



PURPOSE & PROGRESS

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2017 ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT

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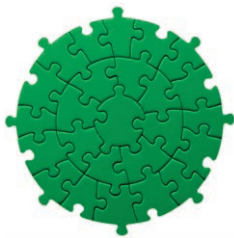
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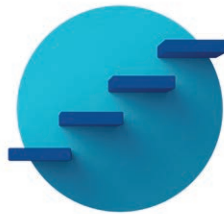
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INTRODUCTORY LETTER



Left:

Lloyd C. Blankfein
Chairman and Chief Executive Officer

Right:

David M. Solomon
President and
Chief Operating Officer

FELLOW GOLDMAN SACHS STAKEHOLDERS

Our firm sits at the center of the global capital markets. While we have many different roles in serving our clients — as an advisor, an asset manager, a market-maker and an investor — our responsibility across each of our businesses is to conduct our work with integrity and to focus on achieving superior results for our stakeholders.

As a global financial institution, our businesses benefit from a growing and stable economy. When companies are hiring and investors are putting capital to work, it is better for our clients and, ultimately, our shareholders. As such, we strive to do our part to contribute to a healthy, expanding economy and to manage our firm in a responsible way. To put it simply, running our firm sustainably is good business, and it's a key ingredient to us delivering long-term value to our shareholders.

We emphasize a long-term orientation in every aspect of our work. Certainly that's apparent with our clients, many of whom we've worked with over many decades, and also with our employees. Two-thirds of our latest class of managing directors began their careers with us as analysts or associates. We take the same long-term approach with our investors.

Our position at the crossroads of the global capital markets affords us a unique opportunity to be an influential, positive force in the world. We strive to provide leadership on environmental and societal challenges suited to our skills and reach, where we can make a difference. This means an emphasis on supporting the communities where we work and live, and, fostering a vibrant, inclusive culture of service among our people.

Our ability to succeed in the years to come will depend on seeing clearly today's challenges to sustainable growth and addressing them. In our 2017 Environmental, Social and Governance Report, we demonstrate many of the ways we are executing on this mission.

We look forward to engaging with you on these topics in the months and years ahead.

Lloyd C. Blankfein

Chairman and
Chief Executive Officer

David M. Solomon

President and
Chief Operating Officer

A solid green horizontal bar.

TAKING ACTION TO DRIVE LONG-TERM VALUE

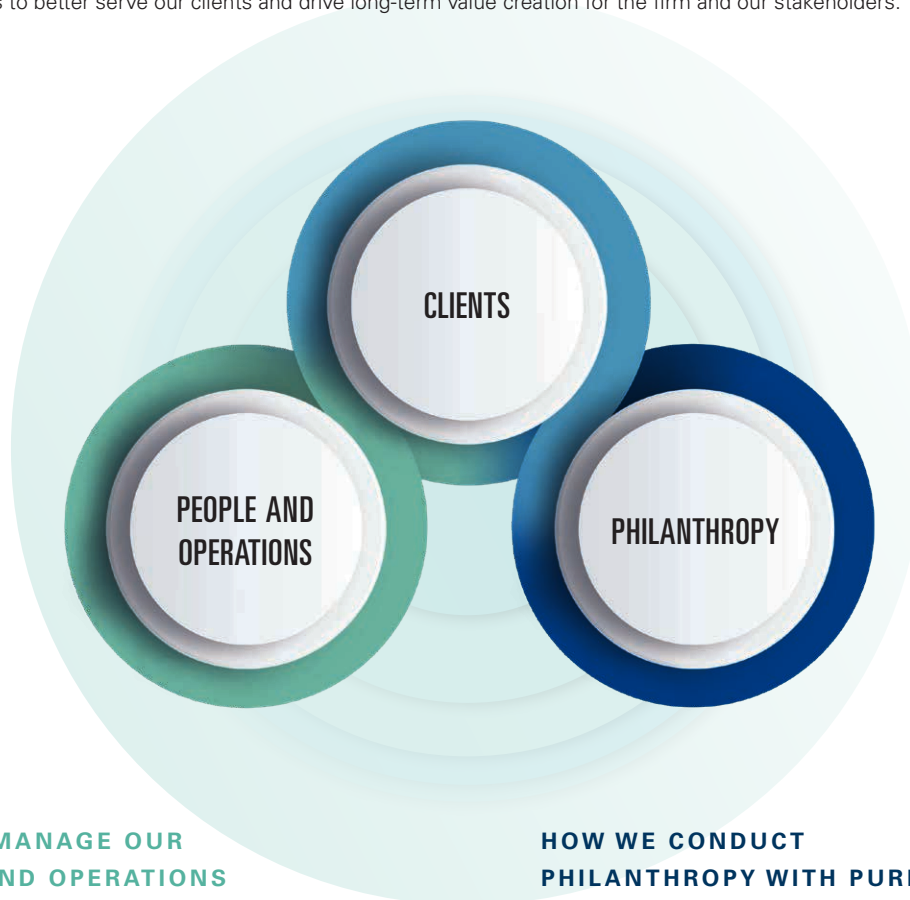
At Goldman Sachs, we view the consideration of Environmental, Social and Governance (ESG) factors as an important driver of the way we advise clients and conduct our business. Whether we are managing ESG-related risks or working collaboratively to effect positive change within our communities, we seek to run our firm responsibly for the benefit of all of our stakeholders. We focus our efforts on the areas where we can have the biggest impact over the long term; where possible, we hold ourselves accountable with ambitious targets and goals.

In this report, we highlight several key priorities, including combating climate change, fostering an inclusive and service-oriented workforce and strengthening the communities in which we work and live. Our focus on managing the firm responsibly for all stakeholders guides how we work with our clients, manage our operations and conduct our philanthropic efforts.

INTEGRATING ESG

HOW WE WORK WITH CLIENTS

Our business involves working with a wide variety of clients including companies, governments, investors and individuals. We help connect consumers of capital with providers of capital, so they can gain stronger financial footing, grow their businesses and create jobs. Our advisory and risk management services and ability to access the capital markets play critical roles in contributing to economic growth and community building around the world. Integrating ESG into this work enables us to better serve our clients and drive long-term value creation for the firm and our stakeholders.



HOW WE MANAGE OUR PEOPLE AND OPERATIONS

A key to corporate accountability is responsible management of our people and operations. To do so, we instill a strong risk management culture, pursue an inclusive, service-oriented workplace, and build robust infrastructure and processes to govern our approach. We work collaboratively across the firm to minimize our environmental impact and develop innovative solutions that enhance the productivity of our employees.

HOW WE CONDUCT PHILANTHROPY WITH PURPOSE

We take action where our skills and leadership can make a clear difference. In some cases, this means supporting entrepreneurs through programs such as *10,000 Women* and *10,000 Small Businesses*. In other cases, such as our *Goldman Sachs Gives* program, it includes a financial commitment to foster innovative ideas, solve economic and social challenges, and enable progress in underserved communities worldwide. We look to combine our philanthropic efforts with direct engagement by our people to support economic development where it's needed most.

OUR APPROACH

We take an active approach to managing ESG-related risks and tackling environmental and social challenges. We harness the dedication of our people and mobilize capital to build thriving, sustainable economies and to facilitate the transition to a low carbon future, and we acknowledge the importance of effective governance at the management and Board of Directors level.

THE ENVIRONMENT

A healthy environment is fundamental to a strong and sustainable economy and therefore critical to our firm. Today, climate change threatens the well-being of society, and, by extension, the work we do at Goldman Sachs.

For us, addressing climate change requires an integrated, long-term approach including significant capital provisioning, prudent risk management and strategic vision.

Energy is the largest greenhouse gas contributor globally but remains critical for economic growth, especially in developing markets. As a result, we are committed to catalyzing innovative financial solutions to help clean energy achieve scale. Since 2012, we have financed and invested more than \$71 billion into clean energy, almost half of our target of \$150 billion by 2025. In addition, we are consistently innovating across our businesses to unlock sustainable capital flows, from green bonds and climate risk solutions to ESG and impact investments.

OUR PEOPLE AND OPERATIONS

Our most important long-term competitive advantage is our people. Our success as a firm and that of our clients depends on the determination and dedication of our people to generate long-term value for our shareholders and meet the unique needs of our

Clean Energy Investments and Financings

Since 2012:

\$71B

Target by 2025:

\$150B

Key Highlights across Our Businesses

\$27B

green, social and sustainability bonds underwritten since 2014

\$17B

weather-related catastrophe bonds structured since 2006

\$11.3B

assets under supervision in ESG strategies within Investment Management

4,000

companies covered by GS SUSTAIN's ESG investment research framework

0

net carbon emissions since 2015

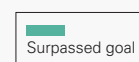
diverse client base and the communities in which we operate. As a result, we invest heavily to attract, develop and retain the best people from diverse backgrounds, and to create and sustain an inclusive workplace where their diversity and talents can thrive.

Within our workplace, we take great strides to strengthen our commitment to sustainability. We maintain net carbon neutrality and deploy renewable energy for our operations, and we continue to make progress toward green building certifications, responsibly sourced products, sustainable supply chain management and reduced water use and waste generation.

Progress toward 2020 Goals for Our Operations

Many of the environmental commitments set out in our updated 2015 Environmental Policy Framework have been achieved. We have achieved our target to reduce our energy use by 10 percent from our 2013 baseline through the rightsizing of our real estate portfolio and migration into newer, certified green building spaces. In 2017, more than 95 percent of our global electricity needs were met by renewable energy, and we are on track to achieve 100 percent by 2020.

Category	Progress to Date ¹	2020 Goal ²
Renewable Energy Sourcing renewable power to meet our global electricity needs	95%	100%
Energy Efficiency Reducing absolute energy use across our operationally controlled facilities	12%	10%
Green Buildings Achieving LEED Gold or equivalent green building certifications	55%	70%
Business Waste Diverting business waste from landfill	93%	100%
Paper Reducing our consumption per capita	26%	20%
Water Reducing our absolute consumption in operationally controlled facilities	5%	5%
Certified Management Systems Environmental Management Systems across our operationally controlled facilities	79%	100%
Green Operational Investments Dedicated budget for investing in green buildings and innovative green technologies	\$701M	\$2B



¹Through 2017 year-end. ²2020 goals are from a 2013 baseline except for our Green Operational Investments, which includes capital invested since 2015.

EFFECTIVE GOVERNANCE

While an acknowledgment of ESG risk factors is important, it is not enough. Appropriate oversight at the management and Board level, as well as effective policies and practices, are key contributors to our ability to effectively manage a wide variety of risk factors.

Our Board and each of its committees are focused on the oversight of reputational risk. In addition, our Board's Public Responsibilities Committee has primary oversight of the firm's approach to ESG, which includes reviewing key ESG-related policies. These policies and procedures provide transparency of our practices and are generally developed with the consultation of stakeholders, including regulators and investors.

At the management level, our focus on business standards and reputational risk is fundamental to running our business. We have two management-level committees that are dedicated to these critical issues. Our Firmwide Reputational Risk Committee has developed formalized processes for analyzing reputational risk and reviews certain transactions that may present the potential for heightened reputational risk. In addition, our Firmwide Client and Business Standards Committee assesses and makes determinations regarding business standards and practices, reputational risk management, client relationships and client service.

While the tone at the top is set by our Board and embodied by our senior management, we reinforce this focus throughout our organization. We ensure that our people are trained on our business standards and culture, underscoring the importance we place on each employee playing his or her part in serving our clients and managing the firm responsibly for all stakeholders. For example, our partners and managing directors worldwide participate in the Chairman's Forum, a mandatory, in-person 2.5-hour training session focused on reputational risk management, conduct and the critical responsibility of every employee — particularly our leaders — to strengthen our culture and protect our reputation.



**Advancing clean energy as part of our
long-standing commitment to environmental progress**

As a firm, our approach to addressing climate change is multifaceted. Our goal of deploying \$150 billion to clean energy through our financing and investment activity by 2025 is purposefully ambitious and builds on our commitment to scaling up low carbon solutions. We are also helping clients manage climate-related risks and harness innovative green solutions. At the same time, we are actively mitigating our own operational impact on the environment and strengthening resiliency.

COMBAT CLIMATE CHANGE

We believe that the business case for renewables remains compelling, despite policy uncertainty in some regions. Technology innovation, significant cost reductions and market dynamics will continue to drive growth in the low carbon economy. These drivers make an ever more compelling business case for us, as we work with our clients and stakeholders toward a cleaner future.



Our breadth of financial capabilities, market-making capacity and best-in-class advisory services enable us to be innovative in helping our clients more effectively manage their risk. We are focused on reducing our clients' risk to climate change, from reducing financial exposure to climate extremes through weather-related catastrophe bonds to adapting to the potential climate impacts with resilient infrastructure.

We continue to research and invest in innovative ways to reduce our global footprint, including procuring renewable energy and undertaking climate vulnerability assessments to improve resilience for our global operations. We have conducted a global hot spot analysis of the long-term impact of climate-related risks on our facilities, and in India we completed flood risk assessments for our Bengaluru facilities.

COMBAT CLIMATE CHANGE

WIND POWER PURCHASE AGREEMENT DELIVERING ON CLEAN ENERGY COMMITMENTS

As part of Goldman Sachs’ commitment to clean energy, the firm entered into a 15-year power purchase agreement (PPA) in 2017 with NextEra Energy Resources that will enable the development of a new 68-megawatt wind project in Pennsylvania, adding renewable capacity onto the grid.

This is the first PPA executed by a U.S. bank for the entire output of a new wind power project, thereby enabling the project’s development. The transaction, executed through our commodities-focused subsidiary J. Aron, required innovative thinking and the development of new processes to meet market regulations.



“We are committed to being a leader in the development of renewable energy. By enabling this new wind project to come online, the agreement will help grow the renewable grid and contribute to the momentum behind a lower carbon economy. Leveraging the firm’s intellectual capital and J. Aron’s expertise in power markets, we were able to structure the agreement in a way that allowed us to meet our operational and sustainability goals through a creative market-based solution.”

Lloyd C. Blankfein
Chairman and Chief Executive Officer

Wind Power Project Will Enable

150
new construction jobs

200,000 tons
greenhouse gas emissions avoided per annum

Corporates’ commitment to leveraging their operational footprint to become long-term creditworthy off-takers of renewable energy resources is catalyzing the market for clean energy beyond traditional investment and financing activities. We are applying lessons learned from our own PPA and are now helping other companies more efficiently meet their renewable energy goals.

The PPA is a continuation of our long and productive business relationship with NextEra Energy, which has involved numerous transactions, including helping take NextEra Energy Partners public.

PPA for 68-MW Wind Project

55%
of our global electricity load

35
turbines

COMBAT CLIMATE CHANGE

CAPITAL DEPLOYMENT TO UNLOCK CLEAN ENERGY

The core of what we do in clean energy is serving the capital and financial advisory needs of our clients; we also partner with them as co-investors. Through these activities, we help our clients grow and scale clean energy solutions around the world, while supporting long-term sustainable economic growth and the transition to a low carbon economy. We continue to make progress toward our target to deploy \$150 billion to clean energy by 2025, with a number of landmark transactions in 2017 bringing our total progress to \$71 billion.

Innovative Financing	Investing in Competitive Technology	Broadening Capital Sources
Sole arranger of JPY5.4 billion (U.S.\$47.0 million) dual-tenor green project bond to finance Canadian Solar's 19-MW Gunma Aramaki Solar Power Plant in Japan. The innovative tenor mechanism provided options to maximize the value of the investment while preserving long-term financing support.	Approximately \$500 million invested directly into multiple large-scale solar projects in the U.S. (California) and Japan, a reflection of how solar has continued to come down the cost curve and is increasingly competitive with other power sources in a growing number of locations.	Advised Enel Green Power on the sale of an 80 percent stake in its 1.7 GW of renewables plants in Mexico to Caisse de dépôt et placement du Québec. With an enterprise value of \$2.6 billion, this was the largest transaction in the region in terms of renewable power capacity and unlocked capital flow for developers while providing sustainable long-term yield to institutional investors.

Financing Sustainable Infrastructure and Resiliency

We have worked with clients to fund a wide variety of sustainable infrastructure, helping to reduce emissions, conserve resources, and build a stronger and more sustainable economy. This includes helping government-owned entities to fund their needs through green bonds and public-private partnerships, as well as risk management solutions for climate-related impacts through catastrophe bonds.

Public transportation in particular plays a critical role in a well-functioning economy. Following Superstorm Sandy, we acted as joint structuring agent and co-manager on the first catastrophe bond to solely cover storm surge, for the New York Metropolitan Transportation Authority (NY MTA), and in 2017, we led a second catastrophe bond for the NY MTA as a joint bookrunner.

In Colombia, we structured more than \$2 billion in financing, including \$489 million in 2017, to fund the modernization of the country's highway system through the development of a series of key toll roads. This will reduce congestion, connect rural regions with major cities and create thousands of new job opportunities. The projects adhere to international best practices — including the International Finance Corporation Performance Standards on Environmental and Social Sustainability — and incorporate innovative engineering in their design, such as the use of top-down construction to build a bridge while avoiding impacts to a sensitive mangrove wetland, the Ciénaga de la Virgen.

\$17B
in weather-related catastrophe bonds structured since 2006

SNCF Réseau
2 green bonds totaling **€1.75B**
to upgrade and expand rail lines and protect biodiversity

Ferrovie dello Stato Italiane
€600M
inaugural green bond to upgrade efficiency and reduce emissions through the modal shift to rail transport

COMBAT CLIMATE CHANGE

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT

We manage environmental and social risks, including those related to climate change, with the same care and discipline we apply to any other business risk. Business teams conduct environmental and social risk reviews for relevant opportunities prior to commitment.

The Environmental Markets Group, which sits within the Executive Office, works with other experts at the firm to conduct independent reviews and, where appropriate, collectively identify positive engagement opportunities to reduce material environmental or social risks.

For example, in 2017, we explored an investment opportunity in a port network with operations in South America. Given the business had potentially sensitive environmental, health, and safety (EHS) and security considerations, we worked with experts to identify steps that could be implemented toward best-in-class EHS performance as well as safeguards against security concerns. With the successful close of our investment, we intend to continue working with other shareholders and the company to address any pending gaps and implement a comprehensive EHS audit. Through our involvement, we are demonstrating continued prudent EHS risk management for the firm while supporting the company’s growth and the goals of our investors.

We also recognize that environmental and social issues are often linked. Our respect for human rights is fundamental to our business; it guides us in how we educate our people, our business selection decisions, and how we work with our clients and vendors. To foster responsible ESG practices within our supply chain, in 2017, we published our [Vendor Code of Conduct](#), which sets forth our expectations for how our vendors will conduct business.

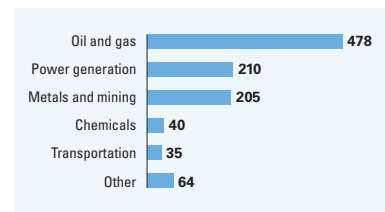
ENGAGEMENT ON CLIMATE-RELATED RISK

As one of the first global investment banks to adopt a comprehensive environmental policy and acknowledge climate change as one of the most significant challenges of the 21st century, Goldman Sachs has had a long-standing commitment to harnessing markets to help address climate change.

With climate change-related impacts becoming increasingly tangible, there has been growing investor-led demand for increased transparency on material climate-related risks and opportunities, most prominently led by the Financial Stability Board’s Task Force on Climate-related Financial Disclosures. We support the overall goal of providing material and decision-useful climate-related information and we are looking at ways to enhance our existing disclosure. For our latest climate-related disclosures, please visit our [website](#) and latest [CDP submission](#).

Transaction Reviews

In 2017, our Environmental Markets Group reviewed 1,032 deals across the following sectors.



Transaction Approved Subject to Conditions

Prior to a new public listing for an extractives company, we worked with the potential client and a third-party consultant for a year conducting in-depth due diligence to understand the environmental and social impacts of the company’s operations. The assessment included review of the company’s stakeholder engagement process, particularly with local tribes, and the formalization of benefit agreements, as well as commitments to remediate the environmental impacts of historical extractive activities. These factors were key conditions for us proceeding with the transaction.

Transaction Declined

A team considered a potential financing related to an oilfield in sub-Saharan Africa. Upon initial review, the team noted patterns of legal disputes and EHS-related issues associated with the asset. With additional due diligence, we were unable to develop sufficient mitigants to address these concerns and declined the opportunity.



**Strengthening communities by harnessing the
firm's unique skillsets to meet unmet needs**

We believe it is incumbent upon successful businesses to improve the communities in which they thrive. We look to harness the firm's capabilities as a global financial services company and the unique skillsets of our people to help drive economic and social progress where we work and live, as well as in the larger, global community around us.

BRIDGE THE GAPS

We put this belief into action in two ways. First, we find innovative commercial solutions — investment strategies that produce both strong financial and social returns. Second, we focus our philanthropic efforts on practical initiatives designed to foster community and economic growth.

Clients count on our ability to raise and provide capital. We meet community needs through focused investment strategies, the shepherding of client capital and purpose-driven philanthropic initiatives that make use of our unique array of talent and capabilities. In all our endeavors, we bring a rigorous, measured approach.

Our efforts include helping a client improve global access to healthcare through innovative financing and investment strategies, such as vaccine bonds that support vital immunization programs in the developing world. On the local front, our community efforts and impact span many types of initiatives and incidences, ranging from microfinancing local small businesses in the wake of a natural disaster to financing a state-of-the-art cancer treatment center in New York City to revitalizing urban centers with affordable housing.



Our investment in Oncoclínicas will enable larger-scale projects such as this 100,000-square-foot integrated cancer center in Belo Horizonte, Brazil, scheduled to open later this year.

As evidenced by our ESG efforts across the firm, Goldman Sachs supports, in principle and action, the UN's 2030 Sustainable Development Goals.

BRIDGE THE GAPS

Post-Hurricane Harvey, Financing Recovery



In the aftermath of Hurricane Harvey, many small businesses along the Texas Gulf Coast were devastated. The firm's *10,000 Small Businesses* program and Urban Investment Group responded, teaming with local partners to offer zero percent microfinance loans to get local businesses back on their feet and serving customers.

Partners from business, government, nonprofit and philanthropy came together to create the \$7 million loan program. Goldman Sachs funded \$5 million, and \$2 million was provided by Rebuild Texas, a collaboration between the Michael & Susan Dell Foundation and the Office of the Texas Governor's OneStar Foundation. The loans are administered through LiftFund, a nonprofit organization we have worked with for many years.

The rapid response was enabled by the active presence of *10,000 Small Businesses* in the community. The program has been operating in the greater Houston area since 2010 and has helped nearly 600 local business owners grow their companies.

Texas Small Business Rebuild Initiative

\$7M

loan program

0%

loans

up to \$25,000

per business

The people of Goldman Sachs, *Goldman Sachs Gives* and our Matching Gift Program contributed more than \$620,000 to the Hurricane Harvey recovery efforts.

BRIDGE THE GAPS

OPENING ACCESS TO HEALTHCARE

Healthcare is a basic human need and value, but often inaccessible in areas across the world. We take a market-based approach to meet this challenge.

Pediatric Immunization

We support the immunization of children in the developing world through the International Finance Facility for Immunization (IFFIm). IFFIm raises funds for immunization programs disbursed by Gavi, the Vaccine Alliance, by issuing vaccine bonds in the capital markets and repaying these bonds with long-term donor pledges — offering a market-rate return while demonstrably saving lives.

In 2017, we helped bring to market a \$300 million floating rate vaccine bond. This was IFFIm's fourth access to the USD market in syndicated format. This is de facto the longest-standing social bond issuer — beginning before "social bonds" existed as a discrete concept. IFFIm was established in 2006, and Goldman Sachs led IFFIm's inaugural bond, a \$1 billion 5-year benchmark issuance.



Investing to Win the Fight Against Cancer in Brazil

Oncoclínicas do Brasil Serviços Médicos SA (Oncoclínicas) is the largest private provider of cancer treatment in Latin America. We have been an investor in Oncoclínicas since 2015, supporting its growth into 22 cities across Brazil. The organization provides individualized treatment to more than 35,000 patients a year based on the best clinical practice and latest technologies in oncology, radiation therapy and hematology, including precision medicine supported by genetic testing.

In March of 2018, Goldman Sachs led a new round of capital investment for Oncoclínicas, making our firm the organization's largest shareholder. With the capital provided by the investment, Oncoclínicas will be able to build larger-scale projects, further expand into new markets and continue investing in the most advanced technologies in cancer treatment, including bolstering its research and clinical trial capabilities, which will enhance the organization's ability to contribute to the global fight against cancer. Oncoclínicas has a scientific collaboration with the Dana-Farber/Harvard Cancer Center.

Later this year, Oncoclínicas will open the first facility financed by our latest investment, a 100,000-square-foot integrated cancer center in the city of Belo Horizonte. The center will provide radiotherapy and chemotherapy treatment facilities, with specialized wings for pediatric oncology and bone marrow transplantation.

Precision Cancer Treatment

The first of its kind in New York State, the New York Proton Center will offer highly targeted radiation therapy that is effective for pediatric cancer, as well as cancers in sensitive areas of the body such as the brain, spine or eyes. The center will begin accepting patients in 2019, and is expected to treat roughly 1,400 patients annually.

Proton therapy destroys cancer cells while minimizing damage to surrounding healthy tissues and organs by delivering a thin beam of protons directly to the tumor. This is especially important for children, whose bodies are still growing and developing. Given that treatment requires daily sessions over a four- to six-week period, a convenient location is essential.

The \$300 million center began construction in 2015. As one of the largest capital providers to develop the property, we worked with a consortium of leading hospital systems — Memorial Sloan Kettering Cancer Center, Montefiore, and Mount Sinai Health System — and in collaboration with the developer Murphy & McManus, facility manager ProHEALTH, equipment provider Varian and New York City's Economic Development Corporation to get the project off the ground.



The New York Proton Center, located in East Harlem, began construction in 2015 and will begin accepting patients in 2019.

BRIDGE THE GAPS

INVESTING IN URBAN VITALITY

Our Urban Investment Group partners with local leaders and nonprofits to transform urban neighborhoods and cityscapes across the U.S. The group focuses on community development through innovative public-private partnerships and financing for small business through the Goldman Sachs *10,000 Small Businesses* program.

Since 2001 through today, our Urban Investment Group has committed to underserved American communities

nearly \$7B

Helping Sixup Give Low-income Students a Leg Up

Sixup is a committed lender that puts academically gifted but low-income youth on track for advanced degrees and future success. Sixup provides college loans for students or their families who would not normally qualify. As the cost of college has skyrocketed, financial aid resources have not kept pace. This has created a new generation of “could but can’t” young scholars. To help Sixup turn this around, we are providing the organization with a \$10 million loan facility.



A Rebirth 50 Years in the Making



Essex Crossing represents the culmination of a half century of community redevelopment — a project that began with moving tenants out of substandard housing in Manhattan’s Lower East Side in 1967. The buildings were razed immediately...and then the lots stood empty for decades as plans to redevelop the empty lot repeatedly fell through.

In 2012, city leaders took a new tack: bottom-up development. The local community board and disparate community groups collaborated on development objectives that included affordable housing, office space and parks, and emphasized local retailers and entrepreneurs. In a competitive process, the city in 2013 selected the development team that included our Urban Investment Group.

Urban Investment Group’s Largest Investment Ever:

~\$400M
in equity

~\$100M
loan

The first building in the \$1.5 billion Essex Crossing project is now open to tenants. The project eventually will include over 1,000 apartments, more than half permanently designated for low- to middle-income families, as well as a movie theater, a Trader Joe’s, the International Center for Photography and a new home for the historic Essex Street Market.



ADVANCE ESG AND IMPACT INVESTING

Embracing rigorous, data-driven approaches to drive value

ESG and impact investing is one of the fastest-growing areas of our Investment Management Division. This growth is propelled by the rapid increase of investor interest in this space, combined with our ability to deliver differentiated, innovative investment strategies with distinct environmental and social impact. In addition to dedicated ESG and impact strategies, we incorporate the consideration of ESG factors in our active and passive investment strategies across our business.

ADVANCE ESG AND IMPACT INVESTING

Fundamental to the growth of ESG and impact investing is an increased understanding that a disciplined approach can potentially generate competitive risk-adjusted returns while also driving measurable social and environmental alignment. An additional growth driver is greater understanding of the tools available to investors — from risk-managed, ESG-aligned passive strategies, to ESG-integrated fundamental strategies, to private-market impact investments seeking sustained alpha alongside measurable social and environmental impacts. This clarity of approaches and their corresponding portfolio applications has also helped spur rapid growth in assets under supervision (AUS).

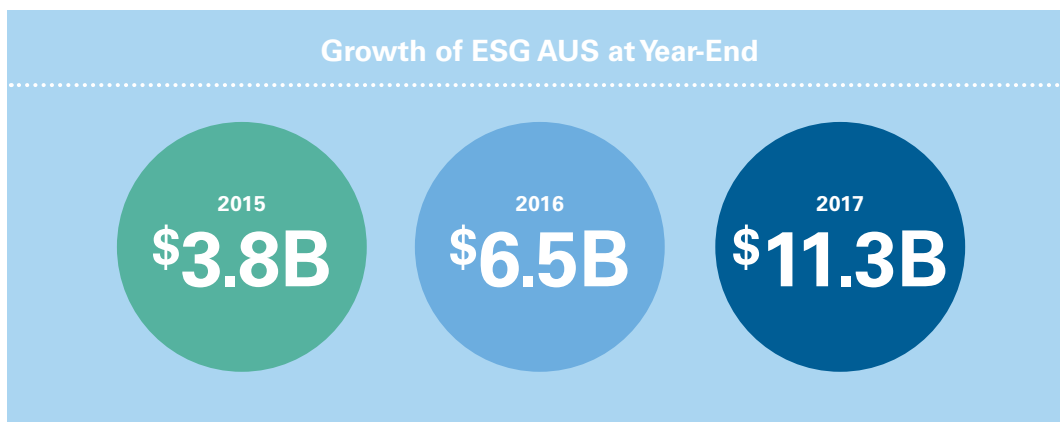


We believe that ESG factors are among the variables that have the potential to drive return and manage risk in active investment strategies. For example, our Private Real Estate team has implemented initiatives such as energy efficiency upgrades in properties they have purchased. These ESG upgrades seek to reduce costs and enhance brand value, which are fundamental to how the team thinks about material value creation.

We have also harnessed the firm's big data and technology capabilities to help identify specific ESG data that may be tied to alpha signals in our quantitative alpha strategies. This is an important area of research and focus for our Quantitative Investment Strategies team.

Increasingly, a wide variety of our clients are also choosing to integrate more specialized ESG and impact objectives or views into their investment portfolios. We have built dedicated ESG and impact investing strategies and capabilities in order to address these investment objectives.

ADVANCE ESG AND IMPACT INVESTING



GROWING AUS IN ESG AND IMPACT INVESTING

Assets under supervision in this vital arena continue to grow at a brisk pace. ESG and impact investing allows clients to achieve a range of objectives, from aligning their investments with certain ESG priorities or views, to integrating ESG factors as a means to manage risk and long-term value, to pursuing measurable environmental and social impact.

Our ESG alignment strategies seek to help investors optimize their investment portfolios for specific ESG factors, such as portfolios that weight stocks with a focus on carbon efficiency. For example, our Risk Aware, Low Emissions investment strategy was created three years ago in partnership with New York State Common Retirement

Fund. That strategy has reduced the portfolio’s carbon emissions intensity by approximately 70 percent relative to their benchmark, while maintaining broad-based equity market exposure similar to that of the benchmark. In 2017, New York State committed an additional \$2 billion to the strategy, bringing their total commitment to more than \$4 billion.

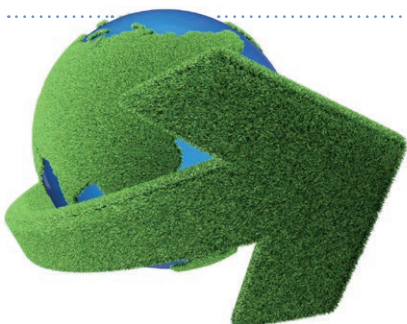
With holistic ESG integration, we recognize that ESG factors can affect investment performance, expose potential investment risks, and provide an indication of management excellence and leadership. We integrate ESG factors into fundamental management strategies — across both public and private markets — where material from a risk and return standpoint.

Driving Real Estate Value Through ESG

We look to improve competitive position and property value and to mitigate long-term risks by making ESG-driven improvements to real estate we and our clients invest in. For example, we invested in an office tower in Charlotte, North Carolina, and initiated a nearly half-million-dollar environmental efficiency capital improvement project that is expected to result in estimated annual savings of \$160,000.

2.9 yrs

estimated payback on environmental efficiency improvements



Designing Low Carbon Fixed Income Portfolios

We recently started working with the University of Portsmouth, which is at the forefront of research, teaching and engagement on environmental sustainability. To align their investments with the university’s sustainability agenda, we created a bond portfolio that has materially lower carbon emissions than the overall market and avoids investing in specific sectors, companies or practices that run counter to the university’s ESG objectives.

ADVANCE ESG AND IMPACT INVESTING



MAPPING ESG ALPHA SIGNALS

Our Quantitative Investment Strategies team within Goldman Sachs Asset Management manages a suite of active equity products, known as Equity Insights, which seek to find data-driven characteristics of companies that may be useful in predicting future returns. ESG data are starting to play an increasingly significant role in our ongoing research. For example, we’ve seen that more efficient companies, and those that minimize negative impacts to the environment per dollar of revenue, tend to trade at a premium. We are now employing ESG as a data-driven, alpha-additive investment signal in our equity insights process — helping us to identify strong investments going forward.

Stewarding Our Investments

Stewardship is an integral part of our fiduciary duty across the full spectrum of our investment activities. We fulfill our stewardship responsibilities by continually evaluating companies’ corporate strategy, investment and financing activities, management incentives, regulatory policies, and environmental and social impacts. As active managers of our equity investments, engagement with company boards and management teams gives us insights into management quality, business model, financial strategy and future business prospects — as our investment teams work closely with the companies to grow their shareholder value over the long term.

Key 2017 Voting Statistics

Meetings voted:

11,000

Proposals voted:

109,000

Markets voted:

69

Number of shareholder proposals voted:

2,500

Engagements:

2,600



**Tackling complex challenges demands a workforce
that reflects the world's diversity**

Fostering an inclusive, service-oriented culture is fundamental to attracting and retaining the people we need to better serve our clients, generate long-term value for our shareholders and make lasting contributions to society. As such, diversity is a business imperative. While we have made progress in recent years with respect to representation of diverse professionals at the firm, there is still significant progress to be made. We aspire to have a workforce representative, at every level, of the diversity of the world we live in, where inclusiveness and pay equity are givens.

FOSTER OUR INCLUSIVE, SERVICE-ORIENTED CULTURE

GENDER PAY EQUITY

With respect to gender pay, we believe men and women in similar roles with similar performance should be paid equally, and each year we review pay equity across the firm to ensure that happens. We have conducted an analysis that shows women at the firm on average make 99 percent of what men earn. However, the more fundamental issue is a lack of adequate representation of women across the firm and particularly at the most senior levels of our firm.

We remain committed to being vigilant to ensure that women and men who have the same roles and perform at the same level are paid equally. In terms of increasing our female population overall and particularly at senior levels, we know that effecting change takes time, focus and accountability and, to that end, we have announced our commitment to having women represent 50 percent of our global talent over time, starting with our goal of 50 percent representation of women in our incoming analyst class by 2021.

SERVICE ORIENTATION

We encourage our people to lend their unique skills to contribute to society. Service is embedded in our culture, and our people are eager to use their skills to make meaningful contributions, whether that is through skills-based volunteering or service projects initiated by our employees to lend their expertise to a worthy organization. We target service opportunities where our people can make an outsized impact. This enables us to maximize the power of our people, helps us attract and retain the best employees, and amplifies the impact we can have on the communities where we work and live.



Senior women leaders at the firm shared advice and perspectives during a moderated panel discussion hosted by the GS Women's Network.



FOSTER OUR INCLUSIVE, SERVICE-ORIENTED CULTURE



Final presentations for the GS Local College Collaborative, a leadership program for 40 high-performing college students, were hosted at GS global headquarters, 200 West Street.

Supporting Posse Scholars

The Posse Foundation partnered with the Goldman Sachs Social Impact Advisory program to conduct a feasibility study to test the idea of building a targeted endowment to expand and support its existing college partnerships. A team of five analysts and associates, led by two managing directors, worked over four months with Posse to estimate the endowment size needed to reach Posse’s goal and determine fundraising strategies aimed at major donors. The nonprofit has identified, recruited and trained more than 8,400 public-high-school students with extraordinary academic and leadership potential, with its college and university partners providing full-tuition scholarships worth \$1.2 billion to date. Susie Scher, co-head of the Americas Financing Group in our Investment Banking Division, sits on the foundation’s board.

Posse Scholars graduate at a rate of

90%

HARNESSING VALUED SKILLS AND A WILLINGNESS TO SERVE

Skills-based volunteering leverages the individual strengths of our people, channeling their desire to do good in the world in ways that maximize their impact. From coaching small business owners to delivering career readiness and financial literacy workshops, Community TeamWorks (CTW), the firm’s signature employee community engagement program, has evolved to place a greater emphasis on skill-based volunteering.

500+

CTW skills-based volunteer opportunities deployed globally in 2017

CTW creates unique, high-impact opportunities for the people of Goldman Sachs to contribute their time and talent to their local communities through team-based service projects completed over the course of a day. The global program, now in its 22nd season, is open to all employees, from the executive suite to support staff. Participants reflect the full range of the firm. The vast majority of projects are curated by the firm, coordinating with hundreds of nonprofit partner organizations around the world. CTW also supports employee-initiated projects, which allows our people to create opportunities for volunteerism with nonprofits that are personally meaningful to them.

The Goldman Sachs Social Impact Advisory (SIA) program, an Investment Banking Division (IBD) program launched in partnership with the Office of Corporate Engagement and Human Capital Management, provides nonprofit organizations with access to financial management and strategic planning resources, matching teams of high-performing analysts and associates from IBD with nonprofits for engagements of up to 16 weeks. The program was created with two objectives in mind: to bring needed expertise to community organizations, and to accelerate the personal and professional development of our junior bankers.

In helping nonprofits improve their organizational effectiveness, our SIA bankers get to take the lead on critical challenges, applying and strengthening technical, strategic and project management skills in a new environment. They lead external relationships, develop their professional network and engage with Goldman Sachs senior bankers who oversee and advise the project teams. This optional program is always oversubscribed.

In addition to the two programs above, the firm conducts a six-month leadership development program for high-potential vice presidents that culminates in a capstone project focused on a specific, community-based social challenge. We also bring together 40 high-performing college students with Goldman Sachs employees to develop leadership, career readiness, business management, analytical, teamwork, networking and presentation skills through the Goldman Sachs Local College Collaborative.

FOSTER OUR INCLUSIVE, SERVICE-ORIENTED CULTURE

Analyst Impact Fund

The Analyst Impact Fund provides our analysts with the opportunity to collaborate with peers across the firm to compete to win a grant from *Goldman Sachs Gives*, the firm's donor-advised fund, for a nonprofit organization of their choice. The initiative is sponsored by the Partnership Committee, whose mission is to steward the firm's culture and cultivate our current and future leaders.

In 2017, teams made up of nearly 300 analysts from Goldman Sachs offices around the world participated. The top six teams presented to Chairman and CEO Lloyd Blankfein, President and COO David Solomon, and the firm's Partnership Committee, and the sessions were broadcast to all employees.



Each of the finalist teams had identified interesting nonprofits that are offering creative solutions to pressing social challenges in underserved communities around the world. The grand prize of \$150,000 went to Kiron Open Higher Education, pitched by a group of London-based analysts. Kiron is a Berlin-based nonprofit with the mission to provide access to higher education and successful learning for refugees through digital solutions. Second place was awarded to Educate Girls, presented by a team from our Bengaluru and London offices, and third place went to The Bronx Freedom Fund, pitched by a team from New York.

Applications were judged across a number of criteria, including the nonprofit's leadership, reach and potential for impact, the uniqueness of the proposed project or work of the nonprofit, the team's analysis of the project goals, and the scalability of the organization's work.





Using the convening power and thought leadership of the firm to spur progress

At Goldman Sachs, we harness our thought leadership and use our convening power to further public dialogue and progress on critical economic issues and societal challenges. Recent events include the 2017 Sustainable Finance Innovation Forum and the inaugural Goldman Sachs *10,000 Small Businesses Summit* in Washington, D.C., that gave voice to small business owners who collectively represent a vital driver of job creation and economic growth.

LEAD WITH IDEAS



FOCUSING THE BIG POWER OF SMALL BUSINESS

Our *10,000 Small Businesses* program held its first national summit in Washington, D.C., convening small business owners with a select group of business leaders, industry experts and policymakers to discuss the important role that small businesses play in the economy. It was the largest-ever gathering of small business owners from across the U.S., coming together to share ideas, discuss common challenges and elevate their collective voice to inform key issues on Capitol Hill.

Goldman Sachs *10,000 Small Businesses* is a program to help entrepreneurs create jobs and economic opportunity. The program provides greater access to education, capital and business support services in the U.S. and U.K. *10,000 Small Businesses* has graduated more than 6,700 business owners in the U.S., who collectively employ more than 130,000 employees and represent annual revenues of more than \$9 billion. The program has served over 1,300 business owners in the U.K., who boost employment an average of 31 percent and revenues an average of 81 percent annually.

Alumni from more than 2,000 businesses comprising a diverse range of industries, representing every state, participated in breakout sessions on hiring, leadership, accessing capital and more. An additional 1,000 alumni attended remotely, and over 6,000 people tuned into the webcast. Participants also met with policymakers to advocate for policies that support the continued ability of small businesses to grow and compete, meeting with members of Congress representing all 50 states.

Shaping Sustainable Finance

The growing economic thesis around low carbon solutions and sustainable business models is reshaping industries and markets. To help focus the conversation around key themes shaping environmental markets and sustainability, Goldman Sachs hosted the 2017 Sustainable Finance Innovation (SFI) Forum, convening more than 300 corporates, investors, public sector representatives and nonprofit organizations from around the world, who are at the forefront of catalyzing sustainable finance.

The forum was held against the backdrop of shifting U.S. policy, including the pullback from the Paris Climate Agreement. The forum underscored the increasing investor focus on ESG integration across asset classes and rapid ongoing technology innovation, which is making the economic case increasingly compelling. Together, the fundamental market drivers are continually strengthening the case for sustainability and clean energy. Topics ranged from the future of utilities and the transportation revolution to green bonds and impact investing. Leaders from each of our business divisions moderated the discussions, underscoring how sustainable finance has become core to how we serve our clients.



gs.com/sfi

View the SFI Forum highlights video and recap paper.

LEAD WITH IDEAS

TALKS AT GS



Talks at GS features conversations with some of the world’s most dynamic leaders across industries, helping to inform our people on issues of broad relevance and drive innovative thinking throughout the firm. In 2017, these included: documentary filmmaker Jeff Orlowski addressing the devastating impacts of climate change; Virgin Money’s Jayne-Anne Gadhia, the longest-serving CEO of a European bank, on gender equity; and Bozoma Saint John, Uber’s first chief brand officer, on diversity. Other leading thinkers and influencers included Microsoft CEO Satya Nadella, entrepreneur and journalist Arianna Huffington, professor and author James Forman, Jr., author Ron Chernow, and philanthropist and former professional athlete David Beckham. We recently began streaming episodes of Talks at GS on Hulu, Amazon Prime, Yahoo Finance and Spotify, making them accessible to an even wider audience, and signaling our firm’s commitment to fostering dialogue on critical topics.

Sharing Our Insights: GS SUSTAIN

GS SUSTAIN, our global, long-term investment research team now entering its second decade, has placed Goldman Sachs at the forefront of integrating ESG criteria into the fundamental analysis of companies to find those that are best placed to manage 21st-century business risks.

In 2017 our GS SUSTAIN group, part of the firm’s Global Investment Research division, published *The PM’s Guide to the ESG Revolution*, a how-to guide for ESG integration focusing on the metrics that matter most for investors. The analysis suggests that, by focusing on a select suite of metrics, ESG integration offers a differentiated and alpha-additive complement of risk analysis for mainstream investors, while tapping into a growing asset pool.

The group has developed a screening framework that we believe offers a simpler, more transparent and more “materiality-focused” alternative to commonly used third-party ESG ratings solutions. The selected metrics lie at the intersection of: 1. material links to operations and franchise value; 2. data availability; and 3. best relationship with historical stock performance. The framework sorts through the noise and narrows the number of data points from hundreds to about a dozen for each sector, which are used to score companies against global sector peers.

The GS SUSTAIN 50 List from inception in 2007 to year-end 2017 has outperformed its global benchmark by

40%

METRICS

KEY METRICS
AND INDICATORS

Below we provide an overview of selected key metrics. For a complete list of our ESG-related resources and disclosures, please visit our [Resource Guide](#).

GOLDMAN SACHS U.S. WORKFORCE DEMOGRAPHICS

	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	80.4%	11.4%	2.9%	0.1%	4.3%	0.8%	0.0%	21.6%
Officials & Managers	59.5%	29.6%	4.4%	0.2%	4.7%	1.5%	0.1%	28.8%
Professionals	57.0%	26.8%	5.2%	0.1%	8.5%	2.2%	0.2%	37.2%
All Others	63.3%	12.6%	8.5%	0.2%	13.1%	2.1%	0.3%	56.6%
Total	59.7%	24.1%	5.4%	0.1%	8.5%	2.1%	0.2%	37.8%

Source: Goldman Sachs 2017 Equal Employment Opportunity (EEO-1) reports. "All Others" is a combination of the following EEO-1 job categories: technicians, sales workers, administrative support, craft workers (skilled), operatives (semi-skilled), laborers & helpers and service workers. Data as of 11/30/2017 (U.S. Only)

ENVIRONMENTAL INDICATORS

	Trend 2016–2017	2017	2016	2015
Organization				
Global Facilities Reported	↓	178	186	187
Revenues (\$M)	↑	\$32,073	\$30,608	\$33,820
Operational Rentable Square Feet (million ft²)	↓	9.4	9.5	9.8
Full-time Occupants (FTO = FTE + FTC)	↑	36,600	34,400	36,800
Certification				
◊LEED-Certified Buildings (% of sq. ft.)^{1,2}	↑	55%	55%	55%
◊ISO 14001 Certified Operations (% of sq. ft.)²	↑	79%	70%	36%

METRICS

	Trend 2016–2017	2017	2016	2015
Energy				
Global Direct Energy Consumption (MWh)	↓	41,207	42,283	43,623
Natural Gas		90%	88%	87%
Fuel Oil		10%	12%	13%
Global Intermediate Energy Consumption (MWh)	↓	493,163	502,837	515,779
Purchased Electricity		97%	97%	97%
Purchased Steam & Chilled Water		3%	3%	3%
Global Direct and Intermediate Energy Consumption (MWh)	↓	534,370	545,120	559,401
◊Reduction in Global Energy Consumption from Baseline (%)	↓	-12%	-10%	-8%
Global Renewable Energy Consumption (MWh)	↑	453,518	440,902	429,924
◊Percent Green Power	↑	95%	90%	86%
Greenhouse Gas (GHG) Emissions				
Scope 1 — Direct (metric tons CO₂ equivalent [tCO₂e])	↓	11,147	11,520	11,900
Natural Gas		67%	66%	65%
Fuel Oil		9%	11%	12%
HFC Refrigerants		23%	24%	24%
Scope 2 (location) — Indirect (tCO₂e)	↓	186,991	210,054	221,964
Purchased Electricity		99%	99%	99%
Purchased Steam & Chilled Water		1%	1%	1%
Scope 2 (market) — Indirect (tCO₂e)	↓	15,802	34,179	51,690
Purchased Electricity		85%	93%	95%
Purchased Steam & Chilled Water		15%	7%	5%
Scope 3: Category 6 — Business Travel (tCO₂e)	↑	120,001	102,266	148,918
Commercial Air		88%	88%	90%
Other Transport ³		12%	12%	10%
Total Emissions: Scope 1 & 2 (location) (tCO₂e)	↓	198,138	221,573	233,865
Office Scope 1 & 2		53%	54%	58%
Data Center Scope 1 & 2		47%	46%	42%
Total Emissions: Scope 1, 2 (market) (tCO₂e)	↓	26,949	45,699	63,590
Total Emissions: Scope 1, 2 (market), and 3 Category 6 (tCO₂e)	↓	146,950	147,965	212,508
◊Net Emissions: Scope 1, 2 (market), and 3 Category 6 (tCO ₂ e)		0	0	0
Verified Carbon Offset Emissions Reductions (tCO ₂ e)		146,950	147,965	212,508
Revenues (tCO₂e/\$M)⁴	↓	6.2	7.2	6.9
Rentable Square Feet (kgCO₂e/ft²)⁴	↓	21.1	23.3	23.9

METRICS

	Trend 2016–2017	2017	2016	2015
Full-time Occupants (tCO₂e/FTO)⁴	↓	5.4	6.4	6.4
Water				
Global Water Withdrawal (m³)	↓	979,323	981,060	1,037,061
◊Reduction in Global Water Withdrawal from Baseline (%)	↓	-5%	-5%	0%
Waste				
Global Business Waste (metric tons)	↓	5,979	6,083	6,502
Recycled/Composted Material		57%	51%	47%
◊Landfilled Material		7%	9%	10%
Waste to Energy		36%	40%	43%
Global e-Waste (metric tons)	↑	265	138	144
Global Construction Waste (metric tons)	↓	4,171	56,639	78,915
Recycled Material		99%	99%	46%
Landfilled/Waste to Energy Material		1%	1%	54%
Paper				
Paper Consumption (million sheets)	↓	233	258	262
New Fibers (FSC/SFI)		69%	71%	71%
Post-Consumer Recycled		22%	20%	20%
New Fibers		9%	9%	9%
◊Paper Consumption/FTO (sheets)	↓	6,375	7,513	7,120
CDP				
Climate Change Survey: Score⁵		A	A	A-/100
Climate Change Survey: Leadership Recognition		A List	A List	CDLI
Supply Chain				
◊Vendor Code of Conduct ⁶		100%	–	–
CDP Supply Chain Engagement⁶		–	148/83%	111/86%

Notes:

Note 1: This symbol ◊ before an indicator denotes an environmental commitment through Goldman Sachs' 2015 EPF; reductions are from a 2013 baseline.

Note 2: The total for LEED square footage is based on total RSF where Goldman Sachs has certified as the project owner. The total for ISO 14001 square footage is based on RSF where Goldman Sachs maintains operational control.

Note 3: This includes charter air, rail/bus, ferry and car.

Note 4: Metrics are normalized using Scope 1 & Scope 2 (location) emissions.

Note 5: CDP made an adjustment to climate change scoring methodology and leadership designations starting in 2016.

Note 6: The Vendor Code of Conduct was launched to all suppliers in 2017. Prior to this, the CDP Supply Chain program was used to engage suppliers on climate, with number of vendors and response rate indicated.

RECOGNITION

FEATURED AWARDS AND RECOGNITION

Each year, Goldman Sachs receives awards across categories including business, employer of choice, and environmental, social and governance (ESG). Selected awards are shown below. For a complete list, please visit our [Awards page](#).

ENVIRONMENTAL AWARDS AND RANKINGS:

Climate Leadership Awards

May 2017

Innovative Partnership Certificate

Just100

December 2017

#2 in Industry

#65 Overall

#1 on Environment in Industry

#11 on Environment Overall

CDP Climate Change

September 2017

Climate "A List"

EPA Top 100

January 2018

Ranked #29

Dow Jones Sustainability Index North America

September 2017

Listed

Green Power Partnership

January 2018

Fortune 500® Partners List: #14 in 2018

BUSINESS AWARDS AND RANKINGS:

Euromoney Awards for Excellence

July 2017

World's Best Bank for Financial Institutions

World's Best Bank for Global Financing

Western Europe's Best Investment Bank

IFR Awards

December 2017

Bank of the Year for Financial Sponsors

EMEA Loan House of the Year

Risk Awards 2018

November 2017

Credit Derivatives House of the Year

RECOGNITION

EMPLOYER OF CHOICE AWARDS AND RANKINGS:

CR Magazine: 100 Best Corporate Citizens

April 2017

Ranked #59

The Times: Top 50 Employers for Women 2017

April 2017

Ranked

Vault Banking 50

October 2017

#1 Best Banking Firm
 #1 Most Prestigious Banking Firm

Working Mother

October 2017

100 Best Companies
 Hall of Fame Award, marking 15 years of inclusion on this list

Fortune World's Most Admired

January 2018

Ranked #27

Fortune 100 Best Companies to Work For

February 2018

Ranked #89

DIVERSITY AWARDS AND RANKINGS:

Community Business Awards: LGBT Workplace Inclusiveness Index

May 2017

Ranked #1

Human Rights Campaign's Corporate Equality Index

November 2017

Rating of 100%
 Named a "Best Place to Work for LGBT Equality"

Fortune: Best Workplaces for Diversity

December 2017

Ranked #61