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Please note: This disclosure covers separately managed accounts (“portfolios”) managed by the GSAM business of Goldman Sachs Bank Europe SE, “GSAM” or “we”, “us” or “our”. This disclosure is intended to provide the information required under SFDR (as defined below) but is not intended to be a substitute for the more detailed and portfolio specific information which may be contained in client disclosures and/or GSAM policies. Information contained in this disclosure on GSAM’s approach to the integration of sustainability risks and the promotion of environmental or social characteristics may therefore apply to some asset classes and investment strategies and not to others. Investors should always refer to the more detailed and portfolio specific information which may be contained in client disclosures.

Should you have any questions in relation to this disclosure please speak to your usual contact at GSAM.

1. Information on the Integration of Sustainability Risks in Investment Decision-Making

   A. Overview and Scope

      In accordance with Article 3 of Regulation (EU) 2019/2088 (the “Sustainable Finance Disclosure Regulation” or “SFDR”), this disclosure provides information on GSAM’s policy on the integration of sustainability risks in our investment decision-making processes.

   B. Sustainability Risks

      Sustainability risk is defined in the Sustainable Finance Disclosure Regulation as an environmental, social or governance event or condition, that if it occurs, could cause an actual or a potential material negative impact on the value of the investment. Our internal policies and procedures are designed to identify, monitor and manage within our decision-making processes, those environmental, social and governance events
that we consider to be most relevant to the portfolios that GSAM manages and that could have a material negative impact on the value of the portfolios, either on an absolute basis, or on a relative basis versus a stated benchmark, where relevant. Examples of sustainability risks include:

**Environmental risks**

- The risk of physical damage to an issuer’s assets that arises from weather events such as wildfires, storms or floods. Such natural phenomenon could lead to business disruption and losses, and reduce the value of financial instruments related to the affected issuer.

- The risk of physical damage to an issuer’s assets that arises from longer-term shifts in the climate such as increasing mean temperatures and rising sea levels. Valuations of residential and commercial property in vulnerable areas may be reduced as a result. Relocation of offices, warehouses, factories, etc. may be required to prevent further disruption and insurance premiums could be adversely impacted.

- The risk of policy changes which increase the cost of doing business. Environmental regulations could demand increased standards of operating which are costly to implement or could introduce new taxation laws which decrease profitability.

- The risk of behavioural change in consumers following the emergence of disruptive technologies and price-competitive greener solutions which shift sentiment and societal preferences.

- The risk of reputational damage following an event that negatively impacts the environment (e.g. water pollution) and leads to broad-based selling of investments related to the issuer. There could also be regulatory fines as a result of the event which further detracts from the issuer’s assets.

- The risk of stranded assets that are no longer able to earn an economic return, as a result of the transition to a lower carbon economy, as an example.

**Social risks**

- The risk of lack of diversity and inclusion representation across senior management and boards which leads to a narrow corporate strategy and weaker long-term performance.

- The risk of failing to engage and retain the best people, thereby reducing a key source of competitive advantage.

- The risk of changing consumer preferences following increased awareness of social issues, such as labour practices, environmental impacts and community relations.
• The risk of reputational damage following an event that negatively impacts customers and may also lead to regulatory fines. These events could include areas such as product safety, customer welfare and data security.

Governance risks

• The risk of weak senior management structure and lack of Board independence. This can lead to sub-optimal oversight, corporate strategy and risk management, which can be amplified following critical incidents or in periods of stress.

• The risk of reputational damage after failing to adhere to regulatory requirements, tax requirements or standard accounting practices, in addition to any related financial penalties.

• The risk that weak remuneration structures may contribute to inappropriate risk taking.

• The risk of poor reporting and transparency or low business ethics and conduct which could mask indicators of the above mentioned risks.

GSAM recognises that these environmental, social and governance events could have a significant impact on the organisations (including sovereigns, supra-nationals and corporations) that GSAM portfolios may invest in, including as a consequence of potential impacts to the assets, people and reputations of these organisations.

C. Sustainability Risk Integration into Investment Decisions

Our investment teams across equities, fixed income, liquidity, alternatives and multi-asset solutions may integrate sustainability risk in their investment decisions and oversight of portfolios, in a manner consistent with their investment style and specific strategy guidelines (and which is disclosed in the relevant product documentation).

GSAM endeavours to achieve an appropriate degree of consistency in its approach to sustainability risk integration in investment decisions and the oversight of portfolios, although investment teams will tailor their approach to the asset class, investment style and specific guidelines.

At a high level, the GSAM investment teams adopt a range of approaches (depending on the asset class, strategy and client preferences, among other factors) many of which they will aim to evolve over time and in response to further regulatory requirements and market developments, which may include the following:

• use of external data providers to assess material impacts of sustainability factors at the individual investment level, where data is available;

• development of proprietary overlays and scoring methodologies at both the investment level and the aggregate portfolio level;

• investment in a proprietary set of platforms and dashboards to equip our portfolio managers with access to ESG information for risk management, research, portfolio construction and client reporting; and
• use of guideline control processes to assist with the monitoring of investment decisions and portfolio composition with respect to sustainability risks, where both possible and applicable.

GSAM investment teams may use a number of different styles to embed sustainability considerations into asset selection and portfolio construction which may include:

• the use of ESG analysis to inform how we evaluate companies and issuers and to make investment decisions based on these evaluations;
• the use of exclusionary screens on companies or sectors that do not meet certain sustainability criteria;
• tilting portfolios towards ESG factors and selecting companies that screen better than industry competitors in the desired metric (for example, carbon intensity), and so are likely to be less exposed to sustainability risks; and
• investing in companies, organizations or funds with the intention to generate a measurable, positive social or environmental impact along with financial return, with a view to also mitigating the impact of sustainability risks within the portfolio.

Whilst sustainability risk integration plays an important part in our investment approach, we consider sustainability risks alongside all other risks relevant to the portfolio and take a holistic view on the composition of the portfolio or the holding of specific investments from a risk perspective. In line with existing risk management processes, where we are not comfortable with the level of risk (including sustainability risk) posed by an investment, we will take steps to mitigate and manage that risk which may include divestment from a particular investment.

Where we delegate the management of client portfolios and funds to third-parties, we will consider and evaluate the regard for, and application of, sustainability risk policies by external managers as part of our initial due diligence and ongoing oversight of these external managers.

2. Statement on Identifying and Managing Principal Adverse Sustainability Impacts

A. Overview and Scope

As a global investment manager, GSAM invests in a wide range of asset classes, sectors and regions on behalf of clients, and in doing so finances a variety of economic activities with positive and negative impacts on environmental, social and governance matters.

As responsible investing is at the heart of our investment process, GSAM is committed to promoting and exercising effective stewardship among the issuers represented in client portfolios and to engage with them, in particular, on the actual and potential adverse impacts of their business activities on environmental, social and governance matters.
In accordance with the SFDR, this statement summarises how GSAM considers the adverse impacts of its investment decisions on sustainability factors, and the steps it takes to prioritise and mitigate the adverse impacts it considers to be principal.

B. Principal Adverse Sustainability Impacts

GSAM defines sustainability factors as environmental, social, governance and employee matters, as well as respect for human rights, anti-corruption and anti-bribery matters.

GSAM identifies and monitors the adverse impacts of potential and existing investee companies and issuers on sustainability factors by the adoption of both detailed in-house proprietary research, combined with the use of third-party data provider’s ESG screening and ratings.

The GSAM Global Stewardship Team creates an annual focus list that includes the environmental, social and governance matters that GSAM considers to be principal in terms of potential adverse impacts. Principal impacts are then prioritised in engagement efforts with issuers and the investment process.

Through its investment decision making, GSAM finances a wide range of economic and business activities that have positive and negative impacts on environmental, social and governance matters.

The principal adverse impacts that it most commonly encounters in the business activities of investee companies and issuers include, but are not limited to: carbon emissions and fossil fuel sector exposure, board gender diversity, possession of human rights policies, exposure environmental or social controversies.

GSAM seeks to mitigate these principal adverse impacts by firstly engaging with the issuers / investee companies to drive change within the organisation to eliminate or reduce the relevant negative sustainability impacts of their business. If the issuers / investee companies do not take remedial action to GSAM’s satisfaction within an appropriate timeframe, GSAM may divest from such investments in favour of investments in companies and activities with a better sustainability profile. For more information on the outcomes of our engagement, please refer to the GSAM Stewardship report.

Where we delegate the management of portfolios to third-parties, as part of our initial due diligence, and ongoing oversight and evaluation of the external manager(s), we also have regard to their track record on stewardship and their adherence to responsible business codes and standards.

C. Summary of Engagement Policies

As noted above, assessing and promoting effective stewardship among the companies and issuers represented in the portfolios we manage on behalf of our investing clients is a key part of our investment process.
Engagement with portfolio companies and issuers is conducted across asset classes and may vary by investment teams. The GSAM Global Stewardship Team drives the continued enhancement of our global proxy voting approach, and company and industry engagement. The GSAM Global Stewardship Team creates an annual focus list based on observations of local market and emerging best practices. The focus list serves as the framework for the Stewardship Team’s engagement efforts and is relevant across all companies and sectors and will include environmental, social and governance matters that we consider to be principal in terms of potential adverse impacts.

We have published an Engagement Policy in accordance with the requirements of Directive (EU) 2017/828 and its implementing measures (the Shareholder Rights Directive II) which provides further details on our engagement approach.

D. Adherence to Responsible Business Codes and Standards

GSAM 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 understanding, we engage with non-governmental organisations and review and update our Global Proxy Voting Policy and engagement focus list for emerging issues and evolving environmental and social concerns.

GSAM, whether directly or through its local asset management affiliates, supports active collaboration through various memberships and affiliations; such as:

- Investor Stewardship Group - signatory since 2018
- Japan Stewardship Code - signatory since 2014
- Japan 30% Club –member since 2020
- Singapore Stewardship Principles - signatory since 2016
- Sustainability Accounting Standards Board (SASB) - member since 2018 and hold 2 seats on the Investor Advisory Group
- UN Principles for Responsible Investing – signatory since 2011

3. Information on the Integration of Sustainability Risk into Remuneration Policies

ESG is increasingly important to how companies operate and to our clients as they invest their capital. The success of our business is tied to investment performance, advice, and client satisfaction and ESG expertise is an essential element of these.

Goldman Sachs remuneration principles are consistent with the integration of sustainability risks by evaluating performance on a multi-year basis and by ensuring that the variable

1 Applies to certain employees in certain entities/business units
compensation process considers all elements of risk including sustainability risk holistically rather than formulaically.

Goldman Sachs compensation principles are designed to encourage prudent risk-taking by employees and in addition to ensuring that risk is monitored and controlled throughout the year. As part of the annual performance review and the variable compensation process, the firm considers the overall risk profile comprising financial and non-financial risks, including sustainability risk. In particular, the firm’s compensation principles discourage excessive or concentrated risk taking consistent with the effective management of sustainability risks.

4. Transparency of the Environmental or Social Characteristics Promoted by GSAM Separately Managed Accounts

In accordance with Article 10 of the SFDR, this section provides information on the environmental or social characteristics promoted by GSAM’s Article 8 separately managed accounts and the methodologies that are used to assess, measure and monitor these characteristics.

Fixed Income

GSAM implements an approach to Environmental, Social and Governance (ESG) considerations into its fundamental investment process which consists of exclusionary screens as set forth below (the “ESG Criteria”).

GSAM will adhere to the ESG Criteria by generally seeking to avoid investing in debt securities issued by corporate and sovereign issuers that are, in the opinion of GSAM or its delegate managers, directly engaged in, and/or deriving significant revenues from the following activities:

- production of, and/or involvement in controversial weapons (including nuclear weapons);
- production or sale of tobacco;
- extraction, production or generation of certain fossil fuels (including thermal coal and oil sands); and
- production or sale of civilian firearms.

The portfolio will also seek to exclude from its investment universe all companies violating the United Nations Global Compact ten principles (which are widely recognised corporate sustainability principles that meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption).

Adherence to these ESG Criteria will be based on thresholds pre-determined by GSAM or its delegate managers, in their sole discretion and will be applied to data provided by a third party vendor(s). The exclusionary criteria applied by GSAM are determined in reliance on one or a number of third party ESG vendors. GSAM will rely on third-party data that it believes to be reliable, but it does not guarantee the accuracy of such third-party data. Potential omissions may include but are not limited to new issues or new issuers to which a third party ESG vendor would not yet have data mapped (in respect of which
GSAM may make reasonable estimates). In the course of gathering data, vendors may make certain value judgements (e.g., regarding the adequacy of a company’s program for addressing an ESG issue). GSAM does not verify those judgements, nor quantify their impact upon its analysis. GSAM, in its sole discretion, retains the right to disapply data and/or ratings provided by third party vendors where it deems the data and/or ratings to be inaccurate or inappropriate.

Additionally, the screening process for the portfolio generally excludes government and corporate issuers that have the lowest category of ESG ratings according to GSAM’s proprietary internal scoring system. The government and corporate issuers with the lowest ESG ratings according to GSAM's proprietary internal scoring system generally account for less than 10% of the issuers for which GSAM has assigned an internal ESG rating. There are instances where an internal ESG rating may not be available, which include but are not limited to, in-kind transfers, corporate actions, new issues, holdings that are soon to reach their maturity date, and/or certain short-term holdings.

GSAM in its sole discretion may periodically update its screening process, amend the type of activities that are excluded for investment or revise the thresholds applicable to any such activities.

The Investment Adviser from time to time leverages external data sources such as MSCI to supplement internal research in order to gain high level perspectives on sector themes, as well as negative news flow monitoring as well as for applying ESG screening criteria or sectoral exclusions. Although, the majority of the Fixed Income’s ESG assessment is conducted in-house, the Investment Adviser has a wide range of third-party ESG data sources which can be drawn upon. The Fixed Income research analysts and sovereign economists apply internal ESG ratings across the majority of our corporate credit and sovereign coverage. These ESG ratings are based on an internal methodology that identifies material ESG data and themes based on sector level weightings. The Investment Adviser further 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.

**Quantitative Investment Strategies**

GSAM may assess investee companies against certain social, environmental and governance indicators through its bottom-up stock selection and portfolio construction process. These indicators may include, but are not limited to, emission intensity, labour satisfaction, reputational concerns, governance and management incentives. The portfolio also addresses climate transition risk by using proprietary carbon metrics.

GSAM in its sole discretion may periodically update the indicators used in the investment decision-making process of the portfolio.

The indicators applied by GSAM are assessed in reliance on one or a number of third party ESG vendors. GSAM, in its sole discretion, retains the right to disapply data and/or ratings provided by third party vendors where it deems the data and/or ratings to be inaccurate or inappropriate.
The Investment Adviser uses a variety of data sources such as Bloomberg, MSCI, IHS as well as news based and alternative data providers to measure and monitor the environmental or social characteristics of the underlying assets of the portfolio, based on an internal methodology adopted by GSAM.