, Tokyo and Hong Kong. The team is divided into top-down and bottom-up strategy teams. We believe that the strength of our investment research lies in our ability to delegate decision making to small teams of experts who are responsible and accountable for their investment views. We consider this team approach vital to the long-term success of any active management strategy. ESG may be a significant component of our bottom-up fundamental research process and we also have a scalable, flexible investment process which allows us to customize ESG investment solutions to our clients’ investment preferences and guidelines.

Investment Approach

As it relates to our FI approach to investing, consideration of ESG factors may be a core component of our research and investment approach. The heads of our research and investment teams generally require analysts and sovereign economists to focus on ESG themes within their coverage as part of their analysis. Further, ESG factors often feature in our team discussions for identifying attractive investment ideas for our portfolios. As such, our investment teams periodically revisit our approach to assessing ESG themes and refining our investment process as relevant to the changing market conditions.

Platforms, Resources, and Tools

FI leverages various platforms, resources, and tools which capture both external and internal ESG information:

*Fluent (Proprietary Research Repository)* – the majority of FI’s ESG assessment is conducted in-house. The team utilizes Fluent, a platform which facilitates content management, workflow and screening for research analysts and is used as a centralized repository of all external and internally generated research. 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.

*Goldman Sachs Asset Management Proprietary Ratings* – our FI research analysts and sovereign economists apply internal ESG ratings across the majority of our corporate credit coverage and sovereign coverage. These ESG ratings are applied by and the responsibility of the credit analysts and sovereign economist. These ESG ratings are based on an internal methodology that identifies material ESG data and themes based on sector level weightings.

*ESG Engagement* – our FI corporate credit research analysts and sovereign economists hold meetings on a regular basis to share insights about ESG risks, exposures and potential investment opportunities. We assess and manage environmental and social risk with the same disciplined approach that investors use when assessing all business risks. As part of prudent risk management, we stay abreast of emerging environmental and social issues and how they impact our view on valuations.

As of January 2020, we began tracking issuer engagement on our proprietary research tool Fluent, as well as the specific topics discussed. These topics include but are not limited to ESG specific issues, and in certain cases may discuss issuer best practices within certain industries.

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4 As of September 30, 2020.
5 As of the date of this publication, we have assigned proprietary Goldman Sachs Asset Management Fixed Income ESG ratings to more than 90% of the corporate and sovereign bonds under our research coverage. Goldman Sachs Asset Management may invest in an asset prior to completion of the ESG Rating. Instances in which ESG Ratings may not be completed for a specific asset prior to investment include but are not limited to new issuance, in-kind transfers, corporate actions, and/or certain short-term holdings.
**ESG Portfolio Management Monitor Dashboard** – our proprietary portfolio management tool, Concert, allows portfolio managers to track and monitor ESG metrics of portfolios. We have integrated ESG data within not only our portfolio management systems, but also systems that manage client guidelines and client reporting.

**Universe Constructor Impact Analysis Tool** – our proprietary portfolio management tool, Concert, also allows portfolio managers to assess the impact of employing specific ESG objectives on a portfolio and a benchmark. This includes not only the resulting portfolio level ESG characteristics, but also more common core portfolio characteristics such as yield-to-worst, option-adjusted duration, credit spread, and average credit quality.

**Third Party ESG Data** – while the majority of our ESG assessment is conducted in-house, we do from time to time leverage external data sources to supplement our research in order to gain high level perspectives on sector themes, as well as negative news flow monitoring. We have a wide range of third-party ESG data which we may draw upon.

**ESG Reporting**

We can provide a proprietary ESG Diagnostic Report for strategies that include corporate, sovereign and supranational/agency issuers, currently utilizing third party vendor data. Our ESG Diagnostic Report was designed in response to client demand and Goldman Sachs Asset Management’s desire to provide transparency as to the ESG exposures within relevant strategies.

Our Diagnostic includes many of the elements that our portfolio managers may monitor, including but not limited to: ESG ratings, ESG controversies, ESG product involvement exposure, carbon intensity, Green/Social/Sustainability Bond exposure and other raw ESG data factors.

**ESG Products**

ESG Enhanced and ESG Impact separately managed accounts:

- 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)
- Securitized
- Municipals (Taxable and Tax Exempt)
- Liquidity Solutions
- Multi-sector Green, Social, and Sustainability

In addition to our fundamental ESG Integration process, we also offer ESG solutions focused on advancing inclusive growth and accelerating the climate transition as described below:

- **FI offers ESG Enhanced strategies across fixed income:** we can build ESG Enhanced portfolios and tailor these to client-directed objectives.
- **We focus on a high level of investment rigor and seek market rates of return:** we seek to enhance portfolios with ESG factors, while minimizing tracking error and continuing to consider our fundamental ESG integration.
- **We create custom portfolios for clients:** we can design ESG portfolios in the context of clients’ traditional benchmarks, liquidity and duration targets.
C. Quantitative Investment Strategies

Our Goldman Sachs Asset Management Quantitative Investment Strategies (QIS) team uses data-driven techniques to systematically uncover sources of alpha, replicate hedge fund strategies/risk premia and implement customized, rules-based equity solutions that incorporate client goals around factor tilts, taxes, and/or ESG. Our proprietary risk models seek to ensure that risk is actively managed and allocated according to our investment criteria. We offer a range of strategies across market capitalizations, regions and investment styles that can be tailored to meet specific client priorities.

Equity Alpha – ESG Integrated

The Equity Alpha team within QIS manages equity portfolios using data-driven investment models that aim to objectively evaluate public companies globally through fundamentally-based and economically-motivated investment themes.

ESG considerations are expressed through two primary and complementary mechanisms, each with differing time horizons: 1) short to medium-term alpha drivers within the Alpha Model, and 2) longer-term alpha drivers through the Strategic Climate-Aware Tilt.

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. The Strategic Climate-Aware Tilt is comprised of two carbon metrics, current and future emissions, and reflects the team’s belief that the transition to a low-carbon economy at some point in the future may have a material impact on companies’ financial performance.

ESG and Thematic Indices – ESG Integrated

Goldman Sachs Asset Management collaborated with S&P Dow Jones Indices to create and launch the S&P Environmental & Socially Responsible strategies, designed to offer investors enhanced exposure to securities meeting sustainability investing criteria while maintaining a risk and performance profile similar to their respective underlying indices. The indices exclude companies deriving revenue from weapons, tobacco and select parts of the fossil fuels supply chain and are re-weighting according to E&S scores within sectors. Passive and taxable accounts are managed to these indices.

The team also manages a strategy that seeks to track an index created by JUST Capital, a non-profit that helps people, companies, and markets do the right thing by tracking the business behaviors Americans care about most, including how companies treat their workers and how they impact the environment.

Custom Direct-Indexed and Smart Beta Solutions – Integrated and/or Aligned

QIS also offers rules-based equity strategies that aim to track the performance of third party indices, capture rewarded equity factors, or provide tailored, tax-aware exposure to the equity market. These strategies can be customized to incorporate different ESG considerations depending on a client’s specific objectives.

Climate considerations:

- QIS Climate-Aware Tilt combines proprietary measures of current and future emissions to provide targeted emission reductions while managing relative risk (tracking error) to a benchmark, helping investors to reduce climate transition risk in their public equity portfolios.
- Tailored emission reductions are also implemented for clients depending on their specifications which may include emission metric construction, data source, reduction amount.

Customized ESG screens:

- QIS offers over 25 standardized ESG and value-aligned screens available for clients based on product involvement, environmental profile and governance structures.
- We work with clients in a consultative manner to help clients select portfolio implementations to achieve their desired exposures.

The QIS team welcomes the opportunity to work with clients to design and implement customized strategies to meet their objectives. The QIS team’s ESG framework is continually evolving to reflect the latest client concerns regarding ESG risks, to capture new and differentiated data, and to refine the investment process underlying the team’s ESG strategies.
D. Alternative Investments & Manager Selection

Our Goldman Sachs Asset Management Alternative Investments & Manager Selection (AIMS) group provides investors with investment and advisory solutions across leading hedge fund managers, private equity funds, real estate managers, and traditional long-only managers. AIMS manages globally diversified programs, targeted sector-specific strategies, customized portfolios, and a range of advisory services.

Our investors access opportunities through new fund commitments, fund-of-fund investments, strategic partnerships, secondary-market investments, co-investments, and seed-capital investments. AIMS provides manager diligence, portfolio construction, risk management, and liquidity solutions to investors, drawing on Goldman Sachs’ market insights and risk management expertise. Assessment of potential risks as well as potential rewards is integral to our investment process.

We may seek to analyze ESG issues as one of many factors in our due diligence process. Grounded in our belief that ESG is increasingly material to investment performance, AIMS has meaningfully expanded its ESG and impact investing capabilities and resources in recent years. In 2015, Goldman Sachs Asset Management acquired the assets of Imprint Capital Advisors LLC, a dedicated ESG and impact investing investment adviser with over 8 years of experience creating, building, and managing ESG and impact portfolios. Today, as part of AIMS’s open architecture platform, AIMS Imprint is a dedicated team covering ESG and impact strategies across public and private markets. The AIMS Imprint team comprises 15 people, manages over $4.2 billion in client assets and serves as a valuable resource for the broader AIMS Group to further strengthen our ESG capabilities across asset classes.

Holistic ESG Integration

The AIMS Imprint team generally seeks to evaluate the approach to ESG integration for the managers in which it invests. Leveraging AIMS Imprint’s specialist ESG investment knowledge and proprietary framework, AIMS is in the process of integrating ESG assessment into our investment processes across asset classes, creating an ESG process that leverages Imprint's experience across public and private markets. The framework may consider asset class-specific nuances but will be largely focused 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 & Resources:** The depth, breadth, and organization 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.

As AIMS primarily invests via funds, it is important that AIMS engages with fund managers to discuss the implementation of responsible business practices and the disclosure of critical ESG issues as it relates to underlying investments. In ESG Integrated strategies, AIMS seeks to invest with managers that provide high-quality reporting and full transparency on the ESG characteristics of their strategies.

Targeted ESG and Impact Investing Solutions

As part of AIMS, AIMS Imprint 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 measurable social and environmental impact alongside a financial return. Selectively, AIMS Imprint works with external managers to design and/or seed new dedicated ESG and impact investing strategies to address market gaps.

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6 As of December 31, 2020.
AIMS Imprint does not treat impact investing as a category in and of itself, but rather view it as a set of underlying investment themes across private markets such as clean energy, health, and food & agriculture. AIMS Imprint employs a research-driven process to ascertain the characteristics of each theme to help to avoid crowded sectors and find potential value in less efficient markets that often benefit from secular growth trends. AIMS Imprint completes market scans and supplements with a quarterly views process to help to determine relative attractiveness on an ongoing basis.

For impact investment managers, we also evaluate impact factors alongside the ESG factors, mentioned above. Impact factors assess the manager on its ability to have direct social and/or environmental impacts, alongside potential financial return.

The AIMS Imprint team has worked with clients to create a range of customized ESG and impact investing solutions, drawing particularly on our deep experience and resources devoted to private market impact investing.

For custom ESG and impact portfolios, AIMS Imprint produces an annual ESG and impact report that contains qualitative and quantitative information on ESG and impact across asset classes.

**Conclusion**

At Goldman Sachs Asset Management, we believe that ESG and impact investing factors can be material to investment performance and thus we will continue to work towards deeper ESG integration across our core investment teams. ESG and impact investing are increasingly important to our clients who are seeking to build portfolios that integrate ESG and impact considerations while maintaining the rigor and risk-return standards of investment management. We have built the team, structure, process, and philosophy that we believe can best help our clients achieve their ESG and impact investing goals. We remain committed to continue building a market-leading ESG and impact investing platform and strengthening the overall field.
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.

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.

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. Fixed Income securities are subject to interest rate, price and credit risks. Prices tend to be inversely affected by changes in interest rates. Equity securities are more volatile than bonds and subject to greater risks. Small and mid-sized company stocks involve greater risks than those customarily associated with larger companies. 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.

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