

Successful businesses.
Stronger economies.
Expanded opportunities.
Sustainable communities.

What will it take to succeed?
A commitment to apply what
we do best — not just today,
but every day, everywhere
we do business.

**Goldman
Sachs**

Goldman Sachs
2011 Environmental, Social
and Governance Report





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In this report we relied on the Global Reporting Initiative's G3 Guidelines to identify the key issues we covered. More information about the Global Reporting Initiative is available on its website at www.globalreporting.org.

This report covers January 1, 2011 through December 31, 2011 unless otherwise noted. More detailed and up-to-date information related to this report is available on our website at www.goldmansachs.com/esgreport.

At Goldman Sachs, we are actively engaged in addressing environmental, social and governance issues every day, throughout our businesses. Sound governance and a responsible approach to social and environmental risks begin with our people. Our commitment to these values extends to the communities where we live and work. We strive to amplify our effectiveness by leveraging our core capabilities and through close collaboration with our stakeholders around the world, including shareholders, clients, employees, regulators and the broader public.

Fellow Shareholders

We are pleased to present our annual Environmental, Social and Governance Report, an overview of the many ways in which Goldman Sachs impacts our clients, investors and the markets and communities that we serve every day.

Without question, 2011 was a challenging year for the global economy as well as a period of continued uncertainty for markets and our industry as a whole. Despite these conditions, we have remained mindful of how we can continue to improve upon our business and operating practices around the world. As a global financial institution, we acknowledge that our obligations reach beyond a singular focus on achieving returns for our shareholders, and realize that how we approach every aspect of our corporate responsibilities has a real effect on our ability to be successful over the long term. For the people of Goldman Sachs, stewardship is not tangential to our business; it is integral to it.

By helping our diverse set of clients achieve their goals and objectives, we play an important role in promoting economic progress and sustainable growth, which has lasting benefits both for our shareholders and for the public at large. We provide governments, companies and individuals with advice, access to capital, asset management and other critical services. An important component of our mission of facilitating growth and investment is our ongoing commitment to strengthening our approach to environmental, social and governance issues, and to enhancing our strong risk management practices.

As a responsible employer of choice, we promote a highly diverse workforce and encourage our people to give back to society through intellectual capital, volunteer work and charitable donations. In doing so, we work closely with our stakeholders and collaborate with our communities to address social and economic challenges.

As a result of feedback we have received from our constituents, we have also increased transparency across a variety of important areas that pertain to how we approach our business. In this report, we provide an update on the progress of our Business Standards Committee, outlining the steps we have taken to ensure that a focus on the highest standards of client service and reputational judgment remains at the fore of our thinking and actions. And we are proud to share that at the end of 2011, Goldman Sachs Asset Management became a signatory to the United Nations Principles for Responsible Investment, codifying our commitment to factor in environmental, social and governance issues when investing on behalf of our asset management clients.

As we move forward, our firm and the financial services industry must continue to work towards restoring a reputation that was tarnished as a result of the financial crisis, and we are also deeply cognizant of the importance of regaining and rebuilding the public's trust during this pivotal time for markets and economies. At the same time, we are training and empowering our



people to act and make decisions with a greater and broader degree of accountability in all that they do, and to serve as our ambassadors of this commitment. As this report demonstrates, we will also continue to engage more consistently and proactively in collaboration with our many constituents and the broader public.

In short, given our reach and range of business activities in markets around the world, we are working diligently towards being the best steward we can be. This is important to our clients, our shareholders and the communities in which we work and live. As we hope you will see in the pages that follow, our resolve to be a leader on environmental, social and governance issues permeates our culture, and is manifested in small and big ways every day.

Thank you, and we look forward to your continued feedback and support.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lloyd C. Blankfein'.

Lloyd C. Blankfein
Chairman and Chief Executive Officer

A handwritten signature in black ink, appearing to read 'Gary D. Cohn'.

Gary D. Cohn
President and Chief Operating Officer

Our Firm

Goldman Sachs was founded in 1869 by Marcus Goldman, who launched his business by transacting in promissory notes. Samuel Sachs, Marcus Goldman's son-in-law, joined the firm in 1882. Goldman Sachs developed innovative ways of using commercial paper to provide funding to entrepreneurs and merchants, and by the beginning of the 20th century had become the largest commercial paper dealer in the country.

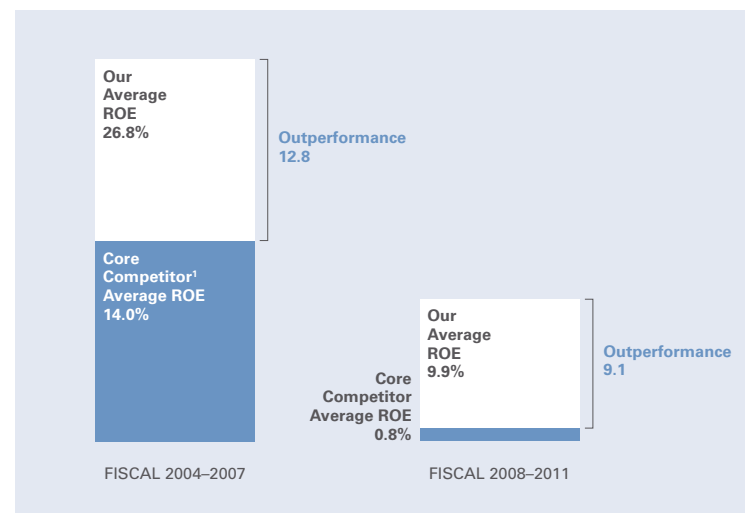
In the years since, Goldman Sachs has been on the cutting edge of many other areas of finance, including the underwriting of initial stock offerings of companies such as Sears and Ford in the early and mid-twentieth century; the evolution of "market making" in the 1970s, in which investment banks play the role of financial intermediaries between buyers and sellers; and in the transformation of investment banking in the 1980s, to make it more responsive to clients' increasingly multifaceted needs. Since the 1990s, Goldman Sachs has been at the forefront of advising clients on the impact of globalization and the increasing influence of the BRICs and other Growth Markets. As technology has taken on an increasingly important role in global markets, Goldman Sachs has been a leading innovator in developing technology to more efficiently and effectively serve our clients' needs.

Over the years, our firm has grown into a global bank with diversified product offerings to meet our clients' needs around the world. Goldman Sachs remained a private partnership until our Initial Public Offering in May of 1999. In our last quarter as a private company, our workforce included roughly 13,000 employees, working in 46 offices and approximately 23 countries. Thirteen years later, our workforce has grown to 32,400 employees (15,700 of whom work outside of the Americas) in approximately 54 offices and in 33 countries.

Today, our clients — who include corporations, financial institutions, governments and high-net-worth individuals — continue to look to Goldman Sachs for a variety of needs, including advice, financing, market liquidity, and risk and asset management. In each instance, however, they share a common expectation that the services we provide are of the highest quality and reflective of the significant impact that we can have on the broader market, communities and society as a whole.

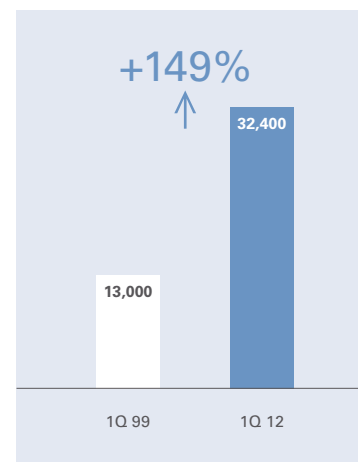
For further information about our commitment to clients, please see www.goldmansachs.com/who-we-are

GOLDMAN SACHS' RELATIVE OUTPERFORMANCE

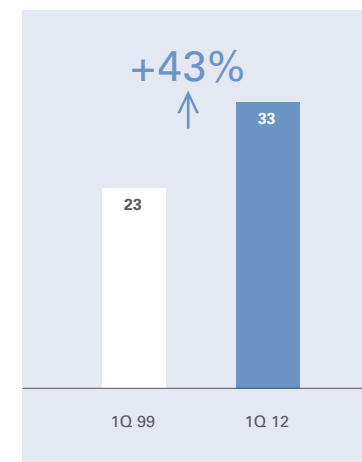


¹Our core competitors are Bank of America Corporation, Citigroup, Inc., JPMorgan Chase & Co., and Morgan Stanley
ROE = Return on Equity

GS EMPLOYEES



COUNTRIES WITH GS OFFICES



2011: Highlights at a Glance

■ Environmental ■ Social ■ Governance

January 6 Los Angeles–Long Beach Mayors Join Goldman Sachs to Support Small Businesses in California

28 Long Beach and 24 Los Angeles small business owners represent the inaugural *10,000 Small Businesses* class for the region.

January 9 Goldman Sachs Launches “Basketball for Kids” in Japan

This new program gives 200 underprivileged children the opportunity to attend professional basketball games.

JAN

January 19 Report of the Business Standards Committee Released

January 28 Goldman Sachs Breaks Ground on \$19 Million Workforce Housing Complex in Downtown Salt Lake City

The new development will provide affordable housing for families in downtown Salt Lake City, Utah.

February 7 FELA! Behind the Scenes with Bill T. Jones and Stephen Hendel

In celebration of Black History Month, we hold a discussion about Afrobeat legend Fela Anikulapo-Kuti, artist and political activist.

February 10 Business Standards Committee Shareholder Outreach Meeting with Board Members and Senior Management

FEB

February 10 Salt Lake City Office Hosts the Utah State Nature Conservancy

Conservancy Director Livermore presents on current projects and future plans for preserving land in Utah.

March 8 U.S. Department of State Announces New Partnership with Goldman Sachs on International Women’s Day

Hillary Clinton and Lloyd Blankfein reveal new partnership through *10,000 Women*.

March 20 Goldman Sachs Teams with Shaq on Newark Theater Expansion

UIG is the lead investor in the project, which will be built by The O’Neal Group and partner Boraie Development.

MAR

March 22 Inaugural Graduation of 10,000 Small Businesses U.K.

10,000 Small Businesses enables U.K. small businesses and social enterprises.

March 23 Goldman Sachs Receives Human Rights Campaign 2011 Innovation Award

The firm is recognized for its Ally Strategy, which creates an inclusive environment for LGBT professionals.

April 4 Kickoff of Community TeamWorks 2011

April 4 Goldman Sachs Ranks No. 2 in World’s Greenest Banks List by Bloomberg

This inaugural list highlights the firm’s investments in clean-energy businesses.

APR

April 20 Goldman Sachs Celebrates Earth Month

A series of events brings climate and sustainability thought leaders to the firm.

May 5 Vendor Information Risk Forum

Goldman Sachs hosts sixth Vendor Information Risk Forum, with a focus on cyber security and resiliency risks.

May 6 Annual Meeting of Shareholders

MAY

May 19 Stanford Institutional Investor Forum

Investor Relations participates in key governance event.

May 26 Solazyme, a \$198 Million IPO

Goldman Sachs serves as Bookrunner for the first renewable oil company to come to market.

June 2 Bernstein Strategic Decisions Conference

President and COO Gary Cohn presents.

June 3 Stanford Business School

CFO David Viniar presents about risk management at a conference on bank capital and liquidity.

June 23 KiOR, a \$150 Million IPO

Goldman Sachs serves as Bookrunner for the first publicly traded renewable products company to produce “drop-in” fuels.

JUN

June 23 Goldman Sachs Hosts Inaugural Veterans on Wall Street Conference

More than 700 financial services, business, military and government leaders gather to honor former military personnel.

June 29 Chairman’s Forum Launched

A global program for all managing directors led by our Chairman and CEO, Lloyd Blankfein.

July 6

Urban Investment Group Celebrates 10 Years

UIG has committed nearly \$1.7 billion in capital to help revitalize inner cities through financing projects that bring needed housing, jobs, education, healthcare and other services to underserved and emerging communities.

August 1

Goldman Sachs Celebrates Pride Month

August 5 Inaugural Environmental, Social and Governance Report Published

September 12 International Corporate Governance Network

Goldman Sachs presents on the firm's corporate governance practices.

September 13 Launch of People Survey

The survey gives the people of Goldman Sachs the opportunity to provide candid feedback about the firm and help identify priorities for improving the work environment at Goldman Sachs.

October 12 Goldman Sachs Receives Charity Times's Corporate Social Responsibility Project of the Year Award

Charity Times's annual awards are viewed as the preeminent celebration of best practice in the U.K. charity and non-profit sector.

November 4 Weinberg Center for Corporate Governance Conference

Investor Relations participates in key governance program.

November 11 Goldman Sachs Continues Research, Programs for Re-starting Careers

December 8 Goldman Sachs Hosts Sixth Annual Clean Energy and Power Conference for More Than 600 Investors and Clients

December 13 Glassdoor Lists Goldman Sachs Among Top 50 Best Places to Work

Goldman Sachs is the only financial services firm to make the list.

JUL

AUG

SEP

OCT

NOV

DEC

July 25 Environmental Finance Magazine Names Firm-Led Deal IPO of the Year

Goldman Sachs served in leadership roles in the Amyris IPO and the runner-up winner Enel Green Power's IPO.

July 27 Goldman Sachs Supports New Zealand Earthquake Relief

Goldman Sachs Gives donates NZ\$1 million to the New Zealand Red Cross in support of recovery efforts.

August 15 Goldman Sachs Gives Supports Children Through Sport and Play with \$5 Million Donation

The funding will enable Greenhouse to run long-term sports coaching programs in East London and will support Right To Play's sport and play programs in the developing world.

September 14 Goldman Sachs Listed on the Carbon Disclosure Project's (CDP) S&P 500 Carbon Disclosure Leadership Index

September 24 Growth Markets Conference Focuses on Links Between Emerging and Developed Economies

The conference coincides with the IMF-World Bank's annual meetings to discuss the opportunities and challenges ahead for growth markets.

September 30 Cap Solar

UIG provides \$10 million of capital to develop and install solar panels on the rooftops of non-profit Community Action Partnerships ("CAPs") in New Jersey.

October 24 Goldman Sachs Recognizes National Disability Awareness Month

This year's events focus on raising awareness on the challenges faced by those with disabilities and their caregivers.

October 28 Center for Political Accountability Symposium

November 30 Mentorship

23 Borough of Manhattan Community College students in New York present mock annual reports to a team of Goldman Sachs leaders who represent each team's "Board" in the culmination of an intensive 8-week leadership and mentoring program run by Analysts and Associates in our Services Division.

December 15 Board Members and Senior Management Discussion with Shareholders

December 19 GSAM Signs UNPRI

ENVIRONMENTAL

Every day across our core business lines we bring together people, capital and ideas to identify and implement market solutions to environmental challenges. Whether we are assisting clean energy producers in obtaining the financing they need to grow, or acting as a pro bono advisor to a foundation seeking an innovative financing solution to help accelerate time-sensitive research on climate change, we recognize that we have an important role to play in environmental progress.

Clean Tech
Headline Target
p. 8

Center for
Environmental
Markets
p. 10

Advanced Biofuels
and Chemicals IPOs
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LEED
Certification
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Great
Barrier Reef
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Our Commitment to Environmental Progress

In 2011, we financed \$4.8 billion and co-invested more than \$500 million in clean technology companies globally. We served as a financial advisor on clean energy transactions valued at more than \$6 billion. We believe that clean technology, an emerging industry focused on creating sustainable sources of energy with zero to very low carbon emissions, holds great promise in helping the world transition to a low-carbon future. But unless clean tech companies can obtain the financing they require to achieve scale and present a cost-competitive alternative to traditional energy sources, that promise is threatened. That's why this year we extended our commitment to supporting renewable energy by setting a \$40 billion target for financings and investments in clean tech companies over the next decade.

Minimizing the environmental impact of our operations is another essential component of a sound environmental policy. Since the publication in 2005 of our Environmental Policy Framework, we have focused on three priorities:

- promoting energy-efficiency and reducing our carbon footprint, with a goal of managing our carbon emissions to zero by 2020;
- maximizing the use of universal green building standards; and
- responsibly managing waste and the sustainability of our supply chain.

See p. 37 for details on our progress and enhanced disclosure in these areas.

Through our Center for Environmental Markets, we work with corporations, academic institutions, and non-governmental organizations to research and develop market-based solutions to environmental challenges, including water scarcity, energy-efficiency and clean energy.

Environmental considerations play a significant role in our approach to risk management. In making business selection decisions, we analyze the environmental impacts and practices of many of our clients and potential clients. In 2011, the Environmental Markets Group (“EMG”) reviewed 334 transactions across nine sectors, including metals and mining, power generation, and biofuels. While this kind of risk management makes sense from a business standpoint to protect our shareholders, we believe it is also the right thing to do. When we help our clients develop business strategies that take advantage of opportunities and reduce the adverse environmental impacts of their business, we help to build the foundation for a sustainable future.

A healthy environment is a necessary condition for individuals, communities, businesses and economies to thrive. We view environmental stewardship both as an important responsibility and as an opportunity to bring our knowledge and resources to bear on initiatives that will shape the future for our business, the global economy and society.

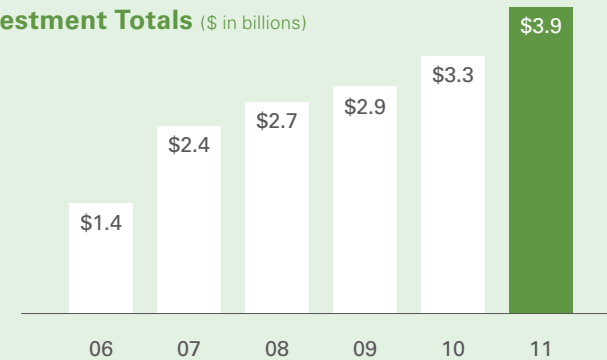
Developing Environmentally Friendly Alternatives

Promoting clean technology through \$40 billion in financings and investments over the next decade

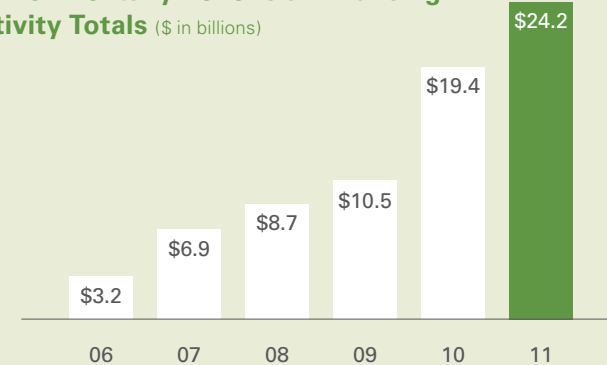
This year we are extending our long-standing commitment to support renewable energy by setting a target of \$40 billion in financings and capital investments over the next decade to companies that promote clean technology alternatives.

We believe we can play a critical role in the vital transition to a low-carbon future by helping raise capital in the public and private markets and investing alongside our clients in clean technology sectors such as solar, wind, geothermal, energy-efficiency, green transportation and advanced biofuels. The clean tech industry is expected to be a rapidly growing market and one that we believe is at a momentous point in terms of the expansion of technologies that will help diversify energy sources and improve the environment. By some estimates, global investments in renewable energy infrastructure are projected to double in the next 10 years and reach \$395 billion annually by 2020.

Goldman Sachs' Clean Energy and Environmentally Beneficial Investment Totals (\$ in billions)



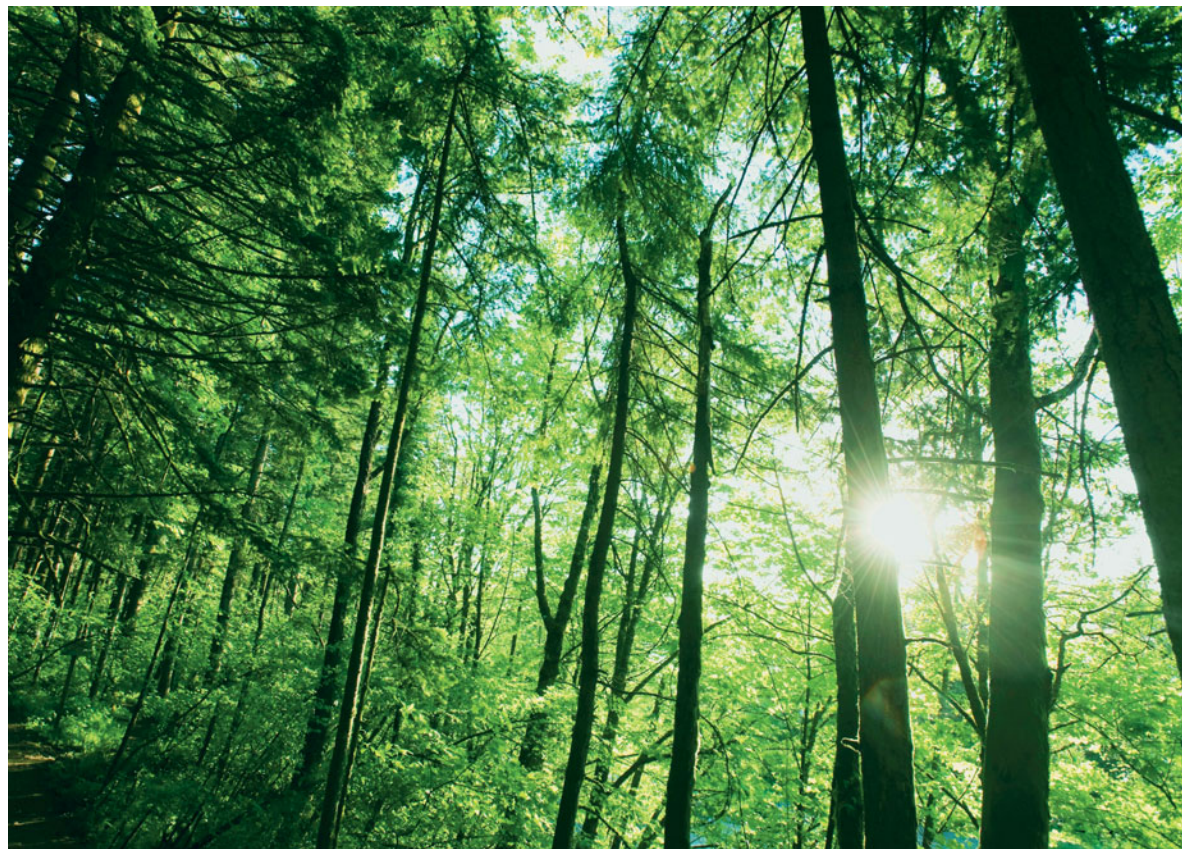
Goldman Sachs' Clean Energy and Environmentally Beneficial Financing Activity Totals (\$ in billions)





Our commitment to helping finance commercial solutions to the world's growing energy needs traces back to the publication of our Environmental Policy Framework in November 2005. Since then and as of the end of 2011, we have financed more than \$24 billion and co-invested almost \$4 billion of capital toward clean technology and environmentally beneficial projects. These investments have helped emerging clean tech industries achieve the economies of scale that will help them become competitive.

While we cannot predict with certainty how the clean technology market will grow and evolve over the next decade, we believe that our \$40 billion goal is achievable. By financing and investing in this growing market, we will both help serve the needs of our clients and contribute to solutions to a critical environmental challenge. •



In 2011, we reduced our absolute carbon emissions by

7%*

Enhancing operational efficiency was a key driver

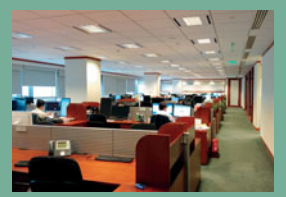
*includes gross Scope 1 and 2 GHG emissions

Data Centers



- Air conditioning optimization via installation of motor speed controls
- Increased use and enhanced utilization of virtualized servers and dynamic cloud computing
- Optimization of IT hardware and replacement of legacy equipment
- Further consolidation into more energy efficient real estate

Office Space



- Lighting retrofits, adjustments to chilled water temperatures and cooling system modifications
- Further consolidation into more energy efficient real estate
- Completed implementation of in-house PC "sleep mode" power management solution

Center for Environmental Markets

Building partnerships to promote market solutions to environmental challenges

Addressing an audience of experts last September at the Clinton Global Initiative, former President Bill Clinton highlighted a partnership between the Goldman Sachs Center for Environmental Markets (“the Center”) and several other organizations as an example of progress toward reducing carbon emissions by making commercial buildings more energy-efficient.

The partnership includes Goldman Sachs, the Natural Resources Defense Council, Johnson Controls, Inc., Jones Lang La Salle, Vornado Realty Trust, Tishman Speyer, Rockefeller Foundation, Malkin Holdings and Greenprint Foundation. It focuses on building the case that pursuing energy-efficiency measures makes good



business sense for commercial property owners and their tenants.

By creating a model for scaling energy-efficiency retrofits that includes potential financing alternatives, we hope that more commercial property owners and their tenants will see the removal of barriers to creating energy-efficient workplaces.

Through the Center, we identify well-researched projects that address environmental issues. The Center collaborates with corporates, academic institutions and non-governmental organizations on research, working with them to navigate implementation challenges, and sharing our findings through publications, research papers, conferences and targeted outreach.

In 2011, the Center managed several new research and policy initiatives, including a Goldman Sachs partnership with the World Resources Institute to develop a global water risk assessment tool, Aqueduct. The first stage of the tool made its online debut in 2011 with data for the Yellow River Basin in China, and will enable companies, investors and local governments to capture more effectively the various components of water-related risk in order to make more informed investment, operational and policy decisions. We partnered with Duke University's Nicholas Institute for Environmental Policy, which analyzed policy initiatives that, in the absence of comprehensive federal climate and energy legislation, could provide greater long-term certainty to businesses and encourage investment in low-carbon infrastructure and technological innovation. Other partnerships include collaborations with the Resources for the Future and the University of California at Santa Barbara.

We believe that helping to finance market-based, scalable solutions to environmental issues is important. We also recognize that it is not enough. The Center allows us to apply our full organizational potential to the identification and implementation of solutions that will have a constructive and meaningful impact on environmental issues. •

Since 2006, we have invested our intellectual and financial capital through the Center for Environmental Markets in carefully selected global partnerships, with a primary focus on projects addressing water scarcity, energy-efficiency and clean energy.



Impact of Sustainable Energy Sources

Financing companies that offer solutions for sustainable and diverse energy sources

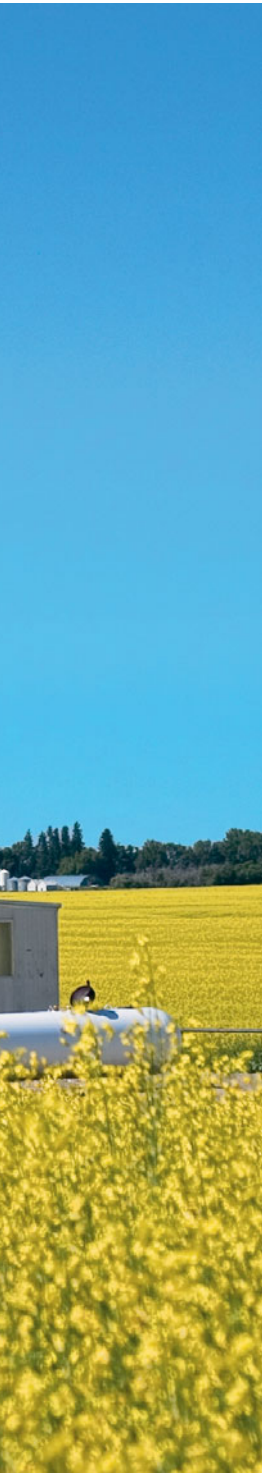
Environmentally friendly and renewable sources of energy have long been a goal of policymakers, but without capital and investment, they cannot become a reality.

In 2011, we helped two producers of renewable fuels — a clean alternative to gasoline or diesel — raise a combined total of nearly \$350 million in a challenging financing environment. We are proud to be a leader in advising companies in an industry that, while only just beginning to mature, presents exciting opportunities to help solve energy and environmental challenges.

Advanced biofuels are liquid fuels made from organic materials such as sugar or starch crops, cellulosic biomass, or waste. The advantages they offer over fossil fuels include zero to very low greenhouse gas emissions and unlimited potential supply. In the United States, biofuel production has been encouraged in part by the Renewable Fuels Standard issued by the Environmental Protection Agency. The current standards set a goal of producing 36 billion gallons of biofuel by 2022.

Advanced chemicals are chemical building blocks made from organic materials. Many products used in everyday life are derived from petroleum-based chemicals today. Biochemicals present the opportunity to reduce the dependence on fossil fuels to create products such as plastics, cosmetics and lubricants.





Recognizing the commercial opportunities and the role we could play in helping to address energy and environmental challenges, we created the Clean Technology and Renewables group in 2010 to focus exclusively on assisting companies in procuring the financing they need to grow and promote widespread alternatives to more traditional energy sources. Financing is obtained through the capital markets and, in some cases, through direct investments in companies. The Clean Technology and Renewables group also acts as an advisor for private placements, strategic mergers and acquisitions, and other transactions.

Our focus and commitment in advanced biofuels and chemicals has had meaningful results. In 2010, we effectively opened the market for advanced biofuel and chemical companies with the initial public offering of Amyris. In 2011, we helped bring two other companies, Solazyme and KiOR, to market. In February 2012, we managed the initial public offering for Ceres, an agricultural biotechnology company that markets seeds for energy crops used in the production of renewable transportation fuels, electricity and bio-based products.

By opening the door to financing for companies with proven technologies and scalable production models, we believe we are helping to open the door to a more sustainable energy future. •

Environmental Risk Management Process

- The firm treats environmental risk with the same care and discipline as any other business risk.
- Our Environmental Policy Framework and due diligence guidelines provide the basis for evaluating business selection decisions. The Framework is reviewed by our Board and guidelines are updated for emerging issues. We currently have due diligence guidelines that span nine sectors and five subsector guidelines. We are not a signatory to the Equator Principles because we are not active participants in project finance. We adhere to key principles where applicable.
- All advisory, financing and principal investing teams conduct these reviews as part of their normal course due diligence. As appropriate, market making and asset management teams also conduct reviews. EMG, together with the Business Intelligence Group (“BIG,” described in further detail on page 18), complements the business teams by providing guidance on related matters, doing independent reviews as appropriate, and identifying mitigants and positive engagement opportunities with the client.
- Through prudent risk management, we not only protect the firm’s reputation, but also differentiate our advice to our clients and, where feasible, work with them to adopt more sustainable practices.
- All new hires in the revenue generating divisions of the firm undergo ESG training. In 2011, 745 new Analysts and Associates received training.

In 2011, our Environmental Markets Group reviewed 334 transactions to ensure they comply with our Framework and help mitigate potential environmental risk. Transactions reviewed in 2011 by sector:

Biofuels	8	Power Generation	48
Chemicals	9	Transportation	5
Forestry	11	Water	2
Metals & Mining	137	General Industries	55
Oil & Gas	59		

LEED Certification

Our latest building in Bangalore continues our commitment to construction that meets high standards for environmental sensitivities and energy-efficiency

On December 27th, our Sunriver office in Bangalore, India, became our fourth office in the Asia Pacific region to be recognized as a leader in energy and environmental design by the widely respected United States Green Building Council (the “Council”).

The Council announced that the building achieved a Gold certification for incorporating design characteristics of high standards for water savings, energy-efficiency, materials selection and indoor environmental quality. It followed similar recognition for our buildings in Beijing, Kuala Lumpur and Singapore. These offices represent a combined addition of 200,000 square feet to our existing green building portfolio. Goldman Sachs holds one of the world’s largest such portfolios, with a total of about 4.1 million square feet in commercial office property that is certified by the Council for Leadership in Energy and Environmental Design (LEED) under its new construction and commercial interiors rating systems.

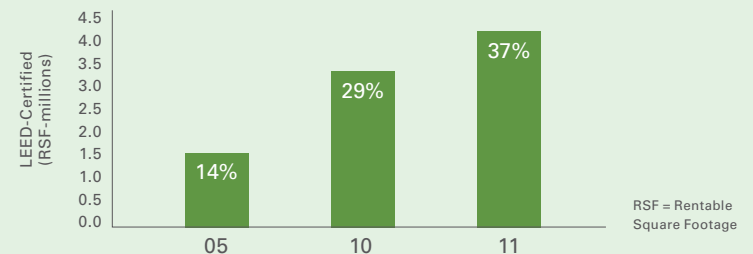
The Sunriver office project exemplified a multicultural collaboration. Goldman Sachs teams from the United States and Hong Kong worked closely with design and engineering teams from the United States, United Kingdom and India, and alongside

local developers, contractors and vendors. Best practices from our global sustainability principles were incorporated into the project, with a focus on leveraging good green local practices that helped its certification. For example, the Council recognized the exemplary performance of the project for diverting construction waste from landfills. More than 99 percent of the waste generated during construction was reused on-site, salvaged, or recycled.

Upon the completion of eight additional green building projects now in the pipeline, about half of our real estate portfolio will be certified by the Council. We will continue to focus our efforts in this area, recognizing that one of the greatest ways we can make an impact is to reduce the one we leave on the environment. •



Growth in LEED-Certified Office Space



Innovative Financing to Preserve a Natural Wonder

Finding creative financing solutions to protect and preserve the Great Barrier Reef

The Great Barrier Reef (“the Reef”) is the world’s largest coral reef system. It is amongst the largest of World Heritage Areas, is close to the center of global biodiversity, and, unlike more than 90% of the world’s coral reefs, is fortunate to be situated in a developed country.

It is widely regarded as the best managed reef system in the world. In 2007, the Intergovernmental Panel on Climate Change predicted that by 2020, if nothing was done, as much as 60% of the Reef would bleach every second year. In 2002, when 55% of the Great Barrier Reef bleached, 5% of the affected corals died. In August 2009, the Great Barrier Reef Foundation released a report by Oxford Economics about the value of the Great Barrier Reef and the economic costs of a catastrophic bleaching event on that value. The report found that 73% of the Reef’s assessed value of AUD51.4 billion would be lost if such an event occurred. The impact on key tourism and fishing regions was as high as 90%. Less than a month later, the Reef’s statutory manager, the Great Barrier Reef Marine Park Authority, concluded in its Outlook Report that “despite the introduction of significant protection and management initiatives, the overall outlook for the Great Barrier Reef is poor,” citing climate change as the greatest risk to the Great Barrier Reef ecosystem. Goldman Sachs is a pro bono advisor to the Australian Great Barrier Reef Foundation to find creative financing solutions to help fund research to protect and preserve the coral reefs and enable them to adapt to climate change. •



GOVERNANCE

We know that strong and sustainable performance cannot be achieved without sound governance. Across all aspects of our firm, we continue to commit considerable resources to effective governance, recognizing that we are stewards for our shareholders, our clients, our people and our communities.

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JANUARY 23, 2012

Updating Our Statement on Policy Engagement and Political Participation

Advancing policies that promote shareholder value, foster economic growth and improve society

Our firm's engagement with our shareholders and other important constituents is not a one-day event.

In 2011, we held more than 150 meetings and conference calls with our governance constituents and participated in major governance conferences. The discussions, which included some of our Board members and senior leaders, covered a broad range of topics from executive compensation to our governance structures, risk management and sustainability.

These discussions are important to us as we strive to balance the priorities of certain constituents with the best interests of our firm, maintaining our goal of creating long-term shareholder value.

A number of discussions over the last few years were about our stance on public policy. Shareholders approached us in light of the Supreme Court's ruling in the landmark case of *Citizens United v. Federal Election Commission* in January 2010, when the Court decided that the government cannot restrict certain political expenditures by corporations and unions. The decision prompted vigorous debate about the appropriate nature of

corporate participation in politics. Following the *Citizens United* decision and ensuing discussions, we made public our long-standing practice that we do not spend corporate funds directly on independent political expenditures or electioneering.

During 2011, our engagement on these and related issues continued, and culminated in January 2012 with an update of our guidelines for policy engagement and political participation. Our Statement on Policy Engagement and Political Participation ("our Statement") outlines our philosophy behind our involvement in these arenas, as well as our priorities and Board oversight of these issues. For a copy of the statement, see www.goldmansachs.com/corpgov.

The latest version of our Statement reflects both policy and disclosure enhancements. Specifically, following constructive shareholder dialogue, we enumerated our public policy priorities for the coming year and explained the internal decision-making processes around the selection of these priorities. We instructed trade associations with whom we have relationships not to use our funds for any election-related activity at federal, state or local levels. We responded to some of our shareholders' concerns about ballot initiatives and grassroots lobbying, and clarified the Board's oversight of these activities.

Our Statement reflects our commitment to advocating policies that will foster economic growth, promote financial stability, and improve communities and society, consistent with the interests of the firm and all our shareholders. •

More than
150 Number of meetings and conference calls with our governance constituents in 2011

Our Commitment to Good Governance

Ultimately, we think about governance as the foundation of a well-run company, embodying principles and commitments that share fundamental aspirations: increasing value for shareholders, promoting valued service to clients, managing risks, and making lasting contributions to communities. Successful governance for our firm is a vibrant process that involves the diversity of our businesses, the global nature of our operations, and the rapidly changing needs of our clients. We recognize that there is always room for improvement, given our goal to be a good steward for our stakeholders.

At Goldman Sachs, prudent governance starts at the top. Eight of our ten Board members up for election at the 2012 Annual Meeting are independent from management. We recently announced the appointment of James Schiro as our new Lead Director, in addition to the appointment of two new directors in 2011, Debora Spar and M. Michele Burns. Our directors are committed to engagement on significant governance issues. Some of our Board members meet with shareholders throughout the year and actively monitor developments. They execute independent oversight over areas of risk to our business, the performance of our senior management team, succession planning, compensation issues, and overall business strategy.

Our commitment to good stewardship on behalf of clients, shareholders, regulators and the broader public is illustrated by the fact that about half of our employees sit on the “control” side of the firm.

Our controllers perform an independent control function, the primary goal of which is to make sure that we meet the financial control and reporting obligations of a public, globally regulated financial institution. On a daily basis, these professionals take a disciplined approach of marking substantially all of our inventory to current market levels, providing realistic insight into our financial exposures. We hold inventory primarily for making markets for our clients and for our investing and lending activities. As such, our inventory changes based on client demands and investment opportunities.

Our market and credit risk professionals are independent of the revenue-producing side of our businesses and report to our Chief Risk Officer. We manage our market risk by diversifying exposures, controlling position sizes and establishing market-based hedges. Our credit risk professionals evaluate the potential for loss due to counterparty default and seek to mitigate risk through limits, collateral and other techniques. Our Firmwide Risk Committee establishes our risk policies and reviews our risk profile.

Our Compliance team ensures that we adhere to laws and regulations around the globe, making it a key part of our control and risk management functions. There is strong collaboration within the Global Compliance Division and with other control functions in our firm. The team also remains closely connected with business stakeholders and regulators to maintain an ongoing, proactive dialogue, and to help identify emerging risks. Consistent with our commitment to improve transparency and disclosure, in 2012, our Compliance team made public its guidelines for combating money laundering, bribery and corruption.

Our Business Intelligence Group works closely with others at our firm, including our Environmental Markets Group, to address a variety of due diligence assignments, including safety and environmental issues. BIG takes a broad view of risk, including legal, regulatory, environmental and social, enabling us to take a long-term perspective and manage a wide array of risks appropriately. Transactions that have significant environmental, social or governance issues are highlighted for discussion by BIG and EMG, and final decisions involve key business leaders, members of the Management Committee or the Chairman’s office. The Group also takes a progressive approach, preferring to address potential issues through constructive engagements with clients.

To view our Anti-Money Laundering and Bribery and Corruption policies, please access the following link:
www.goldmansachs.com/governancepolicies

Signing the United Nations Principles for Responsible Investment

Reaffirming our commitment
to invest our clients' assets
responsibly by considering
environmental, social and
governance issues

Goldman Sachs Asset Management (“GSAM”) strengthened its commitment to responsible investing in December, when it became a signatory of a widely respected United Nations initiative that provides a framework for integrating environmental, social and governance practices into investment decisions.

By signing the United Nations Principles for Responsible Investment (“the UNPRI”), we joined more than 1,000 other international investors — representing more than \$30 trillion in assets, or 20 percent of the world’s capital — in using a variety of environmental, social and governance criteria as we make investments on behalf of clients.

Recognizing the value of this approach to our clients as well as the broader community, and where consistent with our fiduciary duty, we are expanding our evaluation of governance issues and social and environmental stewardship within our portfolio management teams. Where appropriate, we engage with managements of the companies and funds in which we invest to determine how these issues are being integrated into their strategies and how they are driving value. This insight can help



The Principles set forth by the UNPRI are a set of best practices for incorporating ESG issues into investment decision making where consistent with fiduciary responsibilities.



us to make better investment decisions for our clients and help shape our proxy voting guidelines. Managements have, in some cases, adopted our recommendations and implemented changes in an effort to enhance their value or reduce potential risk.

We believe that a company's governance structure and its record on environmental and social issues can be important measures of the quality of management and can affect investment performance. Moreover, an inadequate record in these areas can create significant potential risks to long-term value. Our commitment to responsible and sustainable investing is built on adhering to our fiduciary duties as an asset manager and supports our firmwide focus on citizenship. •

To view the Goldman Sachs Asset Management Statement on Responsible and Sustainable Investment, see www.goldmansachs.com/gsamstatement



More than **8,200**

Number of shareholder meetings at which GSAM voted in 2011

Business Standards Committee

Since May 2010, our Board has focused on a firmwide effort to improve our business standards and practices, which was led by the firm's Business Standards Committee. The firm embarked on the review of what we do and how we do it following the financial crisis and the challenges that arose in its aftermath. In January 2011, following an eight-month extensive review, the Board approved, and we made public, the Report of the Business Standards Committee, which contained 39 recommendations for improvement spanning client service, conflicts of interest, structured products, transparency, committee governance and employee training and development. Our Board continues to maintain oversight and receives regular feedback about the implementation.

In 2011, the senior oversight group formed to oversee the implementation of the report's recommendations met eight times and will continue to meet regularly until the implementation process is complete. So far, 31 of the 39 recommendations have been implemented, with the remainder expected to be completed by year-end (see page 36 for further details). The effort involved in implementing the recommendations, particularly in relation to structured products, has been substantial, given the complex issues and processes that are impacted across all of our businesses.

Importantly, as recommended by the Business Standards Committee, we created a new Firmwide Client and Business Standards Committee, comprising a group of senior leaders who assess and make determinations regarding the firm's business standards and practices, reputational risk management and client service. This Committee receives feedback from clients and other stakeholders to effectively monitor their satisfaction with our advice and services. We have also adopted programs to improve the awareness and training of all of our people. Emphasizing the priority we have placed on the new standards and practices, we are implementing over 30 new BSC training programs, and embedding BSC-related content into over 90 existing training programs.

A significant part of our training effort has been executed through the Chairman's Forum initiative, which was launched in June 2011. This global program for our managing directors led by Lloyd Blankfein is aimed at reinforcing the importance of reputational excellence and personal accountability among our leaders. Using case studies, the program provides a forum for examining realistic scenarios faced by our people and the consequences of their decisions. Our leaders glean practical insights on how to think broadly about the importance of their decision making and their responsibilities.

An invaluable aspect of the Business Standards Committee effort has been the feedback we have received from our clients, our people, our shareholders and regulators. We remain dedicated to continuing to make improvements and to learning from our constituents.

Our enhanced standards strongly complement risk management practices that continue to distinguish us from many of our peers, not only from a business perspective, but also in terms of how we identify and manage environmental, social, financial and other important risks.

97%

Percentage of our 2,400 managing directors who participated in the Chairman's Forum program. Given the strong reception the program received, it will be expanded to include our 11,700 vice presidents beginning in the Fall of 2012.

Improving Worker Safety

Working with clients to uncover risks and develop solutions

We work diligently as an investor and financial advisor with clients to reduce safety and environmental risks, both as a sound business practice and as a matter of corporate responsibility.

When, for instance, we began a dialogue with a Basic Materials company that was looking to raise capital in the debt markets several years ago, we identified a history of worker injuries and fatalities at the company.

In response, we helped the company raise capital over the course of several years while simultaneously assisting management to improve operations to make it a safer workplace. New safety personnel were hired and a third





party was engaged to conduct a safety audit. The company's Board of Directors formed a safety committee that included independent directors who were provided with reports from the company's safety officers. In the four years subsequent to our engagement, the company has reported improved safety statistics with no major incidents.

The initial concerns with the company's safety record were discovered by our Business Intelligence Group, a unit of our legal department dedicated to evaluating all risks, including legal, environmental, social and governance risks facing our clients and business partners. In some cases, the Group's recommendations prompt us to decline to work with a particular client, or to do so only if certain conditions are met. For example, we may seek the implementation of enhanced governance practices or controls or improved disclosures from a company to investors.

Evaluating the performance of some of our existing and potential clients on environmental, social and governance issues is more than a tool for managing business risk on behalf of our shareholders. It is a way to promote engagement with companies that share our commitment to responsible practices in these areas. •

139,927

Total number of hours in 2011 of employee training on our human rights policies and procedures

99.5%

Percentage of applicable employees trained in 2011 in our human rights policies and procedures

When potential risks are uncovered, we try to work with clients to formulate solutions to these challenges in a way that both improves their operations and yields other social or environmental benefits.

Compliance Response to Country Sanctions

The global geopolitical environment requires participants in capital markets to be informed and vigilant, particularly with the rise in recent years of government sanctions against rogue states. These sanctions typically require companies to suspend business and financial activities with those countries. Quickly identifying and containing any such exposures is a critical component of risk management — and one that requires a combination of nimbleness and thoroughness.

We have a task force that includes representatives from our Compliance, Operations and Legal Divisions (including the Business Intelligence Group, Anti-Money Laundering Compliance, and Treasury Operations) to address this important aspect of risk management.

As soon as sanctions are imposed on a country, the task force mobilizes to examine them, often in consultation with other financial institutions and international governmental and regulatory agencies.

The announcement of sanctions is communicated globally to all of our people. The task force meets with those units that may be affected to review exposures and take appropriate actions. In some instances, accounts may be frozen or restricted. In others, we may require pre-clearance for certain transactions.

We are often able to pinpoint exposures quickly because of the extent to which we know our clients and business partners. A detailed level of understanding is essential to our ability to rapidly identify and contain our firm's exposure when sanctions are issued.

We also take a proactive approach to measuring and monitoring anti-money laundering risks of operating in certain countries that are not subject to sanctions. Our Anti-Money Laundering group maintains a ranking of susceptible countries based upon such factors as the robustness of the country's legal system and regulatory structure and the likelihood of corruption or other criminal activity.

Our dedication to understanding our clients stems from a commitment to raising and deploying capital responsibly in the global marketplace and effectively managing risk on behalf of our shareholders.

APRIL 19

GS SUSTAIN

Goldman Sachs' GS SUSTAIN team expands analysis of companies, further helping clients identify ESG outperformers and structural leaders

On April 19th, GS SUSTAIN announced a major expansion to analyze nearly 1,000 large companies globally for their industry leadership and environmental, social and governance performance. The companies now followed by this unique research product represent more than 90 percent of the value of the MSCI All Country World Index (ACWI) global equity benchmark.

GS SUSTAIN is a global equity research methodology that cuts across sectors and countries to identify the companies that are best positioned to outperform their markets over the next three to five years. The research integrates a combination of factors, including industry positioning, return on capital, and performance against objective environmental, social and governance standards.



39%

The percentage by which the GS Sustain Focus List has outperformed a broad global benchmark index, the MSCI ACWI, from June 2007, when the Focus List was created, until the end of 2011.

Reaching the 1,000 company milestone in GS SUSTAIN's coverage universe followed the collection and analysis of more than 70,000 data points on environmental, social and governance performance from publicly available reports. In December, we trained more than 100 analysts across our Global Investment Research division on how to collect and incorporate environmental, social and governance data into their company analyses. In 2012, our goal is to expand GS SUSTAIN further as it becomes increasingly integral to global investment research at Goldman Sachs.

We developed GS SUSTAIN after concluding that identifying potential winners in an environment of rapid structural change and global economic realignment has the potential to help our clients generate outperformance by applying an innovative approach to corporate analysis that reflects the growing challenges companies in every industry face.

The philosophy behind GS SUSTAIN is that fundamental forces driving the world economy — the shift of economic growth from developed toward emerging economies, a rapidly expanding global population, mass urbanization and rising emerging market consumerism — will become increasingly pronounced, presenting significant opportunity for companies able to take advantage but also raising increasingly significant environmental and social challenges as a consequence of that growth. The framework we have developed is designed to help our clients identify the beneficiaries of those opportunities and challenges over the long term, which will require increasing attention to environmental challenges and stakeholder management as those challenges intensify. •



Vendor Management

Around the globe and across our business lines, we engage about 12,000 vendors for a wide range of products and services — from technology hardware, to cash clearing, to facilities management. Working with third-party providers is often more efficient and cost-effective than performing certain activities in-house. But it also involves risks that must be thoughtfully managed.

Through our firmwide Vendor Management Policy and Program, we consistently assess financial, legal, reputational and other risks for each of our vendors. On an ongoing basis, we monitor vendors' performance, changes in ownership, and compliance with applicable legal and regulatory requirements. Vendor diversity and environmental practices are also actively considered when we engage and manage our vendors.

In 2011, we further enhanced our Vendor Management Program, including the adoption of a quality assurance program to measure firmwide and divisional compliance against our policies and procedures. We also integrated more comprehensive background review procedures into our vendor setup process and introduced a new risk assessment model.

We engage vendors when it makes good business sense to do so, recognizing that with opportunity comes risk — and that managing that risk is essential.

SOCIAL

At Goldman Sachs, we define our social value by what we contribute to making markets robust and economies strong — whether in collaboration with our clients, shareholders and vendors, or as a responsible investor of our own financial and intellectual capital. We recognize that we cannot succeed unless we are able to recruit and retain the best people, and our clients value the advice and services that we provide.

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MARCH 11

Response to Japan Earthquake

Analyst Yuki Tanaka races to help others during crisis in Japan

Yuki Tanaka was sitting on his motorcycle at a traffic light in Northern Japan on March 11th, when the ground beneath him began to shake violently. Yuki, who had been hired as an analyst in our technology division in Tokyo, felt the first tremors of the earthquake that caused the devastating tsunami and crippled several nuclear reactors in Fukushima.

Unharmd by the temblor, Yuki felt compelled to help, traveling into the worst parts of the devastation. He located a friend at an evacuation shelter in Kesenuma, Miyagi Prefecture, an area where entire towns had been washed away by the tsunami. He then decided to stay for a week to search for missing people, distribute supplies and assist local town offices.



Approximately
¥730 million

Two days after the quake struck, we announced a financial contribution of ¥500 million (US\$6.1 million) to assist emergency relief efforts in the region, and have provided nearly ¥244 million (US\$3 million) additionally since.



**21.4
miles**

Members of our Technology division ran or walked 21.4 miles, between all 29 stations on the Yamanote train line in Tokyo, in less than 12 hours to raise money for the Save the Children Earthquake/Tsunami Relief Program.

For our people in Japan, Yuki's story was not unique. In the days and weeks that followed the crisis, we individually and collectively mobilized in efforts to provide assistance.

Shortly after the quake struck, securities analyst Yuto Doya rented a four-ton truck, packed it with supplies, and drove north from Tokyo to Miyagi Prefecture. For many weekends after the disaster struck, Yuto personally delivered supplies to people who had been cut off from official assistance.

He also repeatedly traveled to Miyagi Prefecture in his paint-smeared overalls to teach painting classes to children and orphans. Known locally as "Mr. Painter," Yuto developed a warm following among children and adults. He was deeply touched by victims who enjoyed his visits and offered him rice balls and other hot food despite the challenges they faced. His goal, he said, was simple: "To make children smile."

For our firm, we were immediately overwhelmed by the devastation taking place in one of our communities, and the need for us to play a tangible role in its recovery. We set out at the beginning of the crisis to determine the location and well-being of our people and their families. Members of our Human Capital Management division rapidly contacted each of our

nearly 1,000 Japan-based employees and interns to confirm their safety and that of their families and to offer them use of the firm's Employee Assistance Program for support and help. Our Services and Technology divisions focused on the integrity of our operations to ensure business continuity on behalf of our clients in the region and around the world. In the days and months following the earthquake, leaders of the firm travelled to Japan to show their solidarity. They included Lloyd Blankfein, Chairman and CEO, and Gary Cohn, President and COO, as well as five other members of our management committee.

The people of Goldman Sachs responded to the devastation in ways that on many levels made a difference. We often say that our people are our greatest asset. In the aftermath of the Japan earthquake and tsunami, we believe our people were an asset to a much greater cause. •

Our Commitment to Society

Economic growth is essential to a prosperous society. It creates jobs, improves standards of living and ultimately expands the tax base that supports the infrastructure and social services that our communities require. Whether it is the construction of roads, hospitals, schools or housing, a growing economy is a vital component for meeting these public needs.

Vibrant capital markets are an indispensable element of economic growth. Investment banks are central participants in those markets, matching the need for funding by both new and mature businesses with the capital available for investment by individuals and institutions seeking appropriate returns. Companies, financial institutions, governments and individuals also rely on capital markets to manage their financial risks. Doing this effectively and efficiently directly affects their ability to grow, compete and ultimately thrive.

In 2011, many of those government and corporate clients facing challenging markets turned to us for help to raise critically needed funds. We ranked first in initial public offerings, helping companies around the world raise \$46.6 billion. Among those public offerings were Hutchison Port Holdings, Chow Tai Fook Jewellery, Samsonite International, Duncan Brands and Jive Software.

Throughout our business selection process, we are diligent and utilize judgment, with an awareness of social and environmental issues that touch our people, our clients and our vendors. We recognize that lasting contributions to a strong and sustainable economy are possible only if we are committed to the well-being of our people and our communities.

An awareness of sustainability is embedded in our business practices and in a variety of investment decisions. Our efforts to support sustainability have followed several paths. We have remained committed to supporting and engaging with a diverse community of employees and vendors. The publication of our human rights statement provides another example of our focus on environmental, social and governance considerations.

An important part of creating a sustainable community is investing in underserved areas. We strive to accomplish this goal through our Urban Investment Group and through various initiatives, including our Community TeamWorks program, our *10,000 Women* program and our *10,000 Small Businesses* program, which were funded by our firm and the Goldman Sachs Foundation. All of these efforts are valuable investments of our intellectual and financial capital. They reflect our commitment in support of innovation, job creation and economic growth, and will continue to yield significant benefits to society over time.

The tradition of individual philanthropy remains a core tenet of our culture. In recent years, firm compensation was reduced by nearly \$900 million to support *Goldman Sachs Gives*, a donor-advised fund which allows partners at Goldman Sachs to recommend donations to qualified nonprofits globally. In 2010 and 2011, nearly 7,000 grants totaling \$425 million have supported organizations located in 24 countries, focused on the fund's four strategic pillars: *Increasing Educational Opportunities*; *Building and Stabilizing Communities*; *Honoring Service and Veterans*; and *Increasing Economic Growth*.

In 2011, we devoted considerable resources to ensure that our people receive the support they need to serve our clients and communities. The investment we make in our employees begins at the outset of their career and continues through every step along the way. Our goal is to maximize their potential, increase commercial effectiveness, reinforce our culture of consensus and empowerment, expand their professional opportunities, and help them make lasting contributions to their clients and their communities, whether they spend just a few years or their entire professional careers at our firm. The Office of Global Leadership and Diversity directs our firm's diversity strategy and, together with an array of more than 80 employee affinity networks around the world, develops programs that translate the firm's diversity commitments into specific actions. We provide a broad range of entry-level and continuing education through our Goldman Sachs University program. Our Pine Street initiative aims to develop world-class leadership and management skills for our partners, managing directors and key clients.

10,000 Women

Gircilene expands and improves her Brazilian business following her participation in the global program

In Belo Horizonte, Brazil, Gircilene was able to expand her corporate catering company, growing her revenue by more than 200 percent and increasing her number of employees from four to 33.

Her experience is not unique.

In Delhi, India, Divya increased the annual sales revenue of her label manufacturing company by nearly 300 percent and hired eight additional female machine operators in a traditionally male-dominated industry. In Monrovia, Liberia, Kabeh hired four new employees and opened three additional warehouses for the locally processed Liberian oils she sells.

Leveraging training for local female entrepreneurs around the globe is what the *10,000 Women* program is all about. The program reached a milestone on March 8th, the 100th anniversary of International Women's Day, when it announced a collaboration with the United States government. Unveiled by First Lady Michelle Obama, Secretary of State Hillary Clinton and Lloyd Blankfein, The U.S. Department of State and Goldman Sachs Foundation's 10,000 Women Department of State Women's Entrepreneurship Partnership helped expand the reach of *10,000 Women* to 43 countries in which we have reached 5,500 women.

A five-year global initiative launched in 2008, *10,000 Women* aims to improve local economies and create greater shared prosperity and social change by providing underserved women entrepreneurs in developing and emerging markets with a business and management education.

When women successfully manage and expand their businesses, they offer goods, services and employment to those around them. This "multiplier effect" leverages the significant economic and social gains of the participants in powerful ways. To us, reaching 10,000 women is not the end. It is just the beginning. •

For more information about *10,000 Women*, see www.goldmansachs.com/10000women

80%

Surveyed participants who have achieved revenue growth following participation in the *10,000 Women* program

65%

Surveyed participants who have added jobs following participation in the *10,000 Women* program

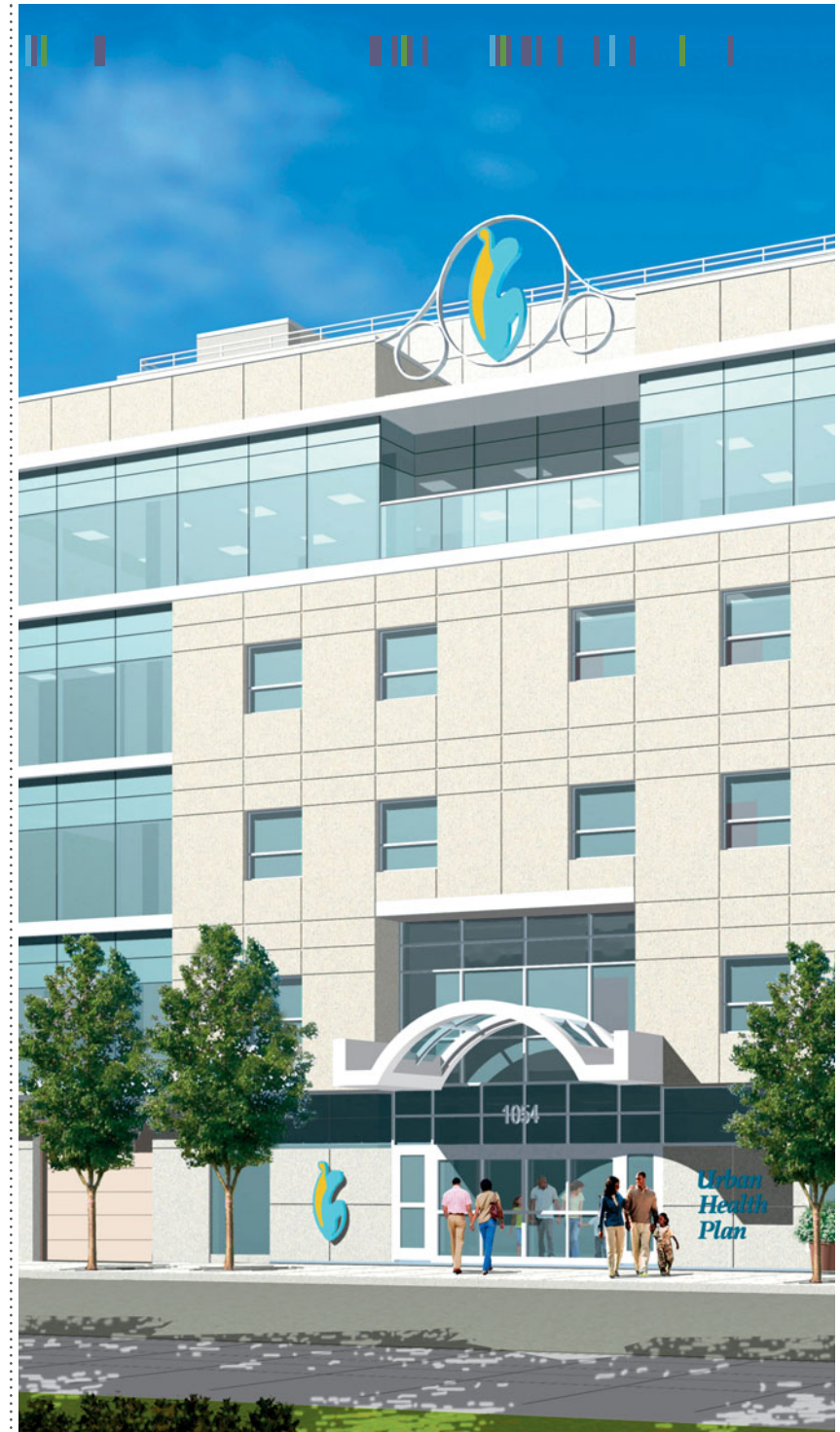
JULY 8

Urban Investment Group

With more than \$40 million in financing from Goldman Sachs, a health center rises in a Bronx community that badly needs it

At a vacant lot in the South Bronx, Dr. Richard Izquierdo, along with members of his staff and community leaders, picked up shovels on July 8th to break ground for a new healthcare center that will serve more than 20,000 local residents in need of quality medical facilities. The Urban Investment Group took the lead in financing the 54,000-square-foot clinic.

When it is completed in mid-2013, the health center will allow Urban Health Plan, a network of federally qualified community health centers in the Bronx, to nearly double its capacity for annual primary care visits to more than 400,000. Located in a neighborhood with a poverty rate of 54.3 percent, and that is designated by the Health Resources and Services Administration as a Medically Underserved Area, the clinic is positioned to make a meaningful impact on the health of the community it serves. The new health center is expected to create approximately 350 positions for doctors, medical assistants, receptionists and construction workers.





Our Urban Investment Group provided more than \$40 million to finance the construction of the new clinic, about three-quarters of the total project costs. It will be built to green building standards and include solar panels to power the hot water heating system and high-efficiency water fixtures.

Founded in 2001, the Urban Investment Group was the first effort by a major investment bank to focus exclusively on deploying capital in underserved, transitioning or distressed communities in the United States with the objective of transforming them into neighborhoods of opportunity and choice. To date, the Group has committed over \$1.7 billion.

While many projects are in the New York metropolitan area, we have invested in projects nationwide, including in New Orleans and Salt Lake City. The Group's investment strategy focuses on both the financial returns of transactions and the social impact on the communities they touch.

The financing of the new Bronx center met both of those criteria. Our firm earns an economic return on our invested capital via federal tax credit incentives and cash flow from the UHP's operations. Importantly, we believe the project will have a meaningful social and economic impact on the Morrisania neighborhood of the South Bronx. "Funding Urban Health Plan's expansion makes good economic and health sense," said Borough President Ruben Diaz, "We need healthcare providers that consistently think about their patients and are constantly looking for ways of improving an individual's health; Urban does that and their services will help us to make the Bronx healthier." •

The new health center is expected to create approximately

350 positions

for doctors, medical assistants,
receptionists and construction workers.

The new facility is designed to achieve a USGBC LEED Silver Certification. The environmentally responsible choices will include high-efficiency water fixtures, a green roof, and solar panels to power the hot water heating system.

Since the Urban Investment Group was founded, it has helped to finance the construction of about **11,000 housing units**, primarily for lower-income families, **1.3 million square feet** of retail and commercial space and **1.2 million square feet** of community construction for healthcare centers, charter schools and social services.

10,000 Small Businesses

Entrepreneurs in New Orleans saluted by Mayor Landrieu for participation in “a new model for job creation”

On June 6th, 30 New Orleans entrepreneurs gathered at Delgado Community College for a graduation ceremony — their own, as the inaugural class of *10,000 Small Businesses*' New Orleans program.

“The future of New Orleans and the heart of our economy are being built by small business owners who live, work and raise families here,” Mayor Mitch Landrieu told the graduates and their supporters at the ceremony. He called *10,000 Small Businesses* “a new model for job creation.”

10,000 Small Businesses was founded on the principle that small businesses are a powerful engine for new jobs and economic growth. Small firms accounted for 65 percent of net new jobs created between 1993 and 2009 and employ about half of workers in the United States. We created *10,000 Small Businesses* in 2009 as a \$500 million program to provide entrepreneurs with access to business education, financial capital and business services to help them grow and create jobs. Through partnerships with community colleges funded by The Goldman Sachs Foundation, like the one with Delgado Community College in New Orleans, the program offers classes in accounting, human resources, negotiations and marketing. It also assists participants in finding capital through a combination of lending and support by Community Development Financial Institutions. And by offering one-on-one mentoring, workshops and free legal advice, *10,000 Small Businesses* provides entrepreneurs with a wealth of

professional support services that would otherwise be challenging and costly to obtain.

One graduate, Angelica Rivera, is the co-owner of Colmex Construction, a family-owned contractor for residential and commercial construction and renovation. Through *10,000 Small Businesses*, Angelica developed a Business Growth Plan for Colmex that has enabled the company to increase its revenue and bottom line by focusing on a niche market: energy-efficient homes. Since graduating, she has created 10 new jobs, won nearly \$1 million in new contracts, and is working with six new subcontractors in the local community.

“We know exactly what our goals are and how to achieve them,” Angelica explained. “I have total confidence that we are going to keep growing; and we are going to be able to help our community not only by rebuilding the city, but also by providing job opportunities.”

10,000 Small Businesses in the U.K. targets high-growth small businesses averaging 10 or more employees and £1 million in annual turnover. These enterprises accounted for more than half the growth in jobs in the United Kingdom between 2002 and 2008. The U.K. program also serves commercially minded social enterprises that provide valuable mission-driven goods and services to the communities in which they operate.

Taran Sohal, director of Bradford-based technology company Cloud2, was a member of *10,000 Small Businesses*' U.K. pilot program in Yorkshire. He used what he learned from the program to overhaul Cloud2's human resources strategy and improve operations. “We have been able to re-engineer how we do business,” he explained. “We have been able to reduce average project time from six months to eight weeks.”

By the end of 2012, *10,000 Small Businesses* in the U.K. will have reached approximately 400 participants across London, Yorkshire & Humber, the Northwest and the Midlands.

Going forward, *10,000 Small Businesses* will continue to expand to other cities globally and, in so doing, help local and regional economies grow, one small business at a time. •

Returnship® Program

Arlene Houston resumes her successful career through our program that retrains employees who take a detour

After taking a three-year break to help care for her mother, Arlene Houston was ready to resume her successful career. At many companies, that would have been impossible. But at Goldman Sachs, we have a “Returnship®” program that recognizes the value of employees who, for one reason or another, need to take a detour before returning to their careers.

“The Returnship® program was perfectly timed for both my professional and personal life,” Houston recalled. “My mother’s Alzheimer’s had finally progressed to a stage where she was willing to admit that she could use a little extra help and was willing to let home companions assist her with daily activities, which freed me to pursue my career full-time again. I had kept up with the industry, attending conferences and in the news, so when a friend invited me to join her at the Returnship® program information session hosted at Goldman Sachs, I was excited to attend and find out how I could apply to the program and relaunch my career.”

More than **120**

Since it began in 2008, the Returnship® program has helped more than 120 people around the globe to overcome the challenges of a career detour and break down the barriers to workforce re-entry.



“The support I received from managers and colleagues is a testament to Goldman Sachs’ commitment to diversity. Diversity not based on my gender or ethnicity, but rather on a recognition that my personal life circumstances do not impact the opportunity to advance my professional career.”

Arlene Houston



Research has shown that employees who decide to take leaves from the workplace constitute an experienced talent pool that many employers have historically overlooked. Houston, a graduate of the law and business schools at Duke University, had spent a decade in various auditing, financial and advisory positions before she left to help care for her mother.

Since it began in 2008, the Returnship® program has helped more than 120 people around the globe to overcome the challenges of a career detour and break down the barriers to workforce re-entry, including misperceptions sometimes held by managers about candidates' technical abilities or their long-term dedication to their careers. By offering tools and training, as well as coaching and hands-on experience, the program equips participants with an opportunity to sharpen their skills and learn new ones in a rapidly changing workplace.

In developing the Returnship® program curriculum, we blend weekly seminars and workshops with an internship that offers a window into the responsibilities, demands and rewards

that may come to participants with their new roles. Weekly programming focuses on some of the soft skills that are critical to success in the workplace, such as leadership, providing and interpreting feedback, and working successfully with a manager.

The rewards of Returnship® extend beyond learning. We have heard from many participants that their Returnship® "class" proved to be an enduring and invaluable source of support to them both personally and professionally in the months and years that followed.

To us, the Goldman Sachs Returnship® program is a true win-win. We have hired participants in various divisions throughout the firm. We offer all participants in the program an opportunity to gain not only the skills, but also the confidence in their capabilities and their value that, taken together, will put them solidly on the career re-entry ramp. This, in turn, promotes a more diverse workplace, strengthens our culture, helps to attract the strongest talent, and reinforces our reputation as an employer of choice for our industry and beyond. •

2,035

Community TeamWorks Projects:

Assisted **12,175** infants,
44,148 children, **13,641**
adolescents, **22,397** adults,
6,383 seniors and **10,087**
persons with disabilities or
special needs.

150,000+ hours

Community TeamWorks is our global volunteer program that encourages our people to take a day away from the office to volunteer with local non-profit organizations. In 2011, the program's 15th anniversary, more than 26,500 volunteers from 43 offices around the world partnered with 905 non-profit organizations, contributing more than 150,000 hours of service on an array of community projects.

Metrics

Goldman Sachs U.S. Workforce Demographics

As of 08-31-2011

	White	Asian	Black or African American	American Indian/Alaskan Native	Hispanic or Latino	Two or More Races	Native Hawaiian or Other Pacific Islander	Females
Exec./Sr. Officials & Managers	85%	8%	3%	0%	2%	1%	0%	20%
Officials & Managers	69%	22%	2%	0%	3%	1%	0%	27%
Professionals	57%	28%	5%	0%	5%	3%	0%	35%
All Others	70%	8%	8%	0%	10%	2%	0%	54%
Total	61%	24%	5%	0%	5%	2%	0%	36%

Source: Goldman Sachs 2011 Equal Employment Opportunity (EEO-1) reports. "All Others" is a combination of the following EEO-1 job categories: technicians, sales workers, office and clerical, craft workers (skilled), operatives (semi-skilled), laborers and service workers.

Cogentrix Energy, LLC: CO₂e Emissions for 2011 per EPA's GHG Mandatory Reporting Rule

Facility	CO ₂ e Emissions for 2011 (metric tons)
Cedar Bay	1,817,962.9
Hopewell	618,670.6
Portsmouth	222,260.0

Note: CO₂e emissions for 2011 were collected per EPA's GHG Mandatory Reporting Rule, Subpart D. These data were obtained primarily by direct measurement; 2010 and earlier CO₂ data were obtained primarily by calculation based on fuel throughput.

- Cogentrix Energy, LLC is a Goldman Sachs subsidiary through which we invest in power projects. The portfolio consists of a balanced mix of power facilities.
- Cogentrix continues to expand its clean energy portfolio with a focus on photovoltaic and concentrating solar thermal technologies.

- In 2011, Cogentrix furthered its capital investment in Sunray Energy, a 43-megawatt solar thermal project in California which operates the first two utility scale solar trough plants in the world and the longest running solar trough plants in the U.S. It also continued the construction of a 30-megawatt concentrating photovoltaic solar generating project located in southern Colorado. When completed in the second quarter of 2012, it will be the largest facility of its type in the world. Cogentrix is also developing run-of-river hydroelectric projects in Turkey and co-developing a 150 solar photovoltaic project in the southwestern U.S. with an expected online date in early 2013.

Tracking Progress of the Business Standards Committee

(Figures current per end of Q1 2012)

Client Relationships and Responsibilities

(recommendations 1–6)

- 5 implemented
- We expect the remaining recommendation to be fully implemented by year-end

Conflicts of Interest

(recommendations 7–14)

- 5 implemented
- We expect the remaining 3 to be fully implemented by year-end

Structured Products

(recommendations 15–23)

- 5 implemented
- We expect the remaining 4 to be fully implemented by year-end
- Pilot rollouts of enhanced pre- and post-transactions sales have begun

Transparency and Disclosure

(recommendations 24–28)

- All 5 implemented

Committee Governance

(recommendations 29–33)

- All 5 implemented

Training and Professional Development

(recommendations 34–39)

- All 6 implemented

Environmental Indicators

	2011 Absolute Normalized	Trend	2010 (adjusted) Absolute Normalized	2005 (adjusted) Absolute Normalized
Performance indicators				
Global Facilities Reported	205	↑	185	106
Revenues (\$M)	\$28,811	↓	\$39,161	\$25,238
Rentable Square Feet (RSF)	12,350,524 ft ²	↓	14,646,477 ft ²	11,107,179 ft ²
LEED-Certified	4,004,886 ft ²	↑	3,791,915 ft ²	1,556,915 ft ²
Full-Time Occupants (FTO=FTE+FTC)	33,349	↓	34,787	29,137
Total direct and intermediate energy consumption	722,710 MWh	↓	793,389 MWh	451,088 MWh
Total direct energy consumption	42,472 MWh	↓	52,566 MWh	37,363 MWh
Natural gas	95%	↑	89%	94%
Fuel oil	5%	↓	11%	6%
Total intermediate energy consumption	680,239 MWh	↓	740,823 MWh	413,726 MWh
Purchased electricity	95%	→	95%	98%
Purchased steam	5%	→	5%	2%
Gross greenhouse gas (GHG) emissions (metric tons CO₂e)				
Scope 1 (Direct)*	11,787 t CO₂e	↓	14,693 t CO₂e	6,915 t CO₂e
Natural gas	70%	↑	64%	92%
Fuel oil	4%	↓	10%	8%
HFC Refrigerants	26%	→	26%	—
Scope 2 (Required Indirect)*	321,641 t CO₂e	↓	342,440 t CO₂e	206,506 t CO₂e
Purchased electricity	99%	→	99%	99%
Purchased steam	1%	→	1%	1%
Total Gross Scope 1 & 2	333,429 t CO₂e	↓	357,133 t CO₂e	213,421 t CO₂e
Scope 3 Business Travel (Optional Indirect)*	165,359 t CO₂e	↓	168,251 t CO₂e	—
Commercial Air	93%	↓	94%	—
Charter Air	2%	→	2%	—
Rail/Bus	0%	→	0%	—
Ferry	1%	New	—	—
Car	4%	→	4%	—
External GHG emissions reductions (metric tons CO₂e)				
GHG Offsets (Australia Carbon Neutrality Commitment)	13,737 t CO₂e	↓	15,367 t CO₂e**	—
Reduction against Scope 1 & 2	37%	↑	33%	—
Reduction against Scope 3	63%	↓	67%	—
Net GHG emissions (metric tons CO₂e)				
Total Net Scope 1 & 2	328,371 t CO₂e	↓	352,075 t CO₂e	—
Normalized GHG emissions				
Net Revenue (t CO ₂ /\$M)	\$11.6	↑	\$9.1	\$8.5
Rentable Square Feet (kg CO ₂ e/RSF)	27.0 ft ²	↑	24.4 ft ²	19.2 ft ²
Full-Time Occupants (t CO ₂ /FTO)	10.0	↓	10.3	7.3
Total water consumption (m³)				
Total business waste (metric tons)	6,396 tons	↓	6,490 tons	—
Recycled Material	49%	↓	51%	—
Landfilled Material	44%	→	44%	—
Waste to Energy	7%	↑	5%	—
e-Waste (metric tons)				
Recycled or Repurposed by ISO 14001-Certified Vendors	307 tons	New	—	—
Total construction waste (metric tons)				
Recycled Material	6,095 tons	↑	3,099 tons	—
Landfilled Material	89%	↑	88%	—
	11%	↓	12%	—
Total paper consumption (million sheets)				
320 MM sheets	320 MM sheets	↑	311 MM sheets	—
New Fibers (FSC/SFI)	65%	↑	62%	—
Post-Consumer Recycled	6%	↓	13%	—
New Fibers	30%	↑	25%	—
Carbon Disclosure Project				
Investor Survey	Disclosure: 83 / Performance: B		Disclosure: 62 / Performance: B	—
Supply Chain	Suppliers: 50 / Response Rate: 76%		—	—

*Please see www.goldmansachs.com/carbon-related-disclosures for further information

**Figure includes an additional seven months of t CO₂e generated in 2009

Awards and Rankings

EMPLOYER OF CHOICE

FORTUNE

- *100 Best Companies to Work For*
Ranked #33
January 2012

Working Mother

- *100 Best Companies for Working Mothers*
September 2011

The Sunday Times

- *25 Best Big Companies to Work For*
Ranked #4
February 2012

The Times

- *Graduate Recruitment Awards*
Named Employer of Choice in Investment Banking
Ranked #15 in the Top 100 Graduate
Employers List
March 2012

Vault

- *Top 50 Banking Employers in the U.S.:*
"Vault Banking 50"
Ranked #2 Overall
#1 in Banking Prestige and
Cross-Industry Prestige
September 2011
- *Top 25 Banking Employers in Europe*
Ranked #1
October 2011

Glassdoor

- *Top 50 Best Places to Work in 2012*
December 2011

Hong Kong Government's Family Council

- *Distinguished Family-Friendly
Employers Award*
- *Award for Innovation*
November 2011

BUSINESS AWARDS

FinanceAsia

- *Japan Achievement Awards*
Best IPO
Best Cross-Border M&A
April 2012

FinanceAsia

- *Country Awards for Achievement*
Best Foreign Bank in China
Best Foreign Bank in Hong Kong
June 2011

Asiamoney

- *Japan Awards*
Awarded in four categories, including
Best M&A Transaction
December 2011

EMEA Finance

- *African Banking Awards*
Best Foreign Investment Bank in Africa
November 2011

Bloomberg

- *World's Greenest Banks*
#2 Overall
#1 in Opportunities — Business Impact
#36 in Risk — Operational Impact
April 2011

Dow Jones Sustainability Index

- *Listed on the North America Index*
September 2011

DIVERSITY AWARDS

Risk and Energy Risk

- *Commodity Rankings*
Ranked #2 Commodities House
#1 in 12 Categories
February 2012

Environmental Finance

- *Annual Awards*
2010 IPO of the Year — Amyris
2010 IPO Runner Up of the Year —
Enel Green Power SpA
July 2011

Institutional Investor — All-America Executive Team

- Best CEO, CFO and Investor Relations
professionals among Brokers, Asset
Managers and Exchanges
January 2011

Lawrence R. Klein Award

- *Most Accurate Economist*
Awarded to Jan Hatzius,
Goldman Sachs chief economist
October 2011

Waters Technology

- *Water Rankings*
Best Full Service Brokerage — GSET
July 2011

Working Mother Magazine

- *Best Companies for Multicultural Women*
June 2011

Human Rights Campaign

- Recipient of Innovation Award
for Workplace Equality
- Listed as a Best Place to Work
for LGBT Equality
- Received 100 percent score
on Corporate Equality Index
March 2011, October 2011

Securities Industry and Financial Market Association (SIFMA)

- *Diversity Leadership Awards*
Sustained Leadership Award
Innovation Leadership Award
November 2011

Stonewall

- *Top Employers Global Index*
Ranked #3
- *Workplace Equality Index*
Ranked #6
January 2012

Utah Governor's Committee on Employment of People with Disabilities

- *ACE Golden Key Award*
October 2011

Charity Times

- *Corporate Social Responsibility
Project of the Year Award*
October 2011

Salt Lake City Chamber of Commerce and Utah Diversity Connections

- *Utah Business Diversity Award*
June 2011

Contact Information

Corporate Headquarters

200 West Street
New York, NY 10282
Telephone: 212.902.1000
www.goldmansachs.com

Inquiries should be addressed to:

Investor Relations
Goldman, Sachs & Co.
200 West Street
New York, NY 10282
Telephone: 212.902.0300
Email: gs-investor-relations@gs.com



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