

## Summary of Goldman Sachs Asia Pacific FICC and Equities business unit Best Execution Policy

### A. Background

This document summarises the best execution policy in relation to GS's institutional business conducted by Asia Pacific FICC and Equities business unit in Hong Kong, Singapore, Japan and Australia.<sup>1</sup>

This best execution policy is designed to be sufficient to ensure that we obtain the best possible results for your orders, subject to and taking into account any specific instructions, the nature of your orders and the nature of the markets and the products concerned. We are not required to guarantee that we will always be able to provide best execution on every order executed on your behalf.

We do not owe you any fiduciary responsibilities as a result of the matters set out in this policy, over and above the specific regulatory obligations placed upon us, or as contractually agreed with you.

References to "you", "your" and "yours" in this document mean "our client" and "our client's" as applicable.

### B. Scope

#### 1. Clients

This policy applies to the execution of orders on behalf of FICC and Equities business unit clients of GS.

This policy does not apply to retail clients. This policy may not apply to transactions which are only booked to GS, but where the client facing activities (such as agreeing the terms of the transaction) are carried on exclusively by employees of Goldman Sachs companies or branches other than Goldman Sachs (Asia) L.L.C., Goldman Sachs Japan Co Ltd, Goldman Sachs (Singapore) Pte, Goldman Sachs Futures Pte Ltd, and Goldman Sachs Australia Pty Ltd.

#### 2. Financial Instruments

This policy applies to all "Financial Instruments" of any asset class, traded on exchange and OTC, whether cash or physically settled, which is defined for the purpose of this Policy as any securities, derivatives, structured products, spot FX and commodities, syndicated loans, and securities financing transactions.<sup>2</sup>

The application of this policy to particular types of financial instruments is described further in paragraph G below.

### C. Best Execution

When we execute a Relevant Order we must take all reasonable steps to obtain the best possible result for you, taking into account the Execution Factors (the "Best Execution Obligation"). We are not under an obligation to obtain the best possible result for each individual order, but we must comply with this policy and meet the Best Execution Obligation on a consistent basis.

#### 1. Execution Factors

The Execution Factors are: price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of an order. Specifically, GS will take into account the following Execution Factors:

- the execution price without any costs charged to you, or our own fees and commissions;
- speed and/or likelihood of execution and settlement;
- the impact on market prices of displaying and/or executing an order or part of an order;
- the availability of price improvement (the opportunity for an order to be executed at a better price than what is currently quoted publicly); and
- any other consideration relevant to the efficient execution of the order.

#### 2. Relative importance of Execution Factors

When executing a Relevant Order, GS must take into account the following criteria for determining the relative importance of the Execution Factors in the circumstances:

- the characteristics of the client including the regulatory categorization of the client;
- the characteristics of the Relevant Order;
- the characteristics of financial instruments that are the subject of that order; and
- the characteristics of the Execution Venues (as defined below) to which that order can be directed.

Subject to any specific instructions, taking into account the criteria above, we will generally give the highest priority to net price. Net price is the total consideration paid by you, representing the price of the Financial Instrument and the costs related to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order. Our commissions and fees can only be taken into account when calculating the net price if all other factors are equal.

Generally, we do not expect to charge different commissions and fees depending on the choice of Execution Venue. However, if we do charge different commissions and fees depending on the choice of Execution Venue, we will:

- ensure that the commissions and fees are not structured in such a way as to discriminate unfairly between Execution Venues; and
- explain the different commissions and fees you in sufficient detail in order to allow the client to understand the advantages and the disadvantages of the choice of a single venue.

The remaining Execution Factors are generally given equal ranking.

Where there is insufficient immediately available liquidity on the relevant Execution Venues to execute the Relevant Order in full, where you instruct us to work a Relevant Order over a period of time or by reference to a benchmark calculated over a period of time (such as VWAP) or where we determine that there are other circumstances such that obtaining the best immediately available price may not be the best possible result for you, we may prioritize one or more of the other Execution Factors listed above. In these cases, we will determine the relative priority of each Execution Factor on an order-by-order basis, where the order is executed manually, and by order type (e.g. iceberg, VWAP), where the order is executed using an algorithm.

<sup>1</sup> For the purposes of this policy, "GS" and "we" means Goldman Sachs (Asia) L.L.C., Goldman Sachs Japan Co Ltd, Goldman Sachs (Singapore) Pte, Goldman Sachs Futures Pte Ltd, and Goldman Sachs Australia Pty Ltd.

<sup>2</sup> For activity conducted in Australia (Goldman Sachs Australia Pty Ltd) and Japan (Goldman Sachs Japan Co Ltd.), the policy only

applies to cash equities. For activity conducted in Hong Kong Goldman Sachs (Asia) L.L.C.), the policy applies to all Financial Instruments. For activity conducted in Singapore (Goldman Sachs (Singapore) Pte, Goldman Sachs Futures Pte Ltd), the policy applies to all capital markets products and all capacities in which it is acting in (i.e. whether as agent or principal).

Whenever you have provided us with a specific order instruction, GS will execute the order in accordance with the specific instruction – see section C5 Impact of a specific instruction below.

We have a degree of discretion in how to apply the different Execution Factors and this may result in a range of different permissible approaches to executing your orders. In determining what is the best possible result for you, we will not compare the results that could be achieved for you on the basis of our policy and fees with results that might be achieved for you by another investment firm on the basis of that firm's execution policy or a different structure of commission or fees, nor will we compare the differences in the commissions or fees that we charge to different clients which are attributable to the nature of the services that we provide to each client.

### 3. Relevant Orders

"Relevant Orders" are any instructions from a client to execute a transaction on the client's behalf that gives rise to contractual or agency obligations owed by GS to the client. Such contractual or agency obligations will arise where we are required to exercise discretion in relation to the execution of your instruction or order and you legitimately rely on us in relation to the exercise of that discretion. This may include instances where GS deals on its own account with you.

The Best Execution Obligation applies when GS is executing Relevant Orders on your behalf.

### 4. Reliance

For a FICC and Equities business unit client, circumstances in which we consider that you will not generally be legitimately relying on us in relation to the execution of its orders include where we are approached by you for a "request for quote" - i.e., when you ask us to provide you with a quote in a particular financial instrument, or where we will be trading with you as principal "on risk", in a market where the usual practice of clients is to ask several dealers for quotes, and where your access to prices in the market means you are able to, and in practice can be expected to, assess our quotes against those provided by other dealers.

It is however, important to note that although in the circumstances described above the Best Execution Obligation will typically not apply, we will still be required to treat you fairly and also to manage any conflicts of interest that may arise.

To determine whether you legitimately rely on GS to protect your interests, the following factors are relevant:

- which party initiates the transaction - where we approach you and suggest that you should enter into a transaction, it is more likely that you will be placing reliance on us. Where you initiate the transaction it is less likely that you will be placing reliance on us;
- market practice and the existence of a convention to 'shop around' - where the practice in the market in which a business area operates suggests you take responsibility for the pricing and other elements of the transaction (e.g. there is a market convention to "shop around" for a quote), it is less likely that you will be placing reliance on us;
- the relative levels of price transparency within a market - if we have ready access to prices in the market in which we operate, whereas you do not, it is more likely that you will be placing reliance on us, whereas if our access to pricing transparency is equal or similar to yours, it is less likely that you will be placing reliance on us; and
- the information provided by GS and any agreement reached - where our arrangements and agreements with you do not indicate or suggest a relationship of reliance, it is less likely that you will be placing reliance on us.

(referred to as the "four fold test" or "four fold reliance test")

Your category and characteristics are an important factor both in the assessment of whether you are relying on GS to deliver best execution and in providing best execution.

Even where the Best Execution Obligation does not apply, GS must act honestly, fairly, and professionally in accordance with your best interests.

### 5. Impact of a specific instruction

If we receive and accept an order from you that includes a specific instruction or specific instructions in relation to the handling and execution of the entire order or a particular aspect or aspects of the order (including selecting a particular execution venue, executing at a particular price or time or through the use of a particular strategy) then, subject to our legal and regulatory obligations, we will execute your order in accordance with that specific instruction.

This means that, to the extent of the specific instruction or instructions, our obligation of best execution will be satisfied by executing the order in accordance with your specific instruction. Where the specific instruction covers only a portion of an order (for example, as to the choice of venue), and we have discretion over the execution of other elements of the order, then we will continue to be subject to the Best Execution Obligation in respect of the elements of the order that are not covered by your specific instruction.

### D. Execution Venues

Execution Venues include:

- exchanges, regulated markets; and
- GS and its affiliates where we internalise Relevant Orders (either on risk or as riskless principal); and
- alternative liquidity venues; and
- market makers and other liquidity providers

Execution Venues can include venues of which we are a direct member or participant and venues that we access through third party brokers or dealers.

For certain products we may conclude that we can comply with our Best Execution Obligation by using GS as the sole Execution Venue. We will generally seek to internalize Relevant Orders, if we believe we can meet the Best Execution Obligation by doing so.

Relevant Orders may be executed using smart-order-routing (algorithms used for optimization of our order execution processes that may determine additional parameters of the order other than determining the Execution Venues where the order should be submitted. Such algorithms are able to slice the original order into "child orders" or determine the time of submission of the order or the "child orders") and other technology programmed to reflect the methodology set out in this policy. Other Relevant Orders may be executed manually by traders subject to this policy.

Relevant Orders may be executed in tranches over a period of time (up to several days) or on more than one Execution Venue in order to minimize market impact and achieve the best result. Where you have specified parameters (such as guaranteed VWAP or VWAP target execution), we will endeavor to execute a transaction or a series of transactions such that the overall execution is achieved within the parameters.

Where GS executes program trades on your behalf, GS will endeavor to provide the best overall result in relation to the aggregate portfolio rather than in relation to individual transactions within the portfolio.

### E. Third Party Brokers and Affiliates

GS will execute through its affiliates wherever possible unless the client specifies otherwise.

Where GS uses a third party broker ("Broker") to execute transactions, GS will undertake appropriate due diligence. Execution outcomes are continuously monitored through

systematic process to ensure that such execution arrangement do not undermine the delivery of best execution.

## F. Governance and Review

### 1. Asia Pacific FICC and Equities business unit Best Execution Committee

The Asia Pacific FICC and Equities business unit Best Execution Committee (the "Committee") has oversight for this policy.

### 2. Policy Review

The Committee will review this policy at least annually to consider whether this policy and GS's best execution arrangements include all reasonable steps to obtain the best possible result for the execution of Relevant Orders. Specifically, it will review:

- whether to assign different relative importance to the Execution Factors; and
- whether to modify any other aspects of this policy and/or the best execution arrangements.

The Committee will also conduct a review whenever a material change occurs that could affect GS's ability to comply with the Best Execution Obligation. What is material will depend on the nature and scope of any change.

## G. Application by Business and Product

### 1. Cash Equities

Unless stated otherwise, across all equity products the ranking of the execution factors is typically as follows:

1. Price
2. Likelihood of execution

The remaining execution factors – cost (including implicit cost such as impact on the market), speed, order size, nature of the order and any other consideration relevant to the efficient execution of your order - are generally given equal ranking.

#### (i) "Working order" trades

We consider that best execution is owed in respect of working order trades. However, working order trades in relation to cash equities can involve highly prescriptive specific instructions from you as to how you require the trades to be executed, and this will limit our duty of best execution to only those matters which are not covered by specific instructions.

#### (ii) Facilitation and RFQ Transactions

Where you ask us for facilitation, a quote, or responds to a quote that we have published, we would generally not expect you to be legitimately relying on us to provide best execution, particularly given that we predominantly act in a principal capacity and you would typically be "shopping around" for quotes and the market has high levels of price transparency. For example, this could include where you ask us to quote a price on a portfolio of shares, including where we are placed in competition as part of a process to bid as principal for a basket of shares.

#### (iii) Direct Electronic Access/ Specific Instructions

Where we provide direct electronic access arrangements to an execution venue, or where you calibrate the parameters of an execution algorithm or otherwise provides specific instructions in relation to a trade or all trades via a particular execution channel, our best execution obligations would be limited to those elements of the execution not covered by your specific instructions or, in the case of direct electronic access, not within your control.

### 2. Exchange Traded Derivatives – Equities and FICC

These instruments are typically traded only on the Execution Venue of their listing and therefore your orders in the instrument will determine the Execution Venue. Application of best execution is

therefore limited to liquidity available on the relevant Execution Venue for the instrument. Unless stated otherwise, across all exchange traded derivative products the ranking of the execution factors are typically as follows:

1. Price
2. Speed of execution

The remaining execution factors – cost (including implicit cost such as impact on the market), likelihood of execution, order size, nature of the order and any other consideration relevant to the efficient execution of the client's order - are generally given equal ranking.

#### (i) "Working order" trades

We consider that best execution is owed in respect of working order exchange traded derivative trades. However, working order trades in relation to exchange traded derivatives can involve specific instructions from yourself as to how you require the trades to be executed and this will limit the duty of best execution to those execution factors which are not covered by specific instructions.

#### (ii) "Block/Basis" trades

Block or Basis trades are typically transacted on a request for quote basis where you ask us to quote a price for a block of contracts. We would generally not expect you to be legitimately relying on us to provide best execution in this scenario, particularly given the market practice for you to shop around for quotes and the high levels of transparency in the market.

#### (iii) Direct Electronic Access/Specific Instructions

Where we provide direct electronic access arrangements to a trading venue, or where you calibrate the parameters of an execution algorithm or otherwise provides specific instructions in relation to a trade, our best execution obligations would be limited to those elements of the execution not covered by your specific instructions or, in the case of direct electronic access, not within your control.

### 3. Vanilla OTC Derivatives – Equities

These instruments are typically traded on a request for quote basis, including where you approach us for a quote or is responding to our streamed prices/indications of interest through electronic platforms where we predominantly act in a principal capacity and you ultimately decide whether to proceed with the transaction based upon the price provided by us and those of other liquidity providers from whom you have sourced quotes.

Generally, we would not expect you to be legitimately relying on us to provide best execution, particularly given the market practice is for you to shop around for quotes and the levels of transparency in the market for these products. However, in certain circumstances, we may determine based on the four-fold reliance test that we owe a duty of best execution, including:

#### (i) Worked Orders on Single stock/Equity index/basket swap transactions

We consider that best execution may be owed in respect of working order trades as these trades may involve us exercising our discretion in relation to the execution of cash equities which are typically a material component of the hedge to the equity derivative with yourself and from which components of the price are determined. Where we owe best execution it applies to the execution by us of the equity derivative but may be measured and monitored with reference to the execution of the cash hedge(s).

#### (ii) Re-structurings/unwinds/highly illiquid instruments

We consider that best execution may be owed where we are unable to determine whether you have the ability to obtain alternative quotes from other broker/dealers in the market, the instrument is highly illiquid and/or is subject to limited price transparency, including where it does not reference observable external prices or benchmarks.

Where we determine that we may owe best execution, we would typically give the highest priority to net price. The remaining execution factors, to the extent relevant, – cost (including implicit cost such as impact on the market), speed, order size, nature of the

order and any other consideration relevant to the efficient execution of your order - are generally given equal ranking.

#### 4. Cash Products and Vanilla OTC Derivatives – FICC excluding FX

These instruments are typically traded on a request for quote basis, including where you approach us for a quote or is responding to our streamed prices/indications of interest through electronic platforms where we predominantly act in a principal capacity and you ultimately decide whether to proceed with the transaction based upon the price provided by us and those of other liquidity providers from whom you have sourced quotes. Generally, we would not expect you to be legitimately relying on us to provide best execution, particularly given the market practice for clients to shop around for quotes and the high levels of transparency in the market. However, in certain circumstances, we may determine based on the four-fold test that we owe a duty of best execution, including:

##### (i) Re-structurings/unwinds/highly illiquid instruments

We consider that best execution may be owed where we are unable to determine whether you have the ability to obtain alternative quotes from other dealers in the market, the instrument is highly illiquid and/or the product is subject to limited price transparency, including where it does not reference observable external prices or benchmarks.

##### (ii) Sourcing liquidity

Where we have agreed to source bonds for yourself from third parties which applies to a small proportion of convertibles business, particularly relating to illiquid convertibles we would generally consider you to be legitimately relying on us to provide best execution. You will often provide us with a limit price in relation to the bonds. These are generally considered to be firm orders, for which you are relying upon us in relation to the execution.

Where we determine that we may owe best execution, we would typically give the highest priority to net price. The remaining execution factors, to the extent relevant, – cost (including implicit cost such as impact on the market), speed, order size, nature of the order and any other consideration relevant to the efficient execution of your order - are generally given equal ranking.

#### 5. FX Spot and Derivatives

These instruments are typically traded on a request for quote basis, including where you approach us for a quote or is responding to our streamed prices through electronic platforms where we predominantly act in a principal capacity and you ultimately decide whether to proceed with the transaction based upon the price provided by us and those of other liquidity providers from whom it has sourced/accessed quotes. Generally, we would not expect you to be legitimately relying on us to provide best execution, particularly given the market practice for clients to shop around for quotes and the high levels of transparency/liquidity in the market. However, in certain circumstances, we may determine based on the four-fold test that we owe a duty of best execution, including:

##### (i) Re-structurings/unwinds of FX derivatives

Where we are unable to determine whether you have the ability to obtain alternative quotes from other dealers in the market and/or the product is subject to limited price transparency, including where it does not reference observable external prices or benchmarks.

Where we have determined best execution is owed, the ranking of the execution factors would typically be as follows:

1. Price
2. Likelihood of execution and settlement

The remaining execution factors, to the extent relevant – costs, nature of the order and other considerations relevant to the efficient execution of your order - are generally given equal ranking.

#### 6. Listed Structured Products – Equities and FICC

These instruments are listed on trading venues. Typically, we will be involved in the creation and issuance of these products as part of our lead order business as well as acting as a market maker for the instrument in the secondary markets and providing

quotes/streaming prices on trading venues where we predominantly act in a principal capacity and you ultimately decide whether to proceed with the transaction based upon the price provided by us and those of other liquidity providers from whom you have received quotes. We would not expect you to be legitimately relying on us to provide best execution for these products, particularly given the market practice for clients to shop around for quotes and the levels of transparency in the market for these products.

#### 7. Exotic OTC Derivatives and OTC Structured Products – Equities and FICC

OTC exotic derivatives and structured products are products that are not admitted to trading, or tradable on a trading venue (i.e. a regulated market).

OTC exotics derivatives and structured products generally involve bilateral discussions which typically include specific client customization. For such products, there are generally few comparable alternatives, price transparency is limited as a consequence of the product customization and that you have limited ability to obtain alternative quotes for the same product from other broker/dealers in the market. As a consequence, we would generally expect that you are legitimately relying on us to provide best execution.

Whilst pricing for these products are determined as a consequence of bilateral negotiation between us and yourself we will assess the fairness of the price proposed to you as part of the final price agreed with yourself.

#### 8. Securities Financing Transactions

##### (a) Securities Lending

##### (i) Principal securities lending

We consider that best execution is generally not owed in respect of securities loans entered into on a principal basis.

This is because the nature of such transactions involves the following characteristics: (i) we are approached and requested by yourself to provide lending services in order to facilitate the settlement of short sales of securities which you have entered into; (ii) the nature of the market is such that you will generally have multiple potential lending counterparties (including prime brokers) and will likely locate with each broker in order to find availability, stability of supply and the best lending rate in respect of the securities you wish to borrow; and (iii) particularly with respect to securities where there is limited availability, the borrow rate can be the subject of significant negotiation. While there is not a single source of securities lending data in the market, you will also have the ability to access information with respect to borrow rates from other potential lending counterparties and from third party data providers. As a result, we believe you are not relying on us in relation to the execution of the transaction.

##### (ii) Agency securities lending

Agency securities lending transactions are those where we act as agent for you who wish to lend your securities to borrowers in the market under agreements that you are a party to as principal with those other counterparties. We are not a party to such transactions.

We consider that best execution is generally owed in respect of agency securities lending transactions save where we understand that you are not placing reliance on us (for example, where you have provided specific instructions as to the elements of the transaction).

We consider that the best execution factors for this type of transaction are different to transactions in other financial instruments because of the nature of the transaction as an ongoing collateralized transaction which is not settled to the market daily. When best execution is owed, the ranking of the execution factors should typically be as follows:

1. Price
2. Quality of the collateral
3. Stability of the borrow
4. Operational efficiency and reliability
5. Creditworthiness of the counterparty

Price” in this context means the rate which you will receive for the loan of your securities. “Stability of the borrow” means the likelihood of the counterparty wishing to return the borrow. “Operational efficiency and reliability” mean the likelihood of a failure in terms of settlement, the posting of margin or processing of corporate actions. The remaining execution factors – likelihood of execution, costs, speed, transaction size, nature of the transaction and other considerations relevant to the efficient execution of your transaction - are generally given equal ranking.

Note that where you provide specific instructions in respect of the securities lending transaction, the duty of best execution will not apply in respect of aspects of the transaction covered by those specific instructions.

(b) Repurchase Agreements

We consider that best execution is generally not owed in respect of repurchase transactions entered into on a principal basis.

This is because the nature of such transactions involves the following characteristics: (i) we are approached and requested by yourself to enter into repurchase transactions for the purposes of providing you funding, or, in respect of reverse repo transactions, where the you are seeking to obtain the relevant securities; (ii) the nature of the market is such that you will generally have multiple potential repurchase counterparties and will likely shop around to find availability, and the best repurchase rate in respect of the securities subject to the repurchase agreement; and (iii) particularly with respect to repurchase transactions which are bespoke in nature, whether by reference to the tenor or other specific characteristics of the transaction, the repurchase rate can be the subject of significant negotiation. While there is not a single source of repurchase rate data in the market, you will have the ability to access information with respect to repurchase rates from other potential repurchase counterparties and, in respect of more commoditized repurchase transactions, from third party data providers. As a result, we believe you are not relying on us in relation to repurchase transactions.