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## Statement on Goldman Sachs Private Wealth Management Division's compliance with the requirements of Directive (EU) 2017/828 and its implementing measures (Shareholder Rights Directive)

### 1 Overview

Goldman Sachs International (“GSI”) and Goldman Sachs Bank Europe SE (“GSBE”) are both subsidiaries of The Goldman Sachs Group, Inc., a global investment banking, securities and investment management firm that provides a broad range of financial services worldwide to a substantial and diversified client base that includes corporations, financial institutions, governments and individuals. GSI is authorised by the Prudential Regulation Authority (“PRA”) and regulated by the Financial Conduct Authority (“FCA”) and the PRA. The registered office of GSI is Plumtree Court, 25 Shoe Lane, London EC4A 4AU, United Kingdom. GSBE is a credit institution incorporated in Germany, subject to direct prudential supervision by the European Central Bank and in other respects by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, “BaFin”) and Deutsche Bundesbank. The registered office of GSBE is at Marienturm, Taunusanlage 9-10, 60329 Frankfurt am Main, Germany.

GSI and GSBE are required to comply with applicable UK and German rules respectively, including those transposing aspects of Article 3(g) of Directive (EU) 2017/828 and its implementing measures (collectively, the “Shareholder Rights Directive II”). This statement sets out the approach of the Private Wealth Management division of GSI and GSBE (together, “PWM”) regarding each requirement as set out under Article 3(g)(1)(a) of the Shareholder Rights Directive II and explains why PWM does not publicly disclose on an annual basis how its engagement policy has been implemented.

### 2 PWM and the application of the Shareholder Rights Directive II

PWM offers a wide range of financial services, including discretionary portfolio management, investment advisory, custody, execution, lending and other services to high net worth individuals, families and investment vehicles across Europe, the Middle East and Africa. Within PWM's client base, certain clients are provided with discretionary portfolio management services (“discretionary services”). Accordingly, pursuant to the Shareholder Rights Directive II, PWM is required to:

- (i) publicly disclose a shareholder engagement policy; and
- (ii) publicly disclose on an annual basis how it has implemented its shareholder engagement policy,

or explain why it has chosen not to do so.

In respect of (i) above, sections 3 to 8 below set out PWM's alternative investment approach and its policy on shareholder engagement.



In respect of (ii) above, PWM does not publicly disclose how its shareholder engagement policy has been implemented. This is because, as explained further below, PWM follows an alternative investment approach with bespoke investment strategies for each client and does not generally exercise discretion over voting rights on behalf of clients.

### 3 Alternative Investment Approach

Where PWM acts in a discretionary capacity, it typically does so in the context of managing the assets of high net worth individuals or families, foundations, charities and other similar clients. Each client's circumstances are unique and so the investment strategies required by these clients are not uniform, varying widely depending on their nature, location, risk profile, experience and investment objectives. Consequently, based on these varied requirements, PWM creates, or advises on, personalised investment portfolios for clients and utilises a wide spectrum of investment approaches and asset classes in so doing. Discretionary investment decisions will be guided by PWM's proprietary investment process and by numerous other factors, such as internally produced research and external market sources such as Bloomberg Terminal. In line with the terms agreed with clients, PWM will not generally exercise discretion over its clients' voting rights or engage directly with investee companies whose shares are admitted for trading on an EEA regulated market or comparable market outside the EEA ("**Listed Shares**") on behalf of PWM's clients.

Where PWM provides discretionary services to a client and it has agreed with them that their portfolio should contain exposure to equities as an asset class, typically a client's equity asset allocation is implemented by investing in equity funds (including exchange-traded funds). In some cases, PWM may agree with a client to invest directly in Listed Shares. In those cases where PWM does invest in Listed Shares on behalf of its clients, it does not undertake traditional shareholder engagement activities due to the nature of its client base and business offering. In such cases, the relevant positions are typically insignificant in size as a proportion of the investee company. In addition, PWM follows an alternative investment approach with bespoke investment strategies for different clients that means effective meaningful engagement with investee companies and stakeholders is not possible.

From time to time, our PWM entities will contract with affiliates within the Goldman Sachs Asset Management division ("**GSAM**") for the provision of discretionary services to clients of PWM on a delegated basis. Where this delegation occurs, GSAM undertakes its own shareholder engagement activities. Additionally, for certain discretionary strategies, namely the Global Equity Partners ("**GEP**") and Global Equity Partners ESG ("**GEP ESG**") strategies, GSAM advises PWM on investment strategy and PWM makes investment decisions based on those recommendations. GSAM also advises PWM in relation to corporate actions and on voting decisions for these strategies in line with its proxy voting policy and procedures and informed by its stewardship and shareholder engagement processes.<sup>1</sup> PWM will liaise

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<sup>1</sup> For clients of GSBE Succursale Italia, in line with Italian law PWM will not vote on behalf of clients at shareholders' meetings unless a client has granted explicit authority to do so for a particular meeting.



with GSAM from time to time to discuss engagement issues and priorities (in particular, regarding ESG issues, as set out below).

Further information on those activities and GSAM's engagement policy is available [here](#).

PWM's approach regarding each requirement as set out under Article 3(g) of the Shareholder Rights Directive II is outlined below.

## **4 Monitoring investee companies**

### **4.1 Environmental, social and governance (“ESG”) issues**

As part of its implementation of the EU Sustainable Finance Disclosure Regulation (“**SFDR**”), the Private Wealth Management division of GSBE (“**GSBE PWM**”) has published disclosures on its processes for monitoring sustainability risks across its discretionary business, and for identifying and monitoring the adverse impacts of its investment decisions on sustainability factors. Further information on GSBE PWM's SFDR policies can be found [here](#).

As part of its ESG monitoring processes, although (as noted above) GSBE PWM does not undertake traditional shareholder engagement activities, GSBE PWM leverages the capabilities of GSAM's Stewardship team for effective and meaningful engagement with investee companies and stakeholders on ESG issues deemed material and relevant to GSBE PWM mandates delegated to GSAM or managed in accordance with recommendations made by GSAM.

The Private Wealth Management division of GSI (“**GSI PWM**”) is not directly subject to the EU SFDR and so has not published equivalent disclosures. However, GSI PWM will also liaise with GSAM's Stewardship team in relation to GSI PWM mandates delegated to GSAM or managed in accordance with recommendations made by GSAM.

Both GSBE PWM and GSI PWM may also agree with clients to implement specific investment restrictions that relate to ESG concerns, for instance restricting investment in issuers conducting business in certain business sectors.

### **4.2 Financial and non-financial performance, risk, capital structure and corporate strategy**

Where PWM provides discretionary services in respect of Listed Shares to clients, it will have regard to research recommendations from the Goldman Sachs Global Investment Research division (“**GIR**”) and market sources such as Bloomberg Terminal to inform its decision-making around initial and ongoing portfolio composition. This research will include commentary on, among other things, factors such as financial and non-financial performance, risks, capital structure and corporate strategy of listed investee companies.

## **5 Engagement with investee companies and communication with stakeholders**

Where PWM provides discretionary services directly to clients, it does not currently conduct dialogues with investee companies or communicate with relevant stakeholders in those



companies as it does not hold significant positions. However, PWM does support the principle of collaborative engagement and, as described above, liaises with and leverages the capabilities of the GSAM Stewardship Team to inform GSAM's engagement efforts with investee companies and stakeholders.

## **6 Co-operation with other shareholders**

PWM will not generally actively co-operate with other shareholders on behalf of its clients.

## **7 Proxy voting**

PWM does not have a proxy voting policy and does not utilise proxy advisors. Unless otherwise agreed, PWM will only exercise shareholder rights in accordance with its clients' instructions or, in the case of the GEP and GEP ESG strategies, in line with recommendations made by GSAM. PWM will not generally exercise discretion over its clients' voting rights. Where PWM delegates the management of discretionary accounts to GSAM, GSAM will vote and utilise proxy advisors in accordance with its own proxy voting policies and GSAM's stewardship and shareholder engagement processes.

## **8 Conflicts of interest**

Any actual or potential conflict of interests that may arise in the context of PWM's discretionary services would be managed in line with the documented Goldman Sachs Private Wealth Management Conflicts of Interest Policy and Standard, which is updated on an annual basis. All employees are expected to adhere to the Group-Wide Conflicts of Interest Policy and Standard and receive training on this. Each business maintains a register of conflicts of interest, which is updated regularly.