
GSAM Statement on Responsible and Sustainable Investing

Goldman Sachs Asset Management (GSAM), a part of the Goldman Sachs Group, Inc., is committed to helping institutional and individual investors preserve and grow their financial assets. As an asset manager, we act as a fiduciary on behalf of our clients. At GSAM, we seek to build and maintain strategic partnerships with our clients, and to deliver strong long-term investment performance to help them achieve their investment objectives. In addition, we play an important role in helping them ensure that their investments are well-governed and sustainable.

1. Responsible and Sustainable Investing

We believe responsible and sustainable investing extends beyond the evaluation of quantitative factors and traditional fundamental analysis. Where material, it should include the analysis of an entity's impact on its stakeholders, the environment and society. We recognize that these environmental, social, and governance (ESG) factors can affect investment performance, expose potential investment risks, and provide an indication of management excellence and leadership. As a result, it is important for our investment professionals to understand how ESG factors influence our investment decisions. To this end, GSAM continues to improve the process of integrating the analysis of these factors into our investment and company engagement processes, where appropriate and consistent with our fiduciary duty, as well as communicate on our progress in this regard and contribute to the development of best practices within the investment community. The GSAM ESG Working Group, consists of senior members across various asset classes and meets regularly to discuss best practices on ESG integration, including our responsible investment objectives.

2. ESG Integration

The foundation of our approach to responsible and sustainable investing is built on our core philosophy of serving our clients' investment goals and strictly adhering to our fiduciary duty as an asset manager. Our clients employ a range of strategies with respect to ESG implementation. We partner with them to provide a broad range of customized solutions, from a high-level incorporation of ESG factors into our investment process to exclusion-based approaches. Given the breadth and diversity of both our clients' objectives and our investment capabilities across our global platform, implementation by GSAM teams may vary across asset classes and investment styles.

3. Responsible Ownership

At GSAM, responsible ownership is accomplished in a number of ways. GSAM has adopted a global proxy voting policy, which is updated annually to incorporate current beliefs on key governance and ESG topics. For equity investments covered under our policy, proxy voting is an element of the portfolio management process. In addition, many of our research teams maintain active dialogues with company and fund management teams as part of their research and due diligence processes. Through this dialogue, we generally seek enhanced disclosure of ESG factors and risks, particularly where we believe such information could materially impact the value of our investments. This process allows us to raise awareness of these important issues to management teams and develop a framework for evaluating their responses. More information on engagement can be found in the individual team sections following.

4. Implementation

At Goldman Sachs, we are actively engaged in addressing environmental, social and governance issues every day, throughout our businesses. Sound governance and a responsible approach to social and environmental risks begins with our people. Our commitment to these values extends to the communities where we live and work. We strive to

amplify our effectiveness by leveraging our core capabilities and through close collaboration with our stakeholders around the world. Please see the following link for more information on Goldman Sachs initiatives including information on our social impact investing activities, statement on Human Rights and Environmental Policy Framework: <http://www.goldmansachs.com/citizenship/esg-reporting/>. GSAM is a signatory to the United Nations Principles of Responsible Investment (UNPRI), a CDP investor signatory, UK and Japan Stewardship Code signatories and is committed to responsible and sustainable investing and the formal integration of ESG principles into investment strategies and client solutions globally, where applicable and consistent with fiduciary duty. For further information including our proxy voting policy and UNPRI public report, please visit our GSAM Citizenship website:

<https://assetmanagement.gs.com/content/gsam/us/en/advisors/our-firm/citizenship.html>

The following sections outline team-specific approaches for:

- A. Fundamental Equity
- B. Fixed Income: Corporate Credit
- C. Alternative Investments & Manager Selection

A. Fundamental Equity

The GSAM Fundamental Equity team manages a range of equity strategies across market capitalizations, investment styles, and emerging and developed markets. The GSAM Fundamental Equity team invests with a long-term view. We seek to invest in companies with shareholder-oriented management teams and a focus on quality characteristics. These characteristics include sustainable or competitive operating advantages, strong balance sheets and cash flow generation, management teams who are excellent stewards of capital, and the ability to earn in excess of the cost of capital. In assessing the quality of a company's management team, we evaluate a company's focus on creating a sustainable business model and their attention to ESG factors, where relevant. Where consistent with fiduciary duty, we believe that ESG analysis and integration is a natural extension to quality-oriented fundamental research and risk management.

1. Responsible and Sustainable Investment Principles

- We seek to understand the material and relevant ESG issues in the companies we analyze and integrate these into investment decisions where consistent with fiduciary duty.
- We encourage companies to pursue responsible business practices and to disclose their practices.
- We will engage with company management teams and board members on critical ESG issues.
- We are active proxy voters and incorporate GSAM's views on corporate governance and ESG issues into our votes.

2. ESG Integration

The GSAM Fundamental Equity team has long considered ESG, particularly governance, issues to varying degrees in the investment process. Integrating ESG factors into the investment process is a valuable way to identify key risk and return drivers for our investments. Adherence to best practices in the ESG areas can benefit a company by minimizing its costs and liabilities, and enhancing its profitability and competitive positioning. When evaluating companies and meeting with management teams, we believe that a proactive focus on sustainability can be an indication of a strong corporate strategy and business model. ESG integration within Fundamental Equity will vary based on asset class and will evolve over time.

In order to quantify a company's commitment to ESG responsibility, we have developed an in-house comprehensive evaluation of ESG factors. This evaluation is applied to the names within our responsible equity strategies. For these portfolios, in addition to a score threshold needed to pass, we also seek to avoid companies that, in our view, have material exposure to controversial, material human rights, environmental or product responsibility issues.

Responsible Ownership

- **Corporate engagement:** One way to employ responsible ownership is to meet with company management teams. Engagement with management teams is a core part of our fundamental research process as it gives us unique insights into management quality, business model, financial strategy and future business

prospects. These meetings may also include a discussion on an Environmental, Social or Governance topic. Globally, the Fundamental Equity team conducts 6,000 management meetings each year.

While we may discuss ESG issues within the context of the regular investment process, we also hold specific engagements focused on ESG. The engagements could be initiated by companies or by us. For equities held within the responsible equity strategies, we may hold engagements with companies that have an initial score that is low or not passing or we may also engage with companies on an issue-specific basis (for example hydraulic fracturing, financing of controversial products, human rights in the supply chain) to gather information and encourage best practices. And finally, in the event of a material ESG incident, we may also engage to assess management's accountability.

For engagements focused on an environmental, social or governance issue, outcomes from engagements include understanding how ESG practices are integrated into strategy and decision-making and are driving value. Meetings with company management also allow us to evaluate the materiality of risk factors, including the company's impact on the communities in which it operates, refine our conviction levels related to our investment thesis, express our views and enact positive change. For companies where we hold regular ESG dialogue, we track progress over time of implementation of ESG-related items.

While we are working to more thoroughly track the number of ESG specific engagements globally, we do currently track engagements completed by our ESG specialists as well as for certain of our regional portfolio management teams. During 2014 we held over 1,000 engagements globally that included an ESG topic. We are aiming to expand our tracking of these engagements over time.

Proxy voting: We are active proxy voters. GSAM has adopted a global proxy voting policy, which we update annually to consider current ESG issues. The GSAM Fundamental Equity team also engages with management teams on proxy issues to gather additional information and to express our views on corporate governance and ESG issues.

Resources and Implementation

In addition to resources dedicated solely to ESG, governance and proxy analysis, Fundamental Equity has designated research analysts and/or portfolio managers within our regional investment teams to integrate ESG analysis into the fundamental, bottom-up investment research process to varying degrees within strategies across the platform.

B. Fixed Income: Corporate Credit

The GSAM Fixed Income team manages a range of strategies within global fixed income markets, including specialized single-sector, diversified multi-sector portfolios, and global liquidity management solutions. We believe the Corporate Credit sector is a natural starting point as we enhance our implementation of ESG analysis, where appropriate and consistent with fiduciary duty. The Corporate Credit team seeks to generate consistent excess returns through intelligent, risk-managed investing. We aim to uncover market opportunities worldwide, leveraging our global coverage and local expertise, and taking an active and fundamental approach to investing. Our research-driven process balances rigorous credit assessment with top-down strategic positioning, and employs sophisticated analytics and systems to detect and mitigate risk.

Responsible and Sustainable Investment Principles

- We believe ESG factors can affect the performance and risk profile of fixed income investments; therefore, we seek to understand the material and relevant ESG factors that affect credit quality.
- We acknowledge the growing importance of ESG issues and continue to integrate analysis of these factors into our corporate credit research process.
- We regularly communicate with company management teams on all topics that impact credit risk, including ESG factors.
- We seek to value all key drivers, including ESG where relevant, and incorporate them into our credit recommendations. While we do not automatically employ negative screens, we do respect client directed guidelines and abide by them in our portfolio construction process.

- Our team's approach to responsible and sustainable investing reflects our clients' goals and objectives.

ESG Integration

We believe ESG factors can affect the performance and risk profile of fixed income investments. Within the Corporate Credit team, our fundamental security analysis process incorporates material risk factors, quantitative and qualitative, financial and non-financial. This includes ESG factors as appropriate. Using proprietary and external research sources, we seek to identify those companies whose exposures in these areas highlight potential business risks and require heightened focus. We capture both quantitative and qualitative data points within our research repository and portfolio management systems. Analysts are responsible for understanding material ESG risks and incorporating them into their overall research and valuation process.

Responsible Ownership

As bond investors, we make decisions that protect our clients' interests as creditors while adhering to our fiduciary duty as an asset manager. This is manifested by granting or withholding our consent to proposed covenant or indenture changes and voting on restructuring proposals. We engage with issuers on a continuous basis. Management meetings enable our analysts and portfolio managers to improve their understanding of a credit investment's risk/reward profile, strategic positioning, and outlook.

Where appropriate and material, we seek to understand how management teams acknowledge, manage and mitigate ESG-related risks. We prefer to take an informational approach to engagement. We believe that the act of raising these issues serves as an important indication of their relevance to us as a creditor, particularly with regard to risk management. The questions and themes we address are designed to be flexible, depending on specific company, sector, and macro-related issues. The manner in which management responds can be a valuable input into our investment thesis. While the Corporate Credit team regularly meets with issuers independently, we also leverage the GSAM Fundamental Equity team's ability to gain access to management, including meetings solely focused on ESG issues.

Resources and Implementation

The GSAM Fixed Income team is committed to integrating analysis of ESG issues into our corporate credit process which we believe can help us make better investment decisions for our clients. We continue to enhance the integration of ESG research and analysis into our investment decision making, portfolio and risk management processes across other areas of global fixed income markets.

C. Alternative Investments & Manager Selection Group

The Goldman Sachs 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. The AIMS Group 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. The AIMS Group 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 seek to analyze ESG issues as one of many factors in our due diligence process.

Responsible and Sustainable Investment Principles

- We believe that the consideration of ESG issues may lead to better outcomes, while recognizing that their relevance may vary based on time horizon, strategy, industry, geography or other factors.
- We believe that ESG factors should be considered when we or our underlying managers evaluate new investment opportunities and that critical ESG issues should be monitored on an ongoing basis.
- We believe it is important that we engage with our fund managers to discuss the implementation of responsible business practices.

ESG Integration

The AIMS Group considers ESG factors, as appropriate, in evaluating new managers and investments and monitoring portfolios on an ongoing basis. These factors can have far reaching operational, organizational, regulatory, financial and strategic implications. When we are directly invested in companies, we incorporate an analysis of these factors, qualitative and quantitative, into our research process and due diligence. When we are investing through our underlying managers, we seek to incorporate ESG factors, where relevant, into our ongoing dialogue with them.

Responsible Ownership

As a fiduciary, we make decisions that protect our clients' interests both in terms of desired returns and risk levels. The AIMS Group seeks to implement responsible ownership practices throughout the duration of our investments, by understanding the policies of our underlying managers and engaging with them to monitor portfolio exposures and encourage ESG disclosure over time. Where appropriate and material, we seek to understand how management teams acknowledge, manage and mitigate ESG-related risks.

The AIMS Group monitors industry standards and seeks to implement best practices related to ESG. As we gather more data on the ESG factors in our underlying investments, we will seek to communicate our findings with our investors. The AIMS Group also seeks to take an active role in conversations on this topic with our managers and in the investment community, to further the collective understanding more broadly.

4. Resources and Implementation

As part of our commitment to responsible and sustainable investing at GSAM, we have created an ESG Working Group within the AIMS Group. The AIMS ESG Working Group has representation from the investment, client portfolio solutions, risk, management & analytics, and legal teams, and has primary responsibility for establishing our ESG policies and implementing practices to incorporate ESG principles into our investment, monitoring, and reporting functions.

Important Disclosures

This information is provided for informational purposes only.

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