
Goldman Sachs Asset Management's ("GSAM") Statement in Support of The Singapore Stewardship Principles

Principle 1 – Take a stand on stewardship

Responsible investors establish and articulate their policies on their stewardship responsibilities.

At GSAM, stewardship consists of the prudent management of all of a company's resources for the benefit of shareholders and other stakeholders, including employees, consumers, clients and other members of society. As our responses below demonstrate in more detail, we fulfill our stewardship responsibilities by continually evaluating companies' corporate strategy, investment and financing activities, management incentives, regulatory policies and environmental impact.

GSAM is a full-service asset manager comprising diverse portfolio management teams. Each of these teams has adopted an integrated structure, which spans both portfolio management and research functions. With this structure, all of the investment professionals in each team are responsible for stewardship. Where GSAM Singapore outsources its investment activities to other GSAM entities, GSAM Singapore maintains ultimate oversight over the adherence to these principles.

GSAM's various portfolio management teams work closely together on many issues; nonetheless, the teams are separate, and employ distinct investment processes in keeping with their own investment philosophy. In some cases, this may lead to differences in how each team approaches stewardship. When appropriate, our responses below distinguish among our various portfolio management teams and strategies.

We fully support the principle of public disclosure, and we appreciate the opportunity to provide information about our approach to our clients and other interested parties. Our Singapore Stewardship statement is posted on our website: <https://www.gsam.com/content/gsam/aej/en/institutions/about-gsam/stewardship-code.html>

Principle 2 – Know your investment

Responsible investors communicate regularly and effectively with their investee companies.

GSAM's fundamental and quantitative equity teams have specific performance expectations of investee companies. To ensure these expectations are realistic and achievable, the expectations reflect each company's business opportunities, which depend on existing operations, tangible and intangible capital, financial strength, economic conditions, competitive environment and regulatory exposure. We expect that each investee company will meet our performance expectations, or that we are able to fully understand why they did not. When companies fail to meet our expectations, and fall short over multiple years, escalation may be appropriate.

Short of liquidating a position, escalation may include:

- Expressing our views through voting on management and shareholder proposals per our customized proxy voting guidelines
- Engaging directly with company management

Key elements of our stewardship process in the fundamental equity team include a review of the corporate governance of the companies in which we invest, discussions with management and shareholder voting. Engagement with the management teams is an important part of our assessment of those companies. The scale of the engagement we undertake may vary depending upon the nature of the business and the circumstances of our investment. At meetings with management we discuss a range of issues, seeking to understand the business better and regularly share our opinions with management. The portfolio management team may escalate or take action when the company's governance is at risk of declining or no longer meeting our standards. The team specifically examines the alignment of shareholder interests with executive management incentives. For example, the team will review board independence, stock ownership and voting rights, among other factors. Additionally, the team will seek transparency and accountability relative to the company's industry/regional peers. We also welcome opportunities to speak with representatives of the board of the companies in which we invest.

There may be events or circumstances which call into question our investment thesis, or raise concerns on matters previously discussed with company management, which we do not view as requiring an immediate sale of the position. In those circumstances we may seek to clarify matters with management of the company concerned and, if we receive reasonable explanations, continue to hold the position. If we are not satisfied with the response we receive from a company's management, we would generally not elevate our engagement by reaching out directly to members of the board of directors, or submit a shareholder resolution, or go public with our concerns. Nor would we generally be willing to take any action that could lead to our becoming an insider or receiving material non-public information. GSAM maintains information barriers/Chinese Wall policies and procedures, and GSAM employees are trained to be vigilant in preventing the receipt of material non-public information, which could restrict our ability to trade a company's shares.

As active managers acting in the best interests of our clients, we believe it is critical to have a clearly defined sell discipline, and not just where management explanations are slow in coming or unsatisfactory. Indeed, we would normally expect to sell our shares in a business if valuation looks high relative to the risks associated with holding the stock or if new ideas offer a better risk/reward profile than existing holdings.

The quantitative equity alpha and beta teams evaluate stocks and construct portfolios using publicly available, computer-readable data. In addition, the teams typically manage diversified portfolios comprising large numbers of names. For these reasons, the teams do not view it as part of the investment process mandated by clients to interact directly with a company's management when assessing the characteristics of a company's stock, or to escalate their views, if any, about a company's corporate governance to the company's management or board.

Principle 3 – Stay active and informed

Responsible investors actively monitor their investee companies.

GSAM monitors existing, and in many cases potential, investee companies using a combination of quantitative and qualitative metrics that are designed to enhance shareholder value. In broad terms, these metrics, which are integral to the investment process of each portfolio management team, are related to financial performance, capital usage and governance structure. Our evaluation of corporate governance is multi-dimensional. Specific policies that we believe constitute governance best practice include (but are not limited to) the following:

- Board members are able to focus on their responsibilities; they attend most board meetings, and are members of a limited number of other boards (overboarding)
- Poison pills are approved by shareholders on an annual basis
- Independent board members oversee key committees (audit, compensation, nominating)
- Non-audit fees paid to the auditor are not excessive
- There is a clear alignment between executive compensation and long-term company performance
- The company has adopted majority voting (rather than plurality voting), and voting rights are equal for all shares
- Board members are elected annually (rather than serve multiple years with either classified or staggered board terms)

GSAM's fundamental equity team invests with a long-term view and seeks to allocate capital to companies with shareholder-oriented management teams and quality characteristics. The portfolio management team considers a

diverse set of performance metrics that vary across companies and over time depending on the unique circumstances of each company. The specific metrics attempt to identify companies with sustainable or competitive operating advantages, strong balance sheets and cash flow generation, and management teams who are excellent stewards of capital. The team complements their quantitative evaluation with a qualitative assessment built upon thousands of meetings with company management each year. These meetings provide a forum for the team to test their assumptions against a company's level of commitment to shareholders and other stakeholders. In each case, the team compares each company against its industry and regional peers.

With regard to our quantitative equity alpha process, our stock selection models attempt to capture the effects of corporate governance indirectly via indicators of a company's return potential which include a company's growth opportunities, competitive positioning, regulatory environment, capital structure, quality of management, etc. In this respect, we believe that the investment themes of our quantitative equity process thereby capture indirectly the quality of companies' corporate governance.

Our quantitative equity beta strategies aim either to track the performance of third-party equity indices or to capture rewarded equity factors using a set of simple and transparent rules. As such, our quantitative equity beta process does not explicitly assess the quality of companies' corporate governance.

Principle 4 – Uphold transparency in managing conflicts of interest

Responsible investors make known their approach to managing conflicts of interest.

GSAM faces a range of potential conflicts, which are fully disclosed in its ADV, which can be found on the [Investment Advisor Public Disclosure website](#)

Some of the potential conflicts are connected to GSAM's stewardship responsibilities. These include the possibility, for example, that Goldman, Sachs & Co (GS) (and where applicable GS personnel) may have multiple advisory, transactional, financial and other interests in investments that may be purchased, sold or held by GSAM; hence, these activities could in theory influence GSAM's decisions regarding trading, shareholder voting and other interactions with investee companies such as engagement. Potential conflicts could also arise where the investee company, or a related party, such as its pension scheme, is itself a client of GSAM.

The arrangements put in place by GSAM to manage its conflicts of interests include the following:

- **Information barriers / separation of functions**
Both GS among its various divisions, and GSAM between certain businesses, has established physical, procedural and electronic information barriers. These barriers are designed to restrict the flow of information and to achieve arms-length interaction among different parts of GS and GSAM. This enables business to be carried out within the firm while minimizing the possibility of that business being influenced by any conflicts that may exist.
- **Policies and procedures (building on regulatory requirements)**
There are many different laws and regulations to which GS and GSAM are subject around the world that prohibit, or require GS / GSAM to manage, situations where a conflict of interest may arise. GSAM has policies and procedures, including escalation protocols, designed to ensure compliance with these laws and regulations and, in GSAM's case as an investment management agent, designed to ensure that it manages its conflicts in a way that is compatible with its duty to act as trusted agent of the client.
- **Governance and control oversight**
Through compliance monitoring, review oversight and targeted testing, as well as governance oversight by relevant committees and management bodies including boards, and internal audit reviews of key areas on a rolling basis, GSAM seeks to ensure that the practice of its business operations are carried out in line with its information barriers, policies and procedures, and duties to clients.
- **Compensation / rewards structure**
GSAM's compensation policy is consistent with GS's compensation philosophy and seeks to align employee, shareholder and GSAM client interests to the extent appropriate while not encouraging excessive risk-taking by employees.

- **Disclosure / client understanding**

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

In the event that a conflict does arise, GSAM has a defined and documented escalation procedure, in relation to proxy voting and in relation to investments, that ensures we fulfill our duties to act in our clients' best interests. This proxy voting process includes a procedure of express escalation to control functions to ensure we are acting in client interests. In other cases, potential and actual conflicts are procedurally handled on a case-by-case basis depending on the unique facts and circumstances that arise. Based on the nature and magnitude of the potential or actual conflict, the firm may prohibit or restrict the scope of an investment or activity, or limit the role of one or more individuals or groups within GS. The firm may also require ongoing disclosure to help ensure the potential or actual conflict is managed appropriately over time.

Principle 5 – Vote responsibly

Responsible investors establish clear policies on voting and exercise their voting rights in a responsible fashion.

In order to carry out its voting responsibilities where its clients have delegated responsibility to it, GSAM has developed its own customised global guidelines on proxy voting. The GSAM guidelines, which are updated annually to incorporate current issues and our latest views about key governance topics, embody the positions and factors GSAM generally considers important in casting proxy votes. They address a wide variety of individual topics, including, among other matters, shareholder voting rights, anti-takeover defenses, board structures, the election of directors, executive and director compensation, reorganizations, mergers, issues of corporate social responsibility and various shareholder proposals. Recognizing the complexity and fact-specific nature of many corporate governance issues, the GSAM guidelines identify factors that GSAM considers in determining how votes should be cast.

[GSAM Global Proxy Voting Policy & Procedures](#)

GSAM's portfolio management teams generally cast proxy votes consistent with the GSAM guidelines. Individual portfolio management teams, however, may diverge from the GSAM guidelines in select cases. To do so, the portfolio management teams follow a formal process to ensure that these decisions are rooted in what GSAM believes to be in the best interests of its investors and not influenced by any conflict of interest. As a result of this process, different portfolio management teams within GSAM may vote differently.

GSAM uses a third party proxy advisor to help analyse shareholder proposals in relation to the GSAM guidelines. GSAM's portfolio managers regularly monitor the recommendations of the proxy advisor to ensure the GSAM guidelines are applied correctly in each circumstance.

In limited cases, GSAM clients who have delegated voting responsibility to GSAM with respect to their account may direct GSAM to vote in a particular manner for a particular solicitation. GSAM will use commercially reasonable efforts to vote according to the client's request in these circumstances. GSAM often meets with company management to discuss shareholder resolutions. As a matter of policy, however, GSAM does not generally communicate its voting intentions to company management in advance of the vote.

GSAM's ability to vote proxies may in limited circumstances be affected by regulatory requirements and compliance, legal or logistical considerations.

Principle 6 – Set a good example

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

GSAM maintains a record of our voting, engagement, and other stewardship activities. .

We disclose our voting publicly each year in a filing with the US Securities and Exchange Commission for all GSAM US mutual funds and on our website at:

<https://assetmanagement.gs.com/content/gsam/us/en/advisors/resources/client-service/proxy-voting.html>

In addition, GSAM publically discloses its proxy votes quarterly under the UK Stewardship code. Please access link for details of our voting record with regard to our holdings in UK listed companies.

<http://www.goldmansachs.com/gsam/institutions/emea/about-us/stewardship-code/index.html>

GSAM's support of the Singapore Stewardship Principles is within the scope of the firm's internal auditors, an independent team within the firm that periodically reviews the controls around the firm's business processes. These reviews cover processes such as each portfolio management team's investment methodology, approach to monitoring corporate governance (as described in Principle 3), treatment of potential conflicts of interest (as described in Principle 4), and proxy voting (as described in Principle 5). In addition, the information barriers between businesses are audited annually.

Principle 7 – Work together

Responsible investors are willing to engage responsibly with one another where appropriate.

GSAM recognizes that our own holdings in investee companies, like those of many other investors, is a small fraction of the total outstanding, and that shareholders can be more effective owners if our views are part of a broader consensus within the investor community. To this end, we actively monitor 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 periodically review and update our guidelines for emerging issues and evolving environmental and social concerns.

GSAM is actively engaged in impact investing and Environmental, Social, and Governance (ESG) issues collaboratively as a member of a variety of organizations. In addition to our support of the Singapore Stewardship Principles, GSAM is a signatory to the UK and Japan Stewardship Codes, as well as the UN Principles of Responsible Investment. GSAM is also a member of ESG Research Australia, and an investor signatory to the CDP (formerly the Carbon Disclosure Project).

GSAM staff serve(d) as advisors or board members to a diverse set of organizations in the ESG and impact investing field including groups such as the U.S. National Advisory Board (NAB) of the G8 Social Impact Investing Task Force, the Global Impact Investing Network's (GIIN) ImpactBase initiative, the Global Social Venture Competition (GSVC), McKinsey's working group on Social Impact Bonds, Global Giving, the Sustainable Food Lab, the UN Capital Development Fund, the International Interfaith Investment Group and a range of others.