UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
CORPORATION FINANCE

January 29, 2018

Beverly L. O'Toole
The Goldman Sachs Group, Inc.
beverly.otoole@gs.com

Re: The Goldman Sachs Group, Inc.

Dear Ms. O'Toole:

This letter is in regard to your correspondence dated January 29, 2018 concerning the shareholder proposal (the "Proposal") submitted to The Goldman Sachs Group, Inc. (the "Company") by the National Center for Public Policy Research (the "Proponent") for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. Your letter indicates that the Proponent has withdrawn the Proposal and that the Company therefore withdraws its December 28, 2017 request for a no-action letter from the Division. Because the matter is now moot, we will have no further comment.

Copies of all of the correspondence related to this matter will be made available on our website at http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml. For your reference, a brief discussion of the Division's informal procedures regarding shareholder proposals is also available at the same website address.

Sincerely,

M. Hughes Bates
Special Counsel

cc: Justin Danhof
National Center for Public Policy Research
jdanhof@nationalcenter.org

200 West Street I New York, New York 10282
Tel: 212-357-1584 I Fax: 212-428-9103 I e-mail: beverly.otoole@gs.com

Beverly L. O'Toole
Managing Director
Associate General Counsel

Goldman Sachs

January 29, 2018

Via E-Mail to shareholderproposals@sec.gov

Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

Re: The Goldman Sachs Group, Inc.
Withdrawal of No-Action Request Dated December 28, 2017 Regarding
Request to Omit Shareholder Proposal of National Center for Public Policy Research

Ladies and Gentlemen:

We refer to our letter, dated December 28, 2017 (the "No-Action Request"), pursuant to which we requested that the staff of the Division of Corporation Finance (the "Staff") of the Securities and Exchange Commission concur with our view that The Goldman Sachs Group, Inc. (the "Company") may exclude the shareholder proposal and supporting statement (the "Proposal") submitted by National Center for Public Policy Research, as proponent (the "Proponent") from its proxy statement and form of proxy for the Company's 2018 Annual Meeting of Shareholders.

Attached as Exhibit A is a communication sent by the Proponent formally withdrawing the Proposal. Because the Proposal has been withdrawn, the Company hereby withdraws its No-Action Request and asks that the Staff give no further consideration to this matter. A copy of this letter is being sent simultaneously to the Proponent as notification of the Company's withdrawal of the No-Action Request.

* * *

Should you have any questions or if you would like any additional information regarding the foregoing, please do not hesitate to contact me (212-357-1584; Beverly.OToole@gs.com) or Jamie Greenberg (212-902-0254; Jamie.Greenberg@gs.com). Thank you for your attention to this matter.

Very truly yours,

Beverly O'Toole

Beverly L. O'Toole

Attachment

cc: Justin Danhof, National Center for Public Policy Research

Exhibit A

NATIONAL CENTER
FOR PUBLIC POLICY RESEARCH

January 29, 2018

Kara Succoso Mangone
The Goldman Sachs Group, Inc.
200 West Street
New York, New York 10282

RE: Stockholder Proposal of the National Center for Public Policy Research

Dear Ms. Mangone,

Thank you very much for talking to us about the important issues raised in our proposal. We note specifically that you have indicated that regarding the company's philanthropic giving programs, that: "At Goldman Sachs, our firm giving is consistent with our values and business interests. All decisions are made using the company's independent criteria." As a result, we believe that Goldman Sachs has already substantially implemented our proposal and I am writing now to formally withdraw it from consideration at the 2018 meeting of Goldman Sachs shareholders.

Furthermore, should at any point the company find itself in a position in which it would be useful for it to speak with groups engaged in the protection of free speech and freedom of association or any of our Constitutional or human rights, I hope you will feel free to call reach out to us at the National Center for Public Policy Research.

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Sincerely,

Justin Danhof

Justin Danhof, Esq.

20 F Street, NW Suite 700
Washington, DC 20001
Tel. (202)507-6398
www.nationalcenter.org

200 West Street | New York, New York 10282
Tel: 212-357-1584 | Fax: 212-428-9103 | e-mail: beverly.otoole@gs.com

Beverly L. O'Toole
Managing Director
Associate General Counsel

Goldman Sachs

December 28, 2017

Via E-Mail to shareholderproposals@sec.gov

Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

Re: The Goldman Sachs Group, Inc.
Request to Omit Shareholder Proposal of
National Center for Public Policy Research

Ladies and Gentlemen:

Pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), The Goldman Sachs Group, Inc., a Delaware corporation (the "Company"), hereby gives notice of its intention to omit from the proxy statement and form of proxy for the Company's 2018 Annual Meeting of Shareholders (together, the "2018 Proxy Materials") a shareholder proposal (including its supporting statement, the "Proposal") received from National Center for Public Policy Research, as proponent (the "Proponent"). The full text of the Proposal and all other relevant correspondence with the Proponent are attached as Exhibit A.

The Company believes it may properly omit the Proposal from the 2018 Proxy Materials for the reasons discussed below. The Company respectfully requests confirmation that the Staff of the Division of Corporation Finance (the "Staff") of the Securities and Exchange Commission (the "Commission") will not recommend enforcement action to the Commission if the Company excludes the Proposal from the 2018 Proxy Materials.

This letter, including the exhibits hereto, is being submitted electronically to the Staff at shareholderproposals@sec.gov. Pursuant to Rule 14a-8(j), the Company has filed this letter with the Commission no later than 80 calendar days before the Company intends to file its definitive 2018 Proxy Materials with the Commission. A copy of this letter is being sent simultaneously to the Proponent as notification of the Company's intention to omit the Proposal from the 2018 Proxy Materials.

## I. The Proposal

The resolution included in the Proposal reads as follows:

> *"Resolved: Shareholders request management review its policies related to human rights to assess areas where the Company needs to adopt and implement additional policies and to report its findings, omitting proprietary information and prepared at reasonable expense, by December 2018."*

The supporting statement included in the Proposal (the "Supporting Statement") is set forth in Exhibit A.

## II. Reasons for Omission

The Company believes that the Proposal properly may be excluded from the 2018 Proxy Materials pursuant to:

- Rule 14a-8(i)(3), because the Proposal contains materially false and misleading statements including those that impugn the character, integrity and reputation of the Company by tying it to "dishonest disassociation campaigns," "misleading information," "extremist groups" and a reduction in "religious freedom" without factual support;

- Rule 14a-8(i)(10), because the Company has substantially implemented the Proposal; and

- Rule 14a-8(i)(7), because the Proposal relates to the Company's ordinary business operations.

### A. The Proposal may be excluded under Rule 14a-8(i)(3), because it contains materially false and misleading statements.

Rule 14a-8(i)(3) provides that a company may omit a stockholder proposal from its proxy materials if "the proposal or supporting statement is contrary to any of the Commission's proxy rules, including Rule 14a-9, which prohibits materially false or misleading statements in proxy soliciting materials." According to Note (b) to Rule 14a-9 and Staff Legal Bulletin No. 14B (Sept. 15, 2004), a statement that impugns integrity, character or reputation without factual foundation is misleading within the meaning of the rule and can result in the entire proposal being excluded under Rule 14a-8(i)(3). Applying this standard, the Staff has concurred with the exclusion of an entire proposal on this basis where the proposal suggests a company has engaged in wrongdoing without providing any factual support for such implication. *See, e.g.*, *ConocoPhillips* (Mar. 13, 2012) (concurring in the exclusion of a proposal suggesting ConocoPhillips participated in money laundering). As described below, the Supporting Statement impugns the integrity, character and reputation of the Company without factual support by implying the Company is associated with "dishonest disassociation campaigns," "misleading information," "extremist groups" and a reduction in "religious freedom."

**1. The Proposal impugns the character, integrity and reputation of the Company by tying it to "dishonest disassociation campaigns," "misleading information," "extremist groups" and a reduction in "religious freedom" without factual support.**

In the Supporting Statement, the Proposal alleges that the Human Rights Campaign and the Center for American Progress: "target[ ] policy rivals with dishonest disassociation campaigns. . . filled with misleading information," "direct[ ] corporate free speech and freedom of association rights" and "reduce[ ] religious freedom in the United States." These allegations are directly and intentionally tied to the Company: the Supporting Statement states the Company has a "relationship" with the Human Rights Campaign and a "link[ ]" with the Center for American Progress.

This type of hyperbole and innuendo is inappropriate, especially in the absence of any factual basis to support these allegations. The Staff should not permit the Proponent to use the Rule 14a-8 process to make materially misleading unsubstantiated allegations about organizations unaffiliated with the Company and/or their relationship or links with the Company. Moreover, all of these allegations are made without any support whatsoever.[1] Accordingly, the entire Proposal may be omitted under Rule 14a-8(i)(3) as materially false and misleading.

The materiality under Rule 14a-8(i)(3) of false and misleading assertions in a supporting statement is demonstrated by the court's holding in *Express Scripts Holding Co. v. Chevedden*, 2014 WL 631538, at *4 (E.D. Mo. Feb. 18, 2014). There, in the context of a proposal that sought to separate the positions of chief executive officer and chairman, the court ruled that, "when viewed in the context of soliciting votes in favor of a proposed corporate governance measure, statements in the proxy materials regarding the company's existing corporate governance practices are important to the stockholder's decision whether to vote in favor of the proposed measure" and therefore are material. Just as in *Express Scripts*, the unsubstantiated allegations made in the Proposal about organizations unaffiliated with the Company are integral to a shareholder's determination of whether the additional actions requested in the Proposal are necessary.

Alternatively, if the Staff does not agree, we believe that the fourth, sixth, seventh and last two paragraphs of the Proposal may be omitted in their entirety. *See, e.g., Sara Lee Corp.* (July 31, 2007) (permitting omission of specified portions of a supporting statement as being materially false and misleading); *Bob Evans Farms, Inc.* (June 26, 2006) (permitting exclusion of all but one sentence of a paragraph of a supporting statement as being materially false and misleading).

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[1] As such, including the Proposal in the Company's Proxy would associate the Company with false and misleading information.

**B. The Proposal may be excluded under Rule 14a-8(i)(10), because the Company has substantially implemented the Proposal.**

The Proposal is excludable because the Company has already substantially implemented the proposal, under Rule 14a-8(i)(10). The Commission has previously indicated that substantial implementation does not require full or identical implementation. *See* SEC Release No. 34-40018, Amendments to Rules on Shareholder Proposals, [1998 Transfer Binder] Fed. Sec. Law Rep. ("CCH") ¶86,018 at 80,538 n.30 (May 21, 1998) (the "1998 Release"). Instead, Rule 14a-8(i)(10) permits exclusion when the company can show that it has substantially implemented the "essential objectives" of the proposal, or where the existing implementation "compares favorably" with the proposal, even if by means other than those suggested by the shareholder proponent. *See, e.g., General Electric Company* (Mar. 3, 2015) (proxy access by-law addressed the proposal's "essential objective"); *Pfizer Inc.* (Jan. 11, 2013) (company's public disclosures "compare favorably" with the guidelines in the proposal); *The Procter & Gamble Company* (Aug. 4, 2010) (company's policy "compares favorably" to the guidelines in the proposal); *Johnson & Johnson* (Feb. 17, 2006) (company's policies, practices and procedures "compare favorably" with the proposal). In particular, the Staff has previously considered a nearly identical proposal and has permitted exclusion as substantially implemented. *The Boeing Company* (Jan. 30, 2017).[2]

**1. The Company's comprehensive, well-established human rights policies satisfy the Proposal's essential objective.**

The proposal asks that "management review its policies related to human rights to assess areas where the Company needs to adopt and implement additional policies and to report its findings." Although the Proposal is vague on the underlying objective of the review, it would be reasonable to conclude that the Proposal is designed to ensure that the Company has adequate human rights policies and procedures in place to provide for freedom of speech, freedom of association and religious freedom. In light of the Company's comprehensive, well-established policies regarding human rights, broadly defined, which are reviewed and updated as appropriate, the Company has substantially implemented the essential objective of the Proposal.

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2 In *Caterpillar Inc.* (Mar. 26, 2015), the Staff declined to concur in the exclusion of a substantially similar proposal in reliance on Rule 14a-8(i)(10) when the company's board of directors adopted a human rights policy during the pendency of the no-action letter request. Unlike the circumstances in *Caterpillar Inc.*, the Company has already (1) adopted comprehensive human rights policies, and conducts appropriate reviews thereof, and (2) posted on its public website extensive information about its human rights policies and continues to update that information on a regular basis. For these reasons, *Caterpillar Inc.* is readily distinguishable from this request.

The Company's case is also distinguishable from *Starbucks Corporation* (Dec. 16, 2015), where the Staff did not concur that a proposal substantially similar to the Proposal could be excluded as substantially implemented. The Company has approached human rights as "fundamental to . . . [its] business." Goldman Sachs Statement on Human Rights, attached as Exhibit B ("GS Statement on Human Rights"). The Company considers human rights issues in all facets of its business from its treatment of employees and business selection to the vendors the Company does business with. Moreover, the Company is committed to engaging with stakeholders on human rights matters and updating its policies, practices and procedures in light of that engagement.

The Company respects and shares the Proponent's respect for human rights, including freedom of speech, freedom of association and religious freedom. These beliefs are embedded throughout the firm's existing policies and procedures, including the firm's long-standing Business Principles,[3] which state both that the firm is "dedicated to complying fully with the letter and spirit of the laws, rules and ethical principles that govern us," and that the firm expects its "people to maintain high ethical standards in everything they do, both in their work for the firm and in their personal lives."

The Company's commitment to human rights is evidenced in its Statement on Human Rights,[4] attached hereto as Exhibit B, which states unequivocally that the Company "recognizes and takes seriously its responsibility to help protect, preserve and promote human rights around the world." The GS Statement on Human Rights, which covers matters relating to the firm's people, clients and vendors, emphasizes that the Company's respect for "human rights is fundamental to and informs our business; it guides us in how we treat and train our employees, and how we work with our clients and our vendors." For example, the GS Statement on Human Rights stresses that the Company is "dedicated to creating a workplace that respects each employee's human rights, and ensures that the interactions of our people with clients, vendors and other business partners comply with the spirit, as well as the letter, of regulations and laws in the jurisdictions in which we operate." The statement also states that the firm places "a high priority on the identification of potential human rights issues in the due diligence that precedes our business transactions" and that "[t]he [f]irm analyzes new and existing clients for a wide array of possible human rights-related issues, including labor practices, impacts on indigenous peoples, and proximity to conflict regions." The GS Statement on Human Rights also confirms the Company's continuing commitment to these critical issues, citing "ongoing engagement on these issues" with external stakeholders, which necessarily informs the Company's policies, practices and procedures going forward.

The Company also recently issued its Statement on Modern Slavery and Human Trafficking (approved by the Board of Directors)[5] (the "MSA," attached hereto as Exhibit C), which sets forth the steps that the Company has taken and is taking to ensure that slavery and human trafficking are not taking place in the firm's business and supply chain. As described in the MSA, which is integrated with the GS Statement on Human Rights, Business Principles, Code of Business Conduct and Ethics and the Goldman Sachs Environmental Policy Framework (the "GS Environmental Policy," attached hereto as Exhibit D)[6], the Company convened a cross-divisional working group to assess potential risks within its business and its supply chain, review its policy framework against the requirements of the MSA, and coordinate the implementation of

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3 *Available at:* http://www.goldmansachs.com/who-we-are/business-standards/business-principles/index.html.

4 *Available at*: http://www.goldmansachs.com/investor-relations/corporate-governance/corporate-governance-documents/human-rights-statement.pdf.

5 *Available at*: http://www.goldmansachs.com/investor-relations/corporate-governance/corporate-governance-documents/statement-on-modern-slavery-and-human-trafficking.pdf.

6 *Available at*: http://www.goldmansachs.com/s/environmental-policy-framework/index.html

any necessary enhancements. One element of the MSA relates to monitoring and reporting, which describes the firm's governance processes, including with respect to escalation of any matter that might raise a legal or ethical issue (including human rights issues). Furthermore, the MSA affirms the Company's continued engagement on these critical matters, including that an annual statement will be made as required by the UK Modern Slavery Act 2015.

In connection with, and as committed to in the MSA, the Company recently enhanced its vendor management program. The Company's Vendor Code of Conduct,[7] updated, including by circulation to the Company's vendors, makes clear the Company's expectations for how its vendors will conduct their business. The Vendor Code of Conduct explicitly addresses matters relating to human rights, including freedom of association, inclusion and non-discrimination.

The Company also highlights its approach to managing environmental and social risks, including those related to human rights, in the GS Environmental Policy. The GS Environmental Policy discusses the Company's approach to human rights, including with respect to Indigenous Peoples, stakeholder engagement and resettlement, and child labor, forced labor and human trafficking. For example, the policy sets forth, among other things:

> **Human Rights**: Goldman Sachs recognizes that environmental and social issues are often linked. We have a responsibility to help protect, preserve and promote human rights around the world. Examples of such rights are articulated in the United Nations Universal Declaration of Human Rights. While national governments bear the primary responsibility for ensuring human rights, we believe that the private sector can and should play a role in championing these fundamental rights. Our respect for human rights is fundamental to and informs our business; it guides us in how we treat and train our people, and how we work with our clients and our vendors. Our Business Principles and our Code of Business Conduct and Ethics also play an important role in determining our responsibilities as corporate citizens, and help to inform our business selection process and guide our business decisions and judgments.

The GS Environmental Policy also provides a number of sector guidelines in addition to the Company-wide review process to provide teams working in certain sensitive sectors with "due diligence guidelines and training to evaluate new business opportunities more effectively." These sector guidelines "are reviewed periodically and updated based on emerging best practices, regulatory changes and engagement with stakeholders." For example, the hydraulic fracturing guidelines states that the Company applies enhanced due diligence, including "engagement with and mitigation of impacts on the local community." And, the Company's guidelines on palm oil projects notes that the Company "require[s] clients to have a commitment to . . . no human rights violations." That guideline further provides that, where this is not in place, the Company "will introduce or refer clients to credible experts who can help establish

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7 *Available at*: http://www.goldmansachs.com/investor-relations/corporate-governance/esg-reporting/vendor-code-of-conduct/english.pdf.

such a commitment," and that its "[c]lients should have a plan in place to demonstrate compliance with this commitment."

The GS Environmental Policy, which applies to the Company and its majority-owned subsidiaries, is coordinated by the Environmental Markets Group ("EMG"), reporting directly to the Office of the Chairman. The policy and its implementation are reviewed with the Board's Public Responsibilities Committee, which also approved the policy. The Company reports on its progress on the key initiatives set forth in the GS Environmental Policy annually through the Environmental, Social and Governance Impact Report and the Environmental Stewardship section of the Company website.[8]

The Company's commitment to human rights is also evidenced by the Company's Code of Business Conduct and Ethics[9] adopted by the Board of Directors and reviewed annually by the Board and its Corporate Governance and Nominating Committee, which, among other things, states that "concern for the personal dignity of each individual is an indispensable element of the standards we set for ourselves at Goldman Sachs," that "[t]he firm affords equal employment opportunity to all qualified persons without regard to any impermissible criterion or circumstance," that the Company does "not tolerate any type of discrimination prohibited by law" and that the Company and its people "must comply with all applicable laws, rules and regulations, including those related to insider trading, financial reporting, money laundering, fraud, bribery and corruption" (each of which are detailed in the firm's Compendium of internal policies, which are generally required to be reviewed on a periodic basis). The Code of Business Conduct and Ethics also describes the Company's Business Integrity Program, which the Company has continued to enhance, as described on its website. For example, in April 2015, the Board approved amendments to the Code of Business Conduct and Ethics to include additional information regarding the firm's Business Integrity reporting hotline, which amendment was described on the Company website as required by the SEC's rules. Since then, the Company has continued to enhance its Business Integrity Program, which was relaunched in 2017 with a communications campaign that was designed to increase awareness of the program, including the associated toll-free hotlines and web portal to report integrity concerns.

As is evidenced by the foregoing, the Company management has already put in place comprehensive human rights policies and practices, and is committed to the ongoing review thereof, including by seeking input from external stakeholders. Thus, the Company has already adopted and implemented policies, practices and procedures that compare favorably to the essential objective of the Proposal.

The Staff has previously concluded that a shareholder proposal requesting a "report" – including human rights-related reports – is substantially implemented where the company can demonstrate that it has published the subject matter of the requested report on its public website.

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8 *Available at*: http://www.goldmansachs.com/citizenship/environmental-stewardship/index.html.

9 *Available at*: http://www.goldmansachs.com/investor-relations/corporate-governance/corporate-governance-documents/revise-code-of-conduct.pdf.

*See Mondelez International, Inc.* (Mar. 7, 2014) (request for report on review of human rights policies substantially implemented when the company had made relevant information available on its website); *see also The Coca-Cola Co.* (Jan. 25, 2012) (request for report on public-policy implications of BPA substantially implemented when the company's website contained various references to the issue); *Honeywell International, Inc.* (Feb. 21, 2007) (request for sustainability report substantially implemented when the company had disclosed its sustainability policies on its website).

This was also the case even where the proposal, as is the case here, requested an evaluation of how the results affected company policies. For example, in *Mondelez*, the human rights proposal requested that the report include "[h]ow the results of the assessment [were] incorporated into company policies and decision making."

As explained above, the Company has published extensive information on its public website regarding its human rights policies, practices and procedures. For example, the Company displays its Environmental, Social and Governance Impact Reports, GS Environmental Policy, GS Statement on Human Rights, Statement on Modern Slavery and Human Trafficking, Code of Business Conduct and Ethics and Vendor Code of Conduct prominently on its website, among other things.[10] Further, revisions to these policies are promptly published on the Company's website. This type and level of public disclosure on the Company's website satisfies the Staff's standard for substantial implementation.

**C. The Proposal may be excluded under Rule 14a-8(i)(7) because it relates to the Company's ordinary business operations.**

The Proposal is properly excludable from the 2018 Proxy Materials pursuant to Rule 14a-8(i)(7) because the underlying subject matter is within the ordinary business operations of the Company.

Rule 14a-8(i)(7) permits the exclusion of a shareholder proposal that deals with a "matter relating to the company's ordinary business operations." According to the Commission, the underlying policy of the ordinary business exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting." 1998 Release at 80,539. In the 1998 Release, the Commission outlines two central considerations for determining whether the ordinary business exclusion applies: (1) whether the task was "so fundamental to management's ability to run a company on a day-to-day basis that [it] could not, as a practical matter, be subject to direct shareholder oversight"; and (2) "the degree to which the proposal seeks to 'micro-manage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." *Id.* at 80,539-40 (footnote omitted).

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10 *Available at*: http://www.goldmansachs.com/investor-relations/corporate-governance/esg-reporting/index.html.

The Proposal's request for the preparation of a public report does not change the nature of the inquiry. When addressing proposals that request a company to prepare a report on an aspect of its business, the Staff has determined to look beyond the form of the request to whether or not "the subject matter of the special report . . . involves a matter of ordinary business." Release No. 34-20091, Amendments to Rule 14a-8 Under the Securities Exchange Act of 1934 Relating to Proposals by Security Holders, [1983-84 Transfer Binder] Fed. Sec. L. Rep. (CCH) ¶ 83,417 at 86,205 (Aug. 16, 1983). Accordingly, the subject matter of the public report requested should be considered.

In this case, the Proposal deals with a matter relating to the Company's ordinary business operations, in that it seeks to micromanage the Company's operations by requiring a report on specific affiliations and addressing how the Company applies an already existing policy. Therefore, the Proposal is properly excludable pursuant to Rule 14a-8(i)(7).

**1. The Proposal seeks to micromanage the Company's operations by requiring a report on specific affiliations and addressing how the Company applies an already existing policy.**

The Proposal is excludable because it seeks to "micromanage" the Company. The 1998 Release provides that when a shareholder proposal "involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies" it may be excludable as micromanagement under the ordinary business operations exclusion in Rule 14a-8(i)(7). In this case, the Proposal relates to specific methods for implementing complex policies and even requests a detailed report on application of a policy.

The Staff has concluded that a proponent's request that a company adopt a specific policy seeks to micromanage when the proposal goes too far in the detailed application of such a policy. *See, e.g., Apple Inc.* (December 5, 2016) (permitting exclusion of a proposal to reach a net-zero greenhouse gases emission status on the basis that "the proposal seeks to micromanage the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment"); *Apple Inc.* (December 21, 2017) (same); *Deere & Co.* (Dec. 5, 2016) (permitting exclusion of a proposal requesting that the board generate a plan for net-zero greenhouse gas emission status by 2030, on the basis that "the proposal seeks to micromanage the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment"); *Marriott Int'l, Inc.* (Mar. 17, 2010) (permitting exclusion of a proposal to install low-flow showerheads because "although the proposal raises concerns with global warming, the proposal seeks to micromanage the company to such a degree that exclusion of the proposal is appropriate."). *See also Dunkin' Brands Group* (Mar. 1, 2016) (permitting exclusion of a proposal requesting a report on strategies for water use management related to toilets in retail facilities where the company already had a policy addressing green achievement, including water reduction strategies).

While the Proposal is vague in that it does not set forth any basis by which the Company should assess its human rights policies, based on the Supporting Statement it would be reasonable to conclude that the Proponent is suggesting that the Company review its policies in connection with the specific organizations referenced in the Supporting Statement. The Supporting Statement specifically targets the Company's "relationship with Human Rights Campaign" and "link[ ] to the Center for American Progress." Targeting two organizations micromanages the way in which the Company handles its relationships (if any) with these organizations. Furthermore, the application of the Company's human rights policies, practices and procedures to particular organizations simply delves into matters of a complex nature about which shareholders would not be able to make an informed judgment. Any analysis of the Company's "relationship" or "link" to any organization involves a multi-faceted review of the organization's relationship or link to: (i) the Company's businesses, operations and the communities in which it does business; and (ii) the Company's employees, vendors, customers and clients.

Shareholders as a group simply are not in a position to make these complex determinations.

Likewise, the Supporting Statement argues "the Company alone should dictate its outside associations and philanthropic activities free of undue influence" and the Company's "free speech rights" and "right to freely associate" should not be subject to "outside direction." The considerations that the Company analyzes in determining which organizations it will associate with or provide support to and how to exercise its free speech rights are highly complex and involve a broad array of qualitative and quantitative factors. In the case of the Company's determination of those organizations with which it will associate or to which it will provide financial or other support, factors management of the Company may consider include the importance of the organization to the Company's business, operations, employees and communities in which the Company operates, the reputation of the organization and the alignment of the organization with the Company's values. In the case of speech matters, management of the Company may consider the potential divisive nature of the matter and public sentiments with respect to the matter and the impact of the matter on the Company's clients, customers, vendors and employees. A balancing of these factors and considerations simply cannot be done by shareholders as a group. Thus, the Proposal may be excluded as probing too deeply into matters about which the shareholders could not make an informed judgment.

* * *

Should you have any questions or if you would like any additional information regarding the foregoing, please do not hesitate to contact me (212-357-1584; Beverly.OToole@gs.com) or Jamie Greenberg (212-902-0254; Jamie.Greenberg@gs.com). Thank you for your attention to this matter.

Very truly yours,

Beverly L. O'Toole

Beverly L. O'Toole

Attachments

cc: Justin Danhof, National Center for Public Policy Research

**Exhibit A**

NATIONAL CENTER
FOR PUBLIC POLICY RESEARCH

Via Email: shareholderproposals@gs.com

November 16, 2017

John F.W. Rogers
Secretary to the Board of Directors
The Goldman Sachs Group, Inc.
200 West Street
New York, New York 10282.

Dear Mr. Rogers,

I hereby submit the enclosed shareholder proposal ("Proposal") for inclusion in the The Goldman Sachs Group, Inc. (the "Company") proxy statement to be circulated to Company shareholders in conjunction with the next annual meeting of shareholders. The Proposal is submitted under Rule 14(a)-8 (Proposals of Security Holders) of the United States Securities and Exchange Commission's proxy regulations.

I submit the Proposal as General Counsel of the National Center for Public Policy Research, which has continuously owned Goldman Sachs stock with a value exceeding $2,000 for a year prior to and including the date of this Proposal and which intends to hold these shares through the date of the Company's 2018 annual meeting of shareholders. A Proof of Ownership letter is forthcoming and will be delivered to the Company.

Copies of correspondence or a request for a "no-action" letter should be forwarded to Justin Danhof, Esq, General Counsel, National Center For Public Policy Research, 20 F Street, NW, Suite 700, Washington, DC 20001 and emailed to JDanhof@nationalcenter.org.

Sincerely,

Justin Danhof

Justin Danhof, Esq.

Enclosure: Shareholder Proposal

## Human Rights Review

**Whereas**, the Securities and Exchange Commission has consistently recognized that human rights constitute a significant policy issue.

Corporations that lack fundamental human rights protections may face serious risks to their reputations and shareholder value.

Freedom of speech and freedom of association are fundamental human rights.

Whereas, Goldman Sachs has a relationship with the Human Rights Campaign – an organization that targets policy rivals with dishonest disassociation campaigns. These campaigns are filled with misleading information designed to remove corporate support for organizations with which the Human Rights Campaign disagrees with regarding public policy issues. The Human Rights Campaign also works to direct corporate free speech and freedom of association rights.

Religious freedom is also a human right.

Whereas, the Company has also been linked to the Center for American Progress. The Human Rights Campaign and the Center for American Progress work to reduce religious freedom in the United States.

Whereas, the proponent believes that the Company alone should dictate its outside associations and philanthropic activities free of undue influence from extremist groups.

### Resolved

Shareholders request management review its policies related to human rights to assess areas where the Company needs to adopt and implement additional policies and to report its findings, omitting proprietary information and prepared at reasonable expense, by December 2018.

### Supporting Statement

In its review and report, the Company might also consider a congruency analysis between its stated corporate values and Company operations which raise an issue of misalignment with those corporate values and state the justification for such exceptions.

The proponent supports the Company's free speech rights and its right to freely associate. Rather than making those rights subject to outside direction, the Company should assert its dominion over those values.

The Human Rights Campaign is targeting certain organizations by attacking their corporate supporters.

In its review, the Company might consider implementing policies to inoculate it from such pressure campaigns.

NATIONAL CENTER
FOR PUBLIC POLICY RESEARCH

Via Email: shareholderproposals@gs.com

November 24, 2017

John F.W. Rogers
Secretary to the Board of Directors
The Goldman Sachs Group, Inc.
200 West Street
New York, New York 10282

Dear Mr. Rogers,

Enclosed please find a Proof of Ownership letter from UBS Financial Services Inc. in connection with the shareholder proposal submitted under Rule 14(a)-8 (Proposals of Security Holders) of the United States Securities and Exchange Commission's proxy regulations by the National Center for Public Policy Research to Goldman Sachs on November 16, 2017.

Copies of correspondence or a request for a "no-action" letter should be forwarded to Justin Danhof, Esq, General Counsel, National Center for Public Policy Research, 20 F Street, NW, Suite 700, Washington, DC 20001 and emailed to JDanhof@nationalcenter.org.

Sincerely,

Justin Danhof, Esq.

Enclosure: Ownership Letter

20 F Street, NW Suite 700
Washington, DC 20001
Tel. (202)507-6398
www.nationalcenter.org

UBS

**UBS Financial Services Inc.**
1501 K Street NW, Suite 1100
Washington, DC 20005
Tel. 202-585-4000
Fax 855-594-1054
Toll Free 800-382-9989
http://www.ubs.com/team/cfsgroup

**CFS Group**

Anthony Connor
Senior Vice President - Investments
Senior Portfolio Manager
Portfolio Management Program

Bryon Fusini
First Vice President - Investments
Financial Advisor

Richard Stein
Senior Wealth Strategy Associate

www.ubs.com

John F.W. Rogers
Secretary to the Board of Directors
The Goldman Sachs Group, Inc.
200 West Street
New York, New York 10282

November 24, 2017

# Confirmation: Information regarding the account of The National Center for Public Policy Research

Dear Mr. Rogers,

The following client has requested UBS Financial Services Inc. to provide you with a letter of reference to confirm its banking relationship with our firm.

The National Center for Public Policy Research has been a valued client of ours since October 2002 and as of the close of business on 11/16/2017, the National Center for Public Research held, and has held continuously for at least one year 23 shares of the Goldman Sachs Company common stock. UBS continues to hold the said stock.

Please be aware this account is a securities account not a "bank" account. Securities, mutual funds and other non-deposit investment products are not FDIC-insured or bank guaranteed and are subject to market fluctuation.

**Questions**
If you have any questions about this information, please contact Dianne Scott at (202) 585-5412.

UBS Financial Services is a member firm of the Securities Investor Protection Corporation (SIPC).

Sincerely,
Dianne Scott

Dianne Scott
UBS Financial Services Inc.

cc: Justin Danhof, Esq., National Center for Public Policy Research

**Exhibit B**

# Goldman Sachs
# Statement on Human Rights

As a global financial institution, Goldman Sachs recognizes and takes seriously its responsibility to help protect, preserve and promote human rights around the world. Examples of such rights are articulated in the United Nations Universal Declaration of Human Rights. While national governments bear the primary responsibility for ensuring human rights, we believe that the private sector can and should play a role in championing these fundamental rights.

Our respect for human rights is fundamental to and informs our business; it guides us in how we treat and train our employees, and how we work with our clients and our vendors. Our Business Principles and our Code of Conduct and Business Ethics also play an important role in determining our responsibilities as corporate citizens. They help to inform our business selection process and to guide our business decisions and judgments.

**Our People**

Goldman Sachs is dedicated to creating a workplace that respects each employee's human rights, and ensures that the interactions of our people with clients, vendors and other business partners comply with the spirit, as well as the letter, of regulations and laws in the jurisdictions in which we operate.

The Firm is committed to providing equal employment opportunity to all qualified persons. Although particular legal provisions and formulations may differ in the various locations in which we do business, our principles are the same worldwide. Goldman Sachs considers conduct that does not conform to these standards to be a serious violation of its policies and will take appropriate disciplinary action, which may include termination, against those who engage in such conduct. Managers are evaluated in part on the basis of their success in carrying out our equal employment opportunity policies.

Concern for personal dignity and individual worth of every person is an indispensable element in the standard of conduct that we have set for ourselves. Our comprehensive Compendium of Firmwide Compliance Policies contains guidelines regarding equal employment opportunity, privacy, fair dealing, anti-money laundering and anti-bribery expectations. At Goldman Sachs, our people are reminded and encouraged to identify potential violations in these areas, and to report behavior that does not comply with internal policies and external regulations and laws.

Our people receive training on a variety of human rights related issues, including but not limited to, equal employment opportunity, diversity, money laundering, bribery and corruption.

**Our Clients**

We place a high priority on the identification of potential human rights issues in the due diligence that precedes our business transactions. The Firm analyzes new and existing clients for a wide array of possible human rights-related issues, including labor practices, impacts on indigenous peoples, and proximity to conflict regions. This process informs our business decisions.

We also engage with our clients in certain cases, encouraging them to consider adopting more sustainable practices and to take human rights issues into consideration in conducting their business.

In the context of our Environmental Policy Framework, we evaluate business decisions with respect to environmental and social issues under the Framework's Business Selection and Risk Management guidelines and will not accept business opportunities that directly conflict with these guidelines.

**Vendors**

While the vendors with whom we interact bear the responsibility to define their own policies with regard to human rights, we strive to make them aware of our standards. We aspire for business to business purchasing activities to be transacted with due regard to the challenges of all parties including owners and employees of suppliers. At a minimum, the Firm expects suppliers and their supply chain to comply fully with all applicable laws and regulations in the conduct of their business. In addition, Goldman Sachs believes its suppliers should meet appropriate standards related to labor practices, wages and workplace safety. Where practical, we also work with our vendors to encourage the utilization of responsibly and sustainably produced goods and services.

**Our Continuing Commitment**

Through the process of drafting this Statement, we engaged external stakeholders, including shareholders and expert consultants. We recognize that our external stakeholders value information about our efforts in this area, and we are committed to ongoing engagement on these issues.

**Exhibit C**

# STATEMENT ON MODERN SLAVERY AND HUMAN TRAFFICKING

This Statement on Modern Slavery and Human Trafficking for the year ended December 31, 2016 sets out the steps we have taken and are taking to ensure that slavery and human trafficking (defined in the UK Modern Slavery Act 2015 (the "MSA")) are not taking place within our business and our supply chain.

***Our Business***

Goldman Sachs is a leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and individuals. We report our activities in the following four business segments: Investment Banking; Institutional Client Services: Investment & Lending; and Investment Management. As of December 2016, we had offices in over 30 countries. Our clients are located worldwide and we are an active participant in financial markets around the world. Further details on our business are set out in our 2016 Annual Report, which is available on our website.[1]

***Respect for Human Rights***

As set out in our Statement on Human Rights, as a global financial institution, Goldman Sachs recognizes and takes seriously our responsibility to help protect, preserve and promote human rights around the world. Examples of such rights are articulated in the United Nations Universal Declaration of Human Rights. While national governments bear the primary responsibility for ensuring human rights, we believe that the private sector can and should play a role in championing these fundamental rights.

Our respect for human rights is fundamental to and informs our broader business; it guides us in how we treat and train our employees, and how we work with clients and our vendors. In tandem with our Business Principles, our Code of Business Conduct and Ethics articulates Goldman Sachs' commitment to integrity and honesty in everything we do, and plays an important role in determining our responsibilities as corporate citizens. They help to inform our business selection process and to guide our business decisions and judgments. An example of this is articulated in our Environmental Policy Framework, which as part of our approach to environmental and social risk management, provides that we will not knowingly finance any potential transactions where there is credible evidence of child labor, forced labor or human trafficking.

In response to the introduction of the MSA, in 2016 we convened a cross-divisional working group to assess potential risks within our business and our supply chain, review our policy framework against the requirements of the MSA, and coordinate the implementation of any necessary enhancements.

***Employees***

Goldman Sachs is dedicated to creating a workplace that respects each employee's human rights, and ensures that the interactions of our people with clients, vendors and other business partners are consistent with the regulations and laws in the jurisdictions in which we operate.

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[1] When we use the terms "Goldman Sachs," "the firm," "we," "us" and "our," we mean The Goldman Sachs Group, Inc., a Delaware corporation, and its consolidated subsidiaries.

We are committed to equality of opportunity in employment to all qualified persons. Although particular legal provisions and formulations may differ in the various locations in which we do business, our principles are the same worldwide. Our Equal Employment Principles encompass our firmly-held belief that concern for the personal dignity and individual worth of every person is an indispensable element in the standard of conduct that we have set for ourselves.

The firm's anti-discrimination, compensation and conduct-related policies illustrate the emphasis which the firm places on fair treatment of its people. Relevant policies are reinforced through regular diversity training. We consider conduct that fails to conform to these standards as a serious matter.

We invest in the health and wellbeing of our staff, providing a range of wellness-related resources, including onsite medical professionals.

***Supply Chain***

Goldman Sachs has a firm-wide vendor management policy and program, which provides a robust governance framework designed to manage vendor risk. We screen all vendors both during the on-boarding process and on an ongoing basis, including for any slavery and human trafficking violations. At a minimum, we expect our suppliers and their supply chain to comply fully with all applicable laws and regulations in the conduct of their business. In addition, we believe our suppliers should meet appropriate standards related to labor practices, wages and workplace safety.

In response to the MSA, we are enhancing our vendor management program to include the expectations we have of our vendors to comply with the requirements of applicable slavery and human trafficking laws. We have also undertaken a risk assessment of our supply chains, with a view to focusing on the vendor relationships in industries and geographies that we perceive to be of higher risk, including construction, facilities management, the manufacture of hardware and provision of building and other materials and equipment, as well as services performed off-site. Based on this risk assessment, we are rolling out new mandatory training for key procurement and vendor management staff, specifically addressing the identification of risks of slavery and human trafficking within our supply chain, and have established procedures to include appropriate contractual provisions in relevant vendor contracts. We will continue to assess the risks associated with our supply chain and expand the scope of our focus, as necessary.

***Training***

Our people receive training on a variety of human rights-related issues, including but not limited to, equal employment opportunity, diversity, money laundering, bribery and corruption. They are reminded and encouraged to identify potential violations in these areas, and to report behavior that does not comply with internal policies and external regulations and laws.

In response to the MSA, we have enhanced our training materials to make our people aware of the risk of slavery and human trafficking in our business and our supply chain. As noted above, focused mandatory training is being rolled out to our key procurement and vendor management employees.

*Monitoring and Reporting*

As set out in our Code of Business Conduct and Ethics, Goldman Sachs is committed to conducting every element of its business according to the highest standards of integrity. Our processes, both in our business and our supply chain, are designed to ensure that we, and those in our supply chain, are taking the steps required to ensure that slavery and human trafficking are not taking place. Key to this is maintaining robust governance processes for the purposes of on-going monitoring of our effectiveness in this area.

Pursuant to our governance processes, employees are obligated to report immediately any business conduct or other conduct of which they become aware that might raise a legal or ethical issue (including human rights issues, such as slavery and human trafficking) for the firm and any instance where it is observed that anyone is being treated in a manner inconsistent with the firm's non-discrimination policies. To encourage reporting, we provide a number of internal reporting channels for dealing with potential adverse matters on a divisional basis, as well as confidential personnel channels and a global integrity hotline for matters of concern.

Critically, there is also a specific and robust governance framework in relation to vendor management. We have a global Vendor Management Operating Committee, comprised of senior leadership, including representatives from Compliance and other key control functions. Vendor-related risks, inclusive of issues related to human rights, such as slavery and human trafficking, are documented, managed and escalated to divisional leadership and/or senior governance groups as appropriate. This escalation model is designed to ensure that monitoring, reporting and incidence matters are dealt with quickly and at the appropriate level within the firm.

*Our Continuing Commitment*

We will continue to engage with our people and our vendors to raise awareness and to take further steps to ensure that slavery and human trafficking are not taking place in our business and our supply chain.

This Statement on Modern Slavery and Human Trafficking for the year ended December 31, 2016 has been approved by the board of directors of The Goldman Sachs Group, Inc. and the board of directors of each of its subsidiaries that are required to make an annual statement pursuant to section 54 of the MSA.[2]

**Lloyd C. Blankfein**
Chairman and CEO
The Goldman Sachs Group, Inc.

[2] The signatures of the subsidiaries of The Goldman Sachs Group, Inc. that are required to make an annual statement pursuant to the MSA are available on request from our Company Secretary Group, Legal, Goldman Sachs International, Daniel House, 133 Fleet Street, London, United Kingdom, EC4A 2BB.

**Exhibit D**

# Goldman Sachs Environmental Policy Framework

# Table of Contents

# Overview

In November 2005, Goldman Sachs established our Environmental Policy Framework, which articulated our belief in the importance of a healthy environment and our commitment to addressing critical environmental issues. At that time, we were one of the first financial institutions to acknowledge the scale and urgency of challenges posed by climate change. In the decade since, we have continued to build upon our commitment to the environment across each of our businesses. See our **10-Year Milestones** for highlights of our progress.

Our ten-year juncture offers an opportunity to review progress both within Goldman Sachs and broadly across the market, and identify opportunities for us to do more. Our commitment to helping address critical environmental challenges and promoting sustainable economic growth remains unchanged, while our initiatives and progress will continue to advance. This updated document serves as a roadmap for us in that journey and a foundation on which we will continue to build as we look to the future.

**Key Tenets:** We believe that a healthy environment is necessary for the well-being of society, our people and our business, and is the foundation for a sustainable and strong economy. We recognize that diverse, healthy natural resources – fresh water, oceans, air, forests, grasslands and agro-systems – are a critical component of our society and economy.

We believe that technological and market innovation, driven in large part by the private sector working in concert with the public sector, is central to positive economic growth and environmental progress. Innovation will continue to play a critical role in solving societal challenges, including those relating to the environment. From advancements in clean technology to resource efficiency and the shared, connected economy, innovation can accelerate the transition to a low-carbon economy and sustainable future while creating new jobs and greater economic prosperity.

We take seriously our responsibility for environmental stewardship and believe that as a leading global financial institution we must play a constructive role in helping to address environmental challenges. To that end, we will work to ensure that our people, capital and ideas are used to help find innovative and effective market-based solutions to address climate change, ecosystem degradation and other critical environmental issues, and we will seek to create new business opportunities that benefit the environment. In pursuing these objectives, we will not stray from our central business objective of creating long-term value for our shareholders and serving the long-term interests of our clients.

**Climate Change:** Goldman Sachs acknowledges the scientific consensus, led by the Intergovernmental Panel on Climate Change, that climate change is a reality and that human activities are responsible for increasing concentrations of greenhouse gases in the earth's atmosphere. We believe that climate change is one of the most significant environmental challenges of the 21st century and is linked to other important issues, including economic growth and development, poverty alleviation, access to clean water, food security and adequate energy supplies.

Delaying action on climate change will be costly for our natural environment, to humans and to the economy, and we believe that urgent action by government, business, consumers and civil society is necessary to curb greenhouse gas emissions. How governments and societies choose to address climate change will fundamentally affect the way present and future generations live their lives.

Markets are particularly efficient at allocating capital and determining appropriate prices for goods and services. Governments can help the markets in this regard by establishing a clear policy framework that, among other things, provides transparency around the costs of greenhouse gas (GHG) emissions and creates long-term value for GHG emissions reductions and investments in new technologies that lead to a less carbon-intensive economy. In addition to mitigation, which is a critical component of any strategy, governments and societies need to improve adaptability and strengthen resiliency as part of a comprehensive solution.

We recognize that we have an impact on the environment through our operations, our investments, and the production and services we finance on behalf of our clients. As an institution that brings providers and users of capital together, we believe that capital markets can and should play an important role in addressing environmental challenges including climate change.

To that end, we are committed to catalyzing innovative financial solutions and market opportunities to help address climate change. The Environmental Policy Framework articulates our initiatives across each of our business areas. The following are key highlights:

- Climate Mitigation: We will expand our clean energy target to $150 billion in financings and investments by 2025 to facilitate the transition to a low-carbon economy.[i] To increase access to climate solutions, we will launch a Clean Energy Access Initiative that will target the deployment of clean energy solutions, such as distributed solar and clean cookstoves, to underserved markets. We will look to facilitate the efficient development of carbon markets and other climate-related market mechanisms as opportunities emerge.

- Climate Adaptation: We will help our clients more effectively manage exposure to climate impacts through capital market mechanisms, including weather-related catastrophe bonds, and identify opportunities to facilitate investment in infrastructure resiliency. We will also seek opportunities to promote financings and investments to address growing water and wastewater infrastructure needs. Where feasible, we will look to harness green infrastructure solutions such as forests as a complement to traditional infrastructure.

- Climate Risk Management: We will conduct a carbon footprint analysis across our Fundamental Equity business in Goldman Sachs Asset Management and work with our clients to analyze and understand the impacts of their portfolios. Across relevant advisory, financing and investing transactions, we will continue to apply a high standard of care in our Environmental and Social Risk Management, which includes guidelines and enhanced review of carbon intensive sectors (e.g., coal power generation, coal mining, oil & gas, forestry and palm oil) as well as climate change-related risk factors.

- Climate Approach in Our Operations: We will minimize our operational impact on climate change, strengthen our operational resiliency, and seek smart, sustainable solutions. We will achieve carbon neutrality across our own operations from 2015 onwards and target 100 percent renewable power to meet our global electricity needs by 2020. We will also target $2 billion in green operational investments by 2020.

# Our Business

Each of our business areas has an important role to play in implementing our policy and helping our clients navigate and better manage evolving environmental risks and opportunities. By doing so, we can contribute to sustainable economic development and environmental progress. The following highlights key initiatives that we are undertaking and will continue to build on across our businesses.

## I. Environmental Market Opportunities

### A. Advisory, Financing, Investing and Market Making

**Clean Energy**: One of the critical roles we play in the transition to a low-carbon future is to help deploy capital to scale up clean energy technologies. We have established a Clean Technology and Renewables team in our Investment Banking Division to focus on this mission and have become the leading financier for clean energy companies. Through our investing teams, we are also one of the largest investors in alternative energy.

As an example of our ongoing commitment, in 2012 when there was significant volatility in the clean energy markets, we established a target to finance and invest $40 billion in capital for clean energy globally over the following decade. Less than four years into this effort, we are close to achieving our target with $37 billion already mobilized.[ii] As we consider the global energy and sustainability requirements of the future, our role in bringing greater capital access and efficiency to the clean energy market remains critical. As such, we are expanding our target to $150 billion in capital deployment for the clean energy sector by 2025.[i]

In working to meet this target, we will play a catalytic role and facilitate financial innovations in clean energy:

- We will seek to devise investment structures that bring greater investor capital to underserved markets in order to facilitate more equitable and affordable access to clean energy. To that end, we will launch a Clean Energy Access Initiative that will target the deployment of clean energy solutions, such as distributed solar and clean cookstoves, in underserved markets.
- We will look for opportunities to expand the investor base and bring greater capital efficiency to clean energy projects, such as through securitization mechanisms and yield-oriented vehicles. For example, we are targeting $1 billion in solar and other renewable energy project securitizations in Japan to facilitate clean energy financing through the capital markets.
- We will look for opportunities to finance and co-invest in innovative technologies that provide grid resiliency and facilitate increasing levels of reliable clean energy deployment, as well as platforms that promote smarter, more efficient energy management and consumption. For example, we are targeting $500 million in financing and co-investments in advanced technologies to modernize the grid.

**Water:** Water scarcity and lack of access to clean water pose significant challenges around the world. These challenges are exacerbated by climate change, urbanization and population growth. In many markets, aging or inadequate water and wastewater infrastructure are potential risks to sustainable growth efforts, but there is a compelling opportunity to harness markets to address these challenges. We serve clients in this area through our Public Sector and Infrastructure team within the Investment Banking Division, and also co-invest alongside clients through our investing teams. For example, we have worked with municipal water utilities to devise innovative financial structures to fund projects to address water pollution and combined sewer overflow challenges, including with DC Water on the world's first century green bond.

Through our financial advisory, financing and investments, we will continue to facilitate capital to meet water and wastewater infrastructure needs and look for financial solutions to address access to clean water:

- We will seek to facilitate private capital for much-needed water infrastructure investments, including through well-designed Public-Private-Partnerships (P3s). When appropriately structured, these partnerships bring the benefits of operational efficiency and economies of scale, facilitating rate stability and high-quality, long-term public water access.
- We will look for opportunities to finance and co-invest in technologies that improve the efficiency of delivering and consuming water, as well as technologies that enhance wastewater management and enable water reuse and recycling.
- We will look for opportunities to devise investment structures that can harness green infrastructure solutions as a complement to traditional infrastructure in meeting our water needs. For example, restoring forests, installing green roofs and increasing green space can help alleviate stormwater runoff while improving the health and resiliency of cities.

**Green Bonds and Impact Investing:** Green bonds are a fixed income instrument where the capital raised is used for environmentally beneficial purposes. Goldman Sachs was part of the initial group of banks to provide input to and support the Green Bond Principles, which are a voluntary set of guidelines. In addition to acting as an underwriter for green bonds, we are committed to developing innovative applications for green bonds. For example, we will seek to leverage green bonds to catalyze greater investments that help address climate change in emerging economies and underserved markets. A key goal is to facilitate the growth of this market by enabling an expanded investor base to allocate capital to additional environmentally beneficial projects, while ensuring transparency, integrity and environmental impact.

Goldman Sachs has also been a pioneer in the deployment of "social impact bonds," an innovative and emerging financial instrument that leverages private investment to support high-impact social programs, where repayment is tied to specific performance outcomes. There is potential to harness some of the same principles to address green opportunities, where the private and public sectors can partner to bring much-needed capital to high-impact, underserved environmental opportunities.

More broadly, we will continue to look for ways to integrate environmental co-benefits across our impact investing initiatives. For example, Goldman Sachs has had a long-standing commitment to investing in underserved communities with more than $4 billion deployed in the U.S. since 2001. Given energy expenditures account for a significant portion of low-moderate income families' budgets, integrating energy efficiency, renewables and other green measures as well as access to healthy foods and public transit are an important component of revitalizing communities.

**Climate and Weather Risk Solutions:** Effective management of catastrophic risk relating to weather extremes has become increasingly important for our clients. We have been a leader in structuring and underwriting catastrophe bonds, which help diversify and transfer catastrophic risks – including from weather-related events such as hurricanes – through the capital markets. We have structured over $14 billion of weather-related catastrophe bonds since 2006. Our breadth of financial and market making capacity enables us to be innovative in helping our clients more effectively manage their risk.

Given the increasing focus on resiliency measures by policymakers and the need for greater investment in this field, we will also establish partnerships to develop new models for catastrophe bonds that can better evaluate the benefits of increased investments. For example, enhanced physical resiliency, including flood barriers and stormwater detention structures, can improve the ability to withstand extreme weather events, which in turn could potentially be factored into the pricing and financial return models for catastrophe bonds. To that end, we are partnering with financial institutions, foundations, reinsurers and other stakeholders to explore innovative risk management structures related to infrastructure resiliency.

**Market Making in Environmental Commodities:** As market mechanisms emerge to help address carbon and other climate-related commodities, we will look for ways to play a constructive role in facilitating the efficient development of these markets. For example, we have been a market maker in carbon credits, including the EU Emissions Trading Scheme from its inception, as well as certain weather derivatives, renewable energy credits and other climate-related commodities.

We will also continue to evaluate opportunities and, where appropriate, inform the development of and participate in markets for water, biodiversity and other ecosystem services. For example, we are a member of the Advisory Board of the Natural Capital Project, a non-governmental organization that uses a science-based approach and software tools to quantify and value services provided by natural systems for key decision makers.

## B. Goldman Sachs Asset Management

Goldman Sachs Asset Management (GSAM), which provides institutional and individual investors with investment and advisory solutions, is committed to partnering with our clients to help them navigate today's dynamic markets while seeking to deliver strong long-term and sustainable investment performance to help them achieve their investment objectives.

Building on our long history of incorporating environmental, social and governance (ESG) risk factors as a part of the traditional investment approach, we have made a significant commitment to further expand our ESG and impact investing capabilities.

The foundation of our approach to ESG and impact investing is built on our core philosophy of serving our clients' investment goals and adhering to our fiduciary responsibility as an asset manager. We partner with our clients to provide a broad spectrum of customized solutions, ranging from engineered portfolios that optimize for specific impact factors to custom portfolios of private impact investments. Given the breadth and diversity of both our clients' objectives and our investment capabilities across our global platform, implementation by GSAM teams varies across asset classes and investment styles.

See **GSAM ESG and Impact Investing** for further information on our commitment. The following provides examples of key initiatives:

**ESG Integration:** We have integrated the analysis of ESG factors into our investment and company engagement processes across our Fixed Income and Fundamental Equity strategies, as well as within the external manager due diligence process of Alternative Investments and Manager Selection (AIMS). We will utilize this analysis to engage with companies on ESG topics, and, as appropriate, integrate environmental considerations into GSAM's proxy voting policies. We will seek to communicate on our progress and contribute to the development of best practices within the investment community.

**Portfolio Diagnostics:** In addition to traditional screening capabilities, we can work with clients to analyze and understand the impacts of their portfolios. Certain GSAM investment products conduct a carbon footprint analysis – at the portfolio and individual holdings level – to quantify the absolute and intensity of greenhouse gas emissions embedded in the portfolio. We will expand this analysis across our Fundamental Equity business and product offerings to help inform our investment decisions more broadly.

**Proprietary In-House Solutions:** We will continue to innovate in developing products and solutions to help our institutional and high net worth clients better implement ESG integration and optimize portfolios to better align with values. For example, we are working with clients to develop methodologies by which the carbon intensity of their equity portfolios can be reduced by over 70 percent while applying market-leading risk management techniques. The Fundamental Equity group has actively managed strategies which apply an in-house ESG methodology and the Quantitative Investment Strategy (QIS) group offers equity strategies that exclude fossil fuel heavy sub-industries and emphasize investments that score highly on a range of environmental and social metrics while seeking to minimize tracking error.

**Open-Architecture Solutions:** AIMS provides a variety of ESG and impact investing strategies on its open-architecture platform. Additionally, GSAM has acquired the business of Imprint Capital Advisors, an asset management firm that advises clients on investing based on their ESG and impact investing views. With the integration of Imprint's team, AIMS will continue to work with clients to develop and manage ESG and impact investment programs and portfolios across investment areas and asset classes, including a focus on custom portfolios of private impact investments.

AIMS also applies its ESG and impact lens to specific asset classes. For example, within our AIMS Real Estate Investment team, we have a heightened awareness of the impact that the built environment has on greenhouse gas emissions and are actively seeking ways to reduce the footprint of the properties in the portfolio. To that end, we have launched a strategic energy efficiency initiative across our current portfolio of real estate holdings, which comprise approximately 5.5 million square feet, to maximize operating efficiencies and minimize environmental impact. For buildings that we acquire in the future, we will look to implement similar energy efficiency measures where appropriate. We will commit to report on the environmental impacts of the initiative through our annual **Environmental, Social and Governance Impact Report** and other channels.

## C. Global Investment Research

Goldman Sachs is increasing our commitment to systematically incorporate ESG criteria into the fundamental analysis of companies across the Global Investment Research platform. We believe that companies' management of environmental and related social risks and opportunities may affect long-term corporate performance. We further believe that the effects of climate change and other environmental risks are increasingly significant issues for capital market participants globally. Credible investment research can influence decisions made by investors, policymakers and regulators, which in turn may help to increase management teams' focus on the importance of environmental and social issues.

**ESG Integration:** We provide training on our approach to incorporating ESG factors as part of a long-term investment strategy for all new equity analysts. We offer access to ESG data to all research analysts in order to incorporate material ESG analysis across our sector investment research.

**GS SUSTAIN:** Launched in 2007 at the UN Global Compact Leaders Summit, GS SUSTAIN is a global, long-term investment research strategy designed to generate sustainable alpha by integrating analysis of global themes, company fundamentals, and governance and stakeholder factors, including environmental and social considerations. Through GS SUSTAIN, we have been at the forefront of integrating ESG criteria into the fundamental analysis of companies, and bringing greater investor attention to the importance of ESG factors in identifying companies that are best placed to manage 21st century business risks.

We are committed to expanding the scope of GS SUSTAIN coverage and now review more than 3,300 companies for governance factors and 2,200 for stakeholder factors. GS SUSTAIN also maintains a Global Focus List of high-quality companies that are well positioned to sustain industry-leading total shareholder returns. The GS SUSTAIN Global Focus List has outperformed its global benchmark by nearly 40 percent from inception in June 2007 through year end 2014.

**Thematic Research:** Through our Global Markets Institute and our equity research teams, we have produced thematic research on the risks and opportunities arising from climate change and water accessibility, as well as how environmental issues in countries such as China impact industry leaders and provide market opportunities. Our Global Clean Energy Research and other industry coverage teams follow clean energy companies and innovative technologies around the world, including solar, wind, biofuels/biochemicals, energy efficiency, storage and electric vehicles. We will continue to leverage our market insights and investment research to better inform investors on how climate change and other critical environmental issues impact capital flows and investment opportunities.

**Convening:** Based on our research, we will continue to actively meet with clients and investors, participate in and convene events, and provide technical input on strategic ESG initiatives, including on disclosure around ESG data and performance where appropriate.

## D. Center for Environmental Markets

We recognize that many critical environmental issues cannot be solved through voluntary action alone and that establishing partnerships and ecosystems that bring together key stakeholders across public and private sectors is important. To that end, in 2006, we launched the Goldman Sachs Center for Environmental Markets to undertake partnerships with corporations, academic institutions and non-governmental organizations. Since then, we have established numerous partnerships that have facilitated independent research, the development of new environmental tools, and high-level convenings that have informed climate policy, valuation of forest ecosystems, energy and resource efficiency, renewables in underserved markets, and water risk.

As we look forward, the Center will continue to advance partnerships that synergistically bring together the core competencies of the public and private sectors to help catalyze much-needed capital flows towards environmentally beneficial solutions. To that end, the Center will invest $10 million of grant funding in pilot projects that can demonstrate the viability of financial mechanisms that could unlock larger-scale capital for environmental solutions.

Through these partnerships, we will also facilitate case studies and independent research that inform public policy options. We will share our findings through publications, research papers and convenings, as well as through targeted outreach.

See **Center for Environmental Markets** for more information on partnerships.

# II. Environmental and Social Risk Management

Our **Business Principles and Standards** guide our overall approach to environmental and social risk management – we apply a high standard of care to serving our clients, consider reputational sensitivity and excellence in everything we do, and have a deep commitment to individual and collective accountability. We approach the management of environmental and social risks with the same care and discipline as any other business risk, and undertake a robust review process to take the environmental and social impacts and practices of our clients and potential clients into consideration in our business selection decisions.

We recognize that risk management and business selection decisions are complex and often have to balance potential trade-offs. When we identify potentially significant environmental and social issues, we prefer to address the issue by working with the client on appropriate safeguards and more sustainable practices. By facilitating the adoption of more sustainable practices, we are able to better serve the long-term interests of our clients, the communities and the environment in which they operate, while ensuring prudent risk management for the firm. Where such engagement is not feasible and the transaction involves potentially material environmental impact, significant social issues or unacceptable risks that directly conflict with the firm's policy, we will forgo the assignment.

We also believe that it is in the interest of our issuer clients to make appropriate disclosure with respect to the material environmental and social impacts of their businesses, including greenhouse gas emissions, and the potential consequences to their businesses from changes in relevant regulation and policy. To that end, we will encourage and work with our clients to further develop appropriate disclosure.

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 frequently engage with non-governmental organizations and periodically review and update our guidelines for emerging issues and evolving environmental and social concerns. We also apply general guidelines and best practices from external sources for relevant transactions we undertake on behalf of our clients.

## A. Process and Scope

Advisory, financing and direct investing teams integrate environmental and social due diligence as part of their normal course due diligence requirement where relevant. Transactions which may have significant environmental or social risks, including reputational risks, are elevated for enhanced review and business selection discussion. Our Environmental Markets Group (EMG) assists business teams by providing guidance on environmental-related matters, doing independent reviews and identifying mitigants and positive engagement opportunities with the client to reduce material risk. The Business Intelligence Group (BIG), which is part of our Legal Division, takes a broad view of risk that includes legal, regulatory, governance and social elements, and works closely with EMG on the transaction review process. In certain cases, Corporate Environmental Management, which is an in-house team of environmental consultants with strong technical expertise, will also conduct in-depth due diligence on environmental, health, safety (EHS) and social issues to identify and mitigate transactional risk for business teams.

We have various committees that oversee our business selection decisions and risk management. Our committees coordinate and apply consistent business standards, practices, policies and procedures across the firm, and are integral to the management of environmental, social and reputational risks. For example, our

Physical Commodities Review Committee, which is a cross-divisional firmwide governance committee, ensures that we have a consistent approach to evaluating and managing EHS risks associated with engaging in, investing in, or the financing of physical commodity-related activities. See the **Report of the Business Standards Committee** for further details on committee governance structure.

Transactions that have significant environmental and social issues are elevated for discussion and a final business selection decision involving key committees, business leaders and/or the Chairman's office.

# B. Sector Guidelines

In addition to the firmwide review process, we equip teams in sensitive sectors with due diligence guidelines and training to evaluate new business opportunities more effectively. This includes background on current environmental and social issues and sensitivities in the sector, as well as potential due diligence questions to discuss with a company. The guidelines are reviewed periodically and updated based on emerging best practices, regulatory changes and engagement with stakeholders. We have fourteen guidelines across key sectors. Below is the list of sectors and summaries are available on our **website**.

| | | | | | | |
|---|---|---|---|---|---|---|
| Biofuels | Chemicals | Coal Power Generation | Forestry | Gas Power Generation | Hydro. Power Generation | Metals & Mining |
| Nuclear Generation | Oil & Gas | Oil Sands | Palm Oil | Transportation | Unconventional Oil & Gas | Water |

The following highlights our guidelines in sectors of particular environmental sensitivity:

**Power Generation – Coal:** Coal fired power generation is one of the largest sources of air pollutants, including greenhouse gas (GHG) emissions, and has other significant environmental, health and safety impacts on local communities. However, coal fired power is currently a major source of electricity generation and a contributor to reliable and diverse energy supply globally, particularly in developing economies as a source of affordable energy.

- We will decline any financing transaction that directly supports the development of new coal fired power generation in the U.S. and other developed economies[iii] unless it has carbon capture and storage or equivalent carbon emissions reduction technology.
- In many developing economies, access to affordable energy is necessary for economic growth and poverty alleviation, and coal remains a significant source of affordable energy. For financings directly supporting the development of new coal fired power generation in these economies, we will be selective in the transactions we undertake and where the sensitivities are too high, we will forgo the opportunity. We apply enhanced due diligence for these financings and among the factors we consider are: the energy needs and affordability in the region; fair assessment of low carbon alternatives; type of technology and emissions controls, with a preference for supercritical or better power generation technology; regulatory drivers; and the company's efforts to measure, report and reduce GHG emissions and other pollutants.

**Metals & Mining – Coal Mining & Mountaintop Removal:** Coal mining involves a number of extraction methods, at both the surface and underground level. Mountaintop removal (MTR), a form of surface mining used in the Appalachian region of the United States, has particularly significant impacts on ecosystems, water quality and local communities.

- For transactions involving coal mining globally, we apply enhanced due diligence, including consideration of the following factors: companies' EHS track records; siting and ecological impacts; regulatory compliance and ability to meet international practices where local regulation is lagging; litigation, violations and citations; remediation methods; impact on water quality; and local community and human rights issues. For financings directly supporting new coal mine development, we will be selective in the transactions we undertake and where the sensitivities are too high, we will forgo the opportunity.
- For financings where the specified use of proceeds would be directed towards mountaintop removal mining, we will decline participation. For other financings involving U.S. coal companies that have production from MTR mining, we will decline participation unless the company has demonstrated that there will be an absolute and permanent reduction in its MTR coal production over a reasonable timeframe.

We have leveraged our *10,000 Small Businesses* program to help entrepreneurs in the Appalachian region create jobs and economic opportunity, especially given that coal mining has been declining and jobs are being lost in the region. Goldman Sachs *10,000 Small Businesses* has deployed over $9 million through the Kentucky Highlands Investment Corporation and Virginia Community Capital, two local Community Development Financial Institutions (CDFIs), for small business loans. We have also worked with the region through our national business education program. See **10,000 Small Businesses** for more information.

**Oil & Gas – Hydraulic Fracturing:** The rapid expansion of hydraulic fracturing has contributed to the expansion of energy resources, particularly in the U.S., along with greater affordability of energy for consumers and industry, job creation and economic growth. But it has also come with increasing concerns related to water consumption, impact on water quality, wastewater disposal methods, potential seismic impacts, air emissions (including methane) and local community impacts.

- For transactions involving new unconventional oil & gas and hydraulic fracturing, we apply enhanced due diligence. Key issues to be addressed include but are not limited to: companies' care taken on location and site selection; well construction method, including integrity of casing and cementing; management of ongoing operations, including well flow and pressure monitoring; integrated water management, including groundwater testing, water withdrawal, wastewater management; fracking fluid usage and disclosure; air emissions management, including fugitive methane emissions and use of flaring and venting; and engagement with and mitigation of impacts on the local community.

**Oil & Gas – Oil Sands:** Oil sands, also known as tar sands or bituminous sands, are sandstone or carbonate formations containing a naturally occurring viscous form of petroleum (bitumen) with large deposits found in Canada's Province of Alberta. In many cases, significant amounts of energy and water are necessary to extract and upgrade bitumen, and there is a potential for impacts on boreal forests and local communities.

- For transactions relating to oil sands, we apply enhanced due diligence. Among other factors, we consider: energy use and greenhouse gas emissions; environmental impacts related to integrated water and waste management; forest and biodiversity preservation; and any local community impacts, including those relating to Canada's First Nations people.

**Forestry:** Forests are critical for the environment and biodiversity and provide livelihoods for many. Deforestation and degradation of forests remains a significant challenge in many regions, and is a major contributor to greenhouse gas emissions.

- For forestry transactions (including logging and primary processing of forest products), we will not knowingly finance companies or projects that collude with or are engaged in illegal logging or utilize illegal or uncontrolled fire.
- As part of our enhanced due diligence, we examine whether clients that process, purchase or trade wood products from particularly high-risk countries have certifiable systems in place to ensure that the wood they process, purchase or trade comes from legal sources. This includes understanding clients' supply chain monitoring systems and chain of custody certification.
- We require clients to obtain or be working towards Forest Stewardship Council or a comparable certification when we finance forestry projects that impact high conservation value forests in order to ensure that crucial forest ecosystems are preserved appropriately. For operations that are not already certified, we will introduce or refer our clients to credible experts who can help establish a rigorous, time-bound, step-wise commitment to achieve certification within three years.

**Palm Oil:** Palm oil has become the largest source of edible oil globally and is the base for a vast number of household products. At the same time, growing demand for palm oil has placed pressure on crucial ecosystems.

- We apply enhanced due diligence to transactions relating to palm oil companies.
- We will not knowingly finance companies or projects that collude with or are engaged in illegal logging or utilize illegal or uncontrolled fire.
- We require clients' compliance with all legal requirements, including in the case of Indonesia the Indonesian Sustainable Palm Oil (ISPO) system.
- We also require clients to obtain Roundtable on Sustainable Palm Oil (RSPO) or a comparable certification. For operations that are not already certified, we will introduce or refer our clients to credible experts who can help establish a rigorous, time-bound, step-wise commitment to achieve certification within three years.
- Furthermore, we require clients to have a commitment to no net deforestation, no peatland development and no human rights violations. Where this is not in place, we will introduce or refer clients to credible experts who can help establish such a commitment. Clients should have a plan in place to demonstrate compliance with this commitment.

## C. Cross-Sector Guidelines

**Protected Areas and World Heritage Sites:** Goldman Sachs recognizes the importance of critical natural habitats, which have high biodiversity value and include legally protected areas both existing and officially proposed by governments.

- We will not finance any projects or initiate loans where the specified use of proceeds would significantly convert or degrade a critical natural habitat.

- We also recognize the significance of cultural and natural heritage and will not knowingly finance extractive projects, commercial logging or other environmentally sensitive projects in prescribed UNESCO World Heritage sites.

- Furthermore, we will not finance projects that contravene any relevant international environmental agreement which has been enacted into the law of, or otherwise has the force of law in, the country in which the project is located.

**Human Rights:** Goldman Sachs recognizes that environmental and social issues are often linked. We have a responsibility to help protect, preserve and promote human rights around the world. Examples of such rights are articulated in the United Nations Universal Declaration of Human Rights. While national governments bear the primary responsibility for ensuring human rights, we believe that the private sector can and should play a role in championing these fundamental rights. Our respect for human rights is fundamental to and informs our business; it guides us in how we treat and train our people, and how we work with our clients and our vendors. Our **Business Principles** and our **Code of Business Conduct and Ethics** also play an important role in determining our responsibilities as corporate citizens, and help to inform our business selection process and guide our business decisions and judgments. See the **Goldman Sachs Statement on Human Rights**.

- Indigenous People: Goldman Sachs recognizes that the identities and cultures of indigenous peoples are inextricably linked to the lands on which they live and the natural resources on which they depend. We recognize the rights of these communities regarding issues affecting their lands and territories, traditionally owned or otherwise occupied and used. For transactions where the use of proceeds may have the potential to directly impact indigenous peoples, we expect our clients to demonstrate alignment with the objectives and requirements of IFC Performance Standard 7 on Indigenous Peoples, including free, prior and informed consent.

- Stakeholder engagement and resettlement: For certain transactions where there could be material effects on local communities, we expect our clients to demonstrate an appropriate stakeholder engagement process. In cases where there is large-scale resettlement, we will closely evaluate the stakeholder engagement process and, if appropriate, work with the company to improve aspects such as compensation measures and/or community engagement.

- Child Labor, Forced Labor and Human Trafficking: We will not knowingly finance any potential transactions where there is credible evidence of child labor, forced labor or human trafficking.

# D. Climate Change Guidelines

As a global financial institution, we serve clients in all industries, including those in carbon intensive sectors of the global economy. For the foreseeable future, carbon-intense energy sources will continue to be part of the global energy mix but will face increasing policy and regulatory constraints. Our enhanced due diligence guidelines for carbon intensive sectors incorporate climate change-related questions, including the disclosure and management of greenhouse gas emissions. More broadly, even in less carbon-exposed sectors, as part of our due diligence where material and relevant, we will consider how clients manage climate change-related risk factors such as those relating to supply chain risk from weather extremes. Such enhanced due diligence enables us to better manage the associated long-term risks and more responsibly serve the needs of our clients.

In financings, we primarily act as an underwriter in the capital markets, matching investors with the capital needs of issuers. Lending to carbon intensive sectors is a relatively small part of our overall activities. Even though it is a small share, as part of our prudent risk management, we monitor how carbon-related regulation among other material macro-factors may impact the creditworthiness of these loans to carbon intensive sectors. Our **public reporting** includes disclosure of our credit exposure to the Natural Resources and Utilities sector.

For energy investments in our Merchant Banking Division, in addition to enhanced EHS due diligence, we undertake an assessment of pending policy and regulation relating to climate change as well as the economics of various technologies. When relevant, we also conduct assessments of different carbon pricing and energy demand scenarios to inform our investment decisions. Based on such analysis, our energy investment portfolio has made a number of renewable energy investments globally.

More broadly, we monitor policy and regulatory developments relating to climate change and where appropriate, engage in discussions regarding financing for climate mitigation and adaptation. We also engage in efforts to understand and inform the measurement and reporting of greenhouse gas emissions, as well as initiatives that seek to develop pragmatic and meaningful ways of understanding carbon risk exposure in financing and investment activities.

## E. Training

We train our people and provide necessary resources to ensure that environmental, social and governance objectives are met and policies, procedures and standards are appropriately implemented. Training on ESG issues is provided globally to relevant employees, while additional specialized training is tailored by region and industry to select employees as appropriate.

In addition, the Environmental Markets Group convenes thought leaders to speak to our people globally on topical environmental and sustainability-related issues.

# Our Operations and Our People

## I. Our Operations

Minimizing our operational impact is a prerequisite of sound environmental policy and a necessary complement to our core business activities. In all that we do, we strive to find smart, sustainable solutions that make business sense and are environmentally responsible. In addition, through our operational resiliency management we assess and plan for climate-related risks. Our Corporate Services and Real Estate (CSRE) and Technology teams work in close collaboration with the Environmental Markets Group on our key operational priorities.

### A. Corporate Services and Real Estate

As part of our commitment to advancing the environmental stewardship of corporate operations, we will use our operational facilities and partnerships to pilot and help scale up innovative clean energy and energy efficiency solutions. For example, at our headquarters in New York we have deployed an innovative HVAC system that shifts electrical loads to off-peak hours.

As part of our carbon reduction framework, we factor an internal price on carbon into energy efficiency, renewable energy and other emission reduction activities through the use of a return on investment model. This return on investment prioritizes internal reduction measures across both our offices and data centers. We also have a dedicated green operational investment budget, which brings greater focus to initiatives that reduce our environmental impacts and enables us to invest in green buildings and innovative green technologies. We are targeting $2 billion in green operational investments by 2020.

In support of our commitment to transparency regarding our environmental performance, Goldman Sachs has been a signatory to the CDP climate change survey since 2006. We make public our Carbon Accounting Methodology, and ensure the accuracy of our environmental metrics and data collection process through robust internal inventory management planning and a commitment to third party verification of our most important performance metrics including our Scope 1, 2 and 3 (business travel) emissions as well as our water use.

We are committed to minimizing the impact of our operations on the environment with our key goals as follows:

**Carbon Neutrality:** We will accelerate our previous carbon neutrality commitment by five years to be carbon neutral by 2015. We will also expand the scope from global Scope 1 and 2 emissions to include our Scope 3 business travel as part of our commitment.

**Renewable Energy:** We will aim to use 100 percent renewable power to meet our global electricity needs by 2020. As part of our commitment to increasing awareness and in support of global best practices, we have joined the RE100 initiative.

**Energy Efficiency:** We will aim to reduce our absolute energy use across our operationally controlled facilities by 10 percent from 2013 to 2020.

**Universal Green Building Standards:** We are committed to achieving LEED Gold or equivalent for new buildings or major renovation projects. We will target green building certification across 70 percent of our portfolio by 2020.

**Responsible Resource Consumption:** We are committed to responsible resource consumption and waste reduction. We have established a goal to achieve 100 percent business waste diversion from landfill by 2020 and a 20 percent reduction of paper per-capita from 2013 to 2020. We are also targeting a 5 percent reduction in water use in operationally controlled facilities from 2013 to 2020.

**Responsible Supply Chain Management:** We continue to advance our commitments to sustainable supply chain management through the development and deployment of a sustainable procurement framework that is integrated across our whole procurement lifecycle, prioritizing our material risks and promoting innovative collaboration with our vendors.

**Operational Resiliency Management:** We are committed to assessing and planning for climate-related risks across our operations through infrastructure, business continuity and resiliency reviews of our office space and data centers. Our assessment monitors the hazards posed by climate-related risks, including temperature changes, rising sea levels and severe weather conditions, and we utilize predictive weather modeling to inform our short-term preparedness and long-term resiliency planning.

**Certified Management Systems:** We have developed an Environmental Management System (EMS) that complies with the ISO 14001 standard and are committed to having the ISO 14001 EMS certified by a third party verification company. We will seek to expand our implementation of the ISO 14001 EMS to all operationally controlled facilities by 2020. In addition, we are committed to aligning our on-site corporate events to the ISO 20121 standard for sustainable events through a sustainable events management system. Through active implementation and continual review and improvement of our management systems, we commit to the following:

- We will comply with applicable legal and regulatory requirements and adhere to other objectives as defined in the Environmental Policy Framework that relate to environmental, social and economic aspects resulting from our operations.
- In association with the Environmental Policy Framework, the management systems will provide a basis for setting and reviewing environmental, social and economic objectives and targets for our operations on a continuous basis.
- We commit to continual improvement in environmental, social and economic performance and pollution prevention for our operations through ongoing review and modification of the management systems in response to emerging environmental, social and economic issues and changing regulations and business activities, as appropriate.

See **Our Operational Impact** for further details of our operational commitments.

# B. Technology

Sustaining the growth of our business, while minimizing the environmental impact of our technology, is a constant balancing act. As a financial services firm, computing represents the largest portion of the environmental impact from our technology. Through a combination of market-based and in-house developed products, our engineers seek the best technology solutions with the lowest power consumption to meet the requirements of our business, working alongside the CSRE team to achieve the firm's operational goals. Key initiatives are as follows:

**Efficiency:** Given our strategic focus on computing efficiency, we will continue to pursue integrated solutions that minimize environmental impact across the technology lifecycle, from the initial purchase of a product to its disposal. We will also continuously optimize for efficiency across our hardware fleet by closely monitoring and striving for higher efficiency per unit of computing capacity.

**Shared Solutions:** We will seek additional efficiency in our computing solutions through shared computing and virtualization. For example, while we utilize private cloud solutions that right-size our computing resources for applications, we will also leverage public cloud technology as secure solutions become available, including using on-demand computing capacity as needed to reduce our permanent computing footprint.

**Innovation and Collaboration:** We will look to adopt innovative solutions across our technology platforms and share best practices across the industry. For example, we are adopting modular data centers and collaborating through the Open Compute Project (OCP), which promotes the development of higher-efficiency server hardware.

# II. Our People

Environmental stewardship is not only about how we operate our business, but also about how we engage our people. Through programs sponsored across our global businesses, environmental issues are discussed and environmental initiatives are acted upon. We will continue to look for opportunities to further engage our people on environmental opportunities.

Examples of our employee engagement programs, which we will seek to build on, are as follows:

**Thought Leadership:** Throughout the year, we offer a speaker series that brings thought leaders to the firm to share innovative ideas and thinking on a variety of themes, including environmental topics ranging from renewable energy and conservation to water issues. We also publish timely and topic-specific content on both our internal and external communications portals, including videos, infographics and podcasts, to educate both our people and our clients on the evolving environmental landscape. Additionally, we host conferences on environment and energy issues, with a focus on the intersection of markets and how innovative financial mechanisms can be leveraged. We convene policymakers, NGOs and academic institutions alongside our clients, investors and employees to advance dialogue and collaboration that can facilitate capital flows that benefit the environment.

**Communications:** We regularly communicate with our people through multiple channels. We publish environmental newsletters offering updates on notable transactions related to the environment and the firm's progress on minimizing our environmental footprint, among other topics. We also publish articles on our intranet to focus on environmental issues and communicate our environmental progress.

**Environmental Networks:** Employee-led environmental networks in cities around the world raise awareness and engage local employees on initiatives ranging from recycling and composting to reduction of disposable cups and bottles.

**Community Team Works:** Each year, our *Community Team Works* program allows for employees to participate in volunteer projects in their local communities that have a direct impact on the environment. These projects range from aiding in park clean-ups to installing solar panels on housing for low-income residents.

**Goldman Sachs Gives:** Through *Goldman Sachs Gives*, the firm's donor-advised fund, current and retired senior employees can recommend grants to qualifying nonprofit organizations globally. Since 2010, *Goldman Sachs Gives* has provided more than $36 million of grants across 10 countries towards critical societal, conservation and environmental-related programs.

# Implementation and Governance

Our environmental policy, which applies to The Goldman Sachs Group, Inc. and its majority-owned subsidiaries, is coordinated by the Environmental Markets Group (EMG), reporting directly to the Office of the Chairman. EMG provides guidance to our various businesses, develops training and engages with a variety of stakeholders to help Goldman Sachs better manage and understand evolving environmental issues. Implementation of the policies and initiatives is the direct responsibility of each of our applicable businesses. We report on our progress annually through our **Environmental, Social and Governance Impact Report** and the **Environmental Stewardship** section of our website.

The policy and its implementation are reviewed with the Board of Directors' **Public Responsibilities Committee**, which has oversight of the implementation of the Environmental Policy Framework and any environmental, social and governance issues affecting the firm.

We have consulted many stakeholders and experts in updating this policy framework. We will continue to build upon these relationships and regularly consult our stakeholders to help us stay abreast of evolving environmental risks and opportunities and help us continue our progress towards environmental stewardship.

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[i] This target extends our existing goal of $40 billion and includes an additional $110 billion in capital deployment by 2025. Our target is focused on the clean technology and renewable energy sector, and on commercial transactions. It includes financing and co-investments for solar, wind, sustainable hydro, biomass, geothermal, advanced biofuels, energy efficiency and advanced materials, energy storage, LED lighting, electric vehicles, and renewable energy transmission, among other clean technologies. It does not include financial advisory, market making activities, or grant-related funding for the sector.

[ii] Progress towards target as of Q3 2015.

[iii] We define developed economies based on the FTSE Country Classification as of September 2015.