



Progress is everyone's business

Goldman Sachs

2010 Environmental, Social and Governance Report



Goldman Sachs Business Principles

Our clients' interests always come first. Our experience shows that if we serve our clients well, our own success will follow.

Our assets are our people, capital and reputation. If any of these is ever diminished, the last is the most difficult to restore. We are dedicated to complying fully with the letter and spirit of the laws, rules and ethical principles that govern us. Our continued success depends upon unswerving adherence to this standard.

Our goal is to provide superior returns to our shareholders. Profitability is critical to achieving superior returns, building our capital, and attracting and keeping our best people. Significant employee stock ownership aligns the interests of our employees and our shareholders.

We take great pride in the professional quality of our work. We have an uncompromising determination to achieve excellence in everything we undertake. Though we may be involved in a wide variety and heavy volume of activity, we would, if it came to a choice, rather be best than biggest.

We stress creativity and imagination in everything we do. While recognizing that the old way may still be the best way, we constantly strive to find a better solution to a client's problems. We pride ourselves on having pioneered many of the practices and techniques that have become standard in the industry.

We make an unusual effort to identify and recruit the very best person for every job. Although our activities are measured in billions of dollars, we select our people one by one. In a service business, we know that without the best people, we cannot be the best firm.

We offer our people the opportunity to move ahead more rapidly than is possible at most other places. Advancement depends on merit and we have yet to find the limits to the responsibility our best people are able to assume. For us to be successful, our men and women must reflect the diversity of the communities and cultures in which we operate. That means we must attract, retain and motivate people from many backgrounds and perspectives. Being diverse is not optional; it is what we must be.

We stress teamwork in everything we do. While individual creativity is always encouraged, we have found that team effort often produces the best results. We have no room for those who put their personal interests ahead of the interests of the firm and its clients.

The dedication of our people to the firm and the intense effort they give their jobs are greater than one finds in most other organizations. We think that this is an important part of our success.

We consider our size an asset that we try hard to preserve. We want to be big enough to undertake the largest project that any of our clients could contemplate, yet small enough to maintain the loyalty, the intimacy and the esprit de corps that we all treasure and that contribute greatly to our success.

We constantly strive to anticipate the rapidly changing needs of our clients and to develop new services to meet those needs. We know that the world of finance will not stand still and that complacency can lead to extinction.

We regularly receive confidential information as part of our normal client relationships. To breach a confidence or to use confidential information improperly or carelessly would be unthinkable.

Our business is highly competitive, and we aggressively seek to expand our client relationships. However, we must always be fair competitors and must never denigrate other firms.


Integrity and honesty are at the heart of our business. We expect our people to maintain high ethical standards in everything they do, both in their work for the firm and in their personal lives.

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About This Report

Our responsibility for good governance and an appropriate approach to social and environmental issues begins with our business and extends to the communities where we live and work. As a result, this report begins with a discussion about our firm prior to discussing environmental, social and governance issues. In drafting the report, we have referenced the Global Reporting Initiative's G3 Guidelines to identify the key issues to be covered. More information on the Global Reporting Initiative is available on its Web site at globalreporting.org. 

This report covers January 1, 2010 through December 31, 2010 unless otherwise noted. More detailed and current information related to content in this report is available on our Web site at goldmansachs.com. 

Letter from the Chairman and CEO

I am pleased to present our inaugural Environmental, Social and Governance Report, a compendium of the various ways in which Goldman Sachs helps to create value for clients, investors and the markets and communities in which we operate.

In serving our clients around the world, we act in different capacities: advisor, financier, market maker, co-investor and asset manager. In these roles, we take a disciplined approach to matching the capital of our investing clients – who aim to grow the savings of millions of people – with the needs of our corporate and government clients – who rely on financing to preserve growth, create jobs and deliver products and services.

Economies need strong, healthy financial institutions to help drive growth and innovation. Our firm is both a catalyst for and a beneficiary of a growing economy – our mission is to help spur global growth and provide strong relative performance for our shareholders. Our focus on environmental, social and governance issues is an important part of this.

Our responsibility for good governance, and an appropriate approach to social and environmental issues begins with our business and extends to the communities where we live and work. Our commitment to the ongoing training and development of our employees is fundamental to the sustainability of our business.

.....
Lloyd C. Blankfein
*Chairman and
Chief Executive Officer*
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We believe that we have an obligation to conduct our business with integrity in order to foster the trust that underpins the willingness of our clients to do business with us and, more broadly, the long-term stability and vitality of the financial system. In this regard, we continue to be focused on the lessons learned from the financial crisis and have undertaken a number of initiatives, including a comprehensive review of our business standards and practices, and a firmwide effort to implement the recommendations that emanated from that review.

I invite you to review this Report, which reflects, in part, our commitment to responsibly addressing environmental, social and governance issues. A committee of our Board of Directors will periodically review this Report and its implementation. We welcome your feedback.

A handwritten signature in black ink, which appears to read "Lloyd C. Blankfein". The signature is written in a cursive, flowing style and is positioned above the printed name.

Lloyd C. Blankfein
Chairman and Chief Executive Officer

Our Activities, Our Clients and Our Impact

	Our Activities	Our Clients	Our Impact
Investment Banking	<ul style="list-style-type: none"> • Provide strategic advice to our clients related to mergers, acquisitions, divestitures, corporate defense activities, risk management, restructurings and spin-offs • Help clients execute large, complex transactions for which we provide multiple services, including “one-stop” acquisition financing and cross-border structuring expertise • Assist our clients in managing their asset and liability exposures and their capital • Help companies raise capital to fund their businesses through domestic and cross-border public offerings and private placements of a wide range of securities and other financial instruments 	<ul style="list-style-type: none"> • Corporations • Financial institutions • Financial sponsors • Governments, states and municipalities 	<ul style="list-style-type: none"> • With sound advice, clients realize value by acquiring other businesses or by selling or divesting all or a portion of their businesses • Timely and efficient access to debt and equity capital enables companies to position their businesses for growth and expansion while managing risks • Governments utilize debt financings to fund infrastructure and other projects to promote economic growth
Institutional Client Services	<ul style="list-style-type: none"> • Offer market expertise, provide prices and facilitate client transactions in fixed income, equity, currency and commodity products • Make markets in and clear client transactions on major stock, options and futures exchanges worldwide • Distribute investment research, trade ideas, market information and analysis to our clients • Engage in insurance activities where we reinsure and purchase portfolios of insurance risk and acquire pension liabilities • Provide financing, securities lending and other prime brokerage services to institutional clients including mutual funds, hedge funds, pension funds and foundations 	<ul style="list-style-type: none"> • Corporations • Financial institutions • Hedge funds, mutual funds, pension funds and other investment funds • Foundations • Governments, states and municipalities 	<ul style="list-style-type: none"> • Market makers provide liquidity and play a critical role in price discovery, which contributes to the overall efficiency of the capital markets • Companies and institutions are able to purchase financial instruments that help them manage their risks – active risk management supports economic growth
Investing and Lending	<ul style="list-style-type: none"> • Invest, typically longer-term, directly and indirectly through funds that we manage, in debt securities, loans, public and private equity securities, real estate, wholly owned investment companies and power generation facilities • Provide credit to corporate clients through loan facilities and to high-net-worth individuals through secured loans 	<ul style="list-style-type: none"> • Corporations • High-net-worth individuals 	<ul style="list-style-type: none"> • We provide capital to clients to fund growth and innovation
Investment Management	<ul style="list-style-type: none"> • Provide investment management services and offer investment products (primarily through separately managed accounts and commingled vehicles, such as mutual funds and private investment funds) across all major asset classes • Provide customized investment advisory solutions and wealth advisory services, including income and liability management, trust and estate planning, philanthropic giving and tax planning 	<ul style="list-style-type: none"> • Institutions • Retail investors who access our products through a network of third-party distributors • High-net-worth individuals 	<ul style="list-style-type: none"> • Investment and wealth advisory services help clients preserve and grow their financial assets • Successful investing over time creates wealth by providing our clients with solid investment returns • We provide advice and guidance to our institutional and individual clients on managing risk and allocating assets in their portfolios with the goal of providing them with solid investment returns to create wealth • Clients can make investments through Investment Management products to help achieve their financial goals and preserve or grow their financial assets to provide day-to-day working capital, fund future business expansion, manage employee benefit plans or save for milestones like college and retirement

Our Firm

About Goldman Sachs

The Goldman Sachs Group, Inc. is a leading global investment banking, securities and investment management firm that provides financial services to a diversified client base that includes corporations, financial institutions, governments, and high-net-worth individuals. Goldman Sachs is headquartered in New York and maintains offices in major financial centers around the world. As of December 2010, we had offices in over 30 countries, and 44% of our staff was based outside the Americas. In 2010, we generated 45% of our net revenues outside the Americas.

We perform a broad range of advisory, financing and market-making services to help clients invest and raise funds, transact in various types of financial products and manage risk to protect their assets. In our roles as advisor and financier, we enable companies to raise capital to strengthen and grow businesses. As market maker and risk manager, we primarily help institutions that are professional market participants (including governments, corporations and investing institutions) buy and sell financial instruments to realize their investment objectives. As asset manager, we help companies, pension funds, mutual funds, individual investors and others

preserve and grow their financial assets. We recognize that to serve our clients more effectively, we must help them identify and address the challenges they face, including the environmental and social trends that affect them. Similarly, environmental and social issues are becoming increasingly important elements in our ability to recruit and retain the most talented people, to protect the capital invested in our business and to strengthen our reputation as an industry leader.


We work with regulators and governments to promote legislative and regulatory guidelines that will improve our industry's ability to serve our clients and contribute to economic growth and the stability of the financial system. We engage with communities around the globe through environmental, social and governance practices, in addition to comprehensive philanthropic efforts.

Our Business Standards and Practices

Our Business Principles, the foundation of our culture of client service, teamwork, excellence, personal initiative and accountability, are fundamental to our long-term sustainability and success. These values, which stem from our history as a partnership, are

- Founded in 1869 as a partnership and became a public company in 1999
- Maintains offices in all major global financial centers
- Employs 35,700 people
- Net revenues of \$39.2 billion for 2010
- Total commitments to charitable and small business initiatives in excess of \$1 billion since 2009, including \$820 million to our donor-advised fund *Goldman Sachs Gives*

essential for earning the trust and confidence of clients, stakeholders and the public.


To uphold these values, we strive to recruit and retain the most talented performers in our industry and beyond. We invest in training and developing our people, and expect the firm's leaders to set an example for others. Our values are articulated in our Business Principles (inside front cover; www.goldmansachs.com/businessprinciples ) , which were codified 30 years ago to define the firm's fundamental expectations for how our people should work with clients, manage our businesses and engage with colleagues.

The financial crisis and its aftermath have been a time of reflection and reform for our firm. We created our Business Standards Committee in the spring of 2010 to conduct an extensive review of our business standards and practices. As part of that effort, our senior management and Board of Directors engaged in a thorough self-assessment and effort to improve our practices. This eight-month review encompassed every major business, region and activity of the firm. The Committee issued a report that examined six areas in detail in light of the events and developments of recent years:

- Client Relationships and Responsibilities
- Conflicts of Interest
- Structured Products
- Transparency and Disclosure
- Committee Governance
- Training and Professional Development

The Committee's work relied in part on a survey of more than 200 of our clients worldwide that included critical feedback and suggestions for strengthening relations and improving trust. The report's recommendations have been a catalyst for change at the firm. The implementation of the recommendations is deepening our connections with clients and stakeholders, strengthening our business and culture in

an increasingly complex environment, and making our firm a better institution. Our business practices and standards cannot be static; we must continually improve them to keep raising our standards to a higher level.

To read the Business Standards Committee report and recommendations, visit: www.goldmansachs.com/businessstandards. 

Clients: Our Roles and Responsibilities

Since the founding of Goldman Sachs in 1869, we have been a client-driven firm. The commitment to our clients is reflected in our first Business Principle, which reads, "Our clients' interests always come first." The core client service values of integrity, fair dealing, transparency, professional excellence, confidentiality, clarity and respect are embedded throughout our Business Principles, and express how we intend to conduct ourselves with every client interaction.

In recent years, our business has evolved and become more complex. We recognize that this complexity gives rise to the potential for conflicts of interest, and requires a robust suitability process. As a result, this requires ongoing diligence to ensure client and

product suitability. It also means we must always be clear to ourselves and to our clients about the capacity in which we are acting – whether as advisor, financier, market maker, co-investor or asset manager – and the responsibilities we assume with each role. The chart on page 6 outlines these activities as well as our responsibilities to our clients in each of these roles.

Our Commitment to Shareholders

The ability of Goldman Sachs to deliver strong returns over the long term has been, and will continue to be, dependent on the trust and confidence of our clients and our shareholders. Our responsibility to advance their interests – by meeting clients' demands and by creating long-term value for our shareholders – is consistent with our obligation to promote financial stability and progress more broadly. The benefits of strong financial performance accrue not only to Goldman Sachs stakeholders, but also to the local and macro economies in which we operate. Healthy, vibrant and thriving financial institutions are critical to supporting sustainable economic growth. At the same time, the ability of financial firms to allocate capital efficiently and drive innovation is directly tied to the underlying health and vitality of the markets in which they operate. In this way, the interests of financial institutions, clients, shareholders and economies-at-large are inextricably linked.

Our Role-Specific Client Responsibilities


Advisor		
Role	Activities	Basic Responsibilities
Banking Advisor	<ul style="list-style-type: none"> • Act as an advisor as agreed with client in engagement letter • Act as an advisor on an informal, client service basis with no engagement letter in place 	<ul style="list-style-type: none"> • Provide our best advice • Disclose conflicts • Assist client in reviewing alternatives on their merits • In some jurisdictions, fiduciary duties apply
Fiduciary		
Role	Activities	Basic Responsibilities
Asset and Private Wealth Manager	<ul style="list-style-type: none"> • Advise on asset allocation, portfolio construction and manager or securities selection • May invest on a discretionary basis 	<ul style="list-style-type: none"> • Provide our best advice • Disclose conflicts • May assist in reviewing investment alternatives on their merits • Fiduciary duties apply, although not in all jurisdictions
Market Participant		
Role	Activities	Basic Responsibilities
Market Maker/Counterparty (Principal)	<ul style="list-style-type: none"> • Make markets by committing capital • Provide investing ideas • Make our inventory available or add to our inventory 	<ul style="list-style-type: none"> • Communicate clearly our role as principal • Stand ready to buy and sell regardless of whether the other side of the transaction is available • Set pricing to reflect market conditions • Fulfill applicable suitability and other pre- and post-transaction responsibilities
Broker	<ul style="list-style-type: none"> • Execute transactions for the account of clients • Provide investing ideas • Provide advice incidental to acting as broker 	<ul style="list-style-type: none"> • Provide best execution • Arrange adequate protection of client assets for which we are responsible • Fulfill applicable suitability and other pre- and post-transaction responsibilities
Underwriter/Structurer		
Role	Activities	Basic Responsibilities
Underwriter/Product Structuring	<ul style="list-style-type: none"> • Structure and execute underwritings, distributions or loan syndications • May make or buy loans, or buy securities or other instruments, and issue/sell securities that are based upon those assets • Assist in preparing disclosure and conduct marketing • Recommend pricing to reflect relevant issuer- and market-related factors, including investor demand, when making a broad distribution 	<ul style="list-style-type: none"> • Conduct appropriate and thorough due diligence on issuer and/or structure, as applicable • Disclose conflicts • Endeavor to ensure there is no material misstatement/omission in disclosure • Fulfill applicable suitability obligations • In underwritings in which the issuer or selling shareholder participates in selling efforts, make allocations explicitly taking into account their interests and expressed preferences • Generally make secondary trading market

As part of this commitment to transparency, we have taken a number of steps to improve our communications with external constituents:

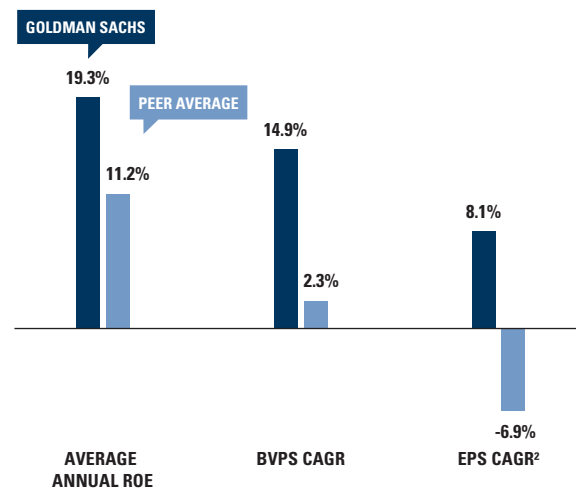
- We revamped our financial reporting
- We enhanced our disclosure to improve the level of understanding of the drivers of our business as well as our approach to managing the risk associated with facilitating our clients' needs
- We revised our Proxy Statement for the 2011 Annual Meeting of Shareholders to make it more user-friendly
- We also filed two supplementary presentations with the Securities and Exchange Commission to help those making voting decisions better understand our corporate governance practices and our approach to compensation for 2010

In addition to these changes, we contacted more than 200 of our largest shareholders in the months leading up to our 2011 Annual Meeting to discuss any governance concerns they may have. Throughout the past year, members of our Board of Directors have held discussions with shareholder groups to address topics ranging from corporate governance to the recommendations issued by our Business Standards Committee. All of these steps demonstrate the firm's

commitment to improving our communications on issues of interest to our shareholders.

To view and download shareholder materials and information, please visit: www.goldmansachs.com/shareholders. 

2000–2010 Performance Metrics¹



¹ Peer average comprised of JPM, MS, C, and BAC. FY2000 ROE for GS is pro forma as previously disclosed; 2008 compensation expenses exclude 4Q 2008 severance costs of approximately \$275mm.

² Excludes BAC due to a negative 2010 EPS.

Our success depends on the strength of our client and shareholder relationships. To build and sustain this trust, we are committed to transparency and to maintaining an open dialogue with shareholders. We view this flow of information and feedback as absolutely critical. Through investor engagement, client meetings, and employee surveys, our senior management and our Board of Directors stay abreast of concerns and are therefore better informed with respect to setting and directing the firm's focus.

Our Role in Public Policy and Regulatory Reform

Goldman Sachs supports public policy that fosters global economic growth, promotes financial stability, and improves communities and society. As such, we have a responsibility to understand the regulatory and political environments in which we have a presence, and to advocate policies we believe advance and protect our stakeholders' interests and the broader marketplace. In this way, we seek to be a constructive voice in the global financial regulatory reform process and are working with regulators to strengthen the financial system and reduce systemic risk, while supporting dynamic capital markets, entrepreneurship and innovation.

The financial crisis highlighted, among other things, certain shortcomings in financial regulation and important measures are being enacted to address these areas. Both globally and in the U.S., there are comprehensive changes to regulations governing financial systems. The goals of regulatory reform – strengthening the industry’s financial standing, providing greater transparency, and limiting the probability and potential impact of future shocks – are in everyone’s best interest. Given the important role that financial institutions play in the free flow of capital, a dynamic and stable financial sector is critical to long-term global development.


For more information on our public policy efforts, visit: www.goldmansachs.com/publicpolicy. 

For more information on our views regarding regulatory reform, visit: www.goldmansachs.com/regulatoryreform. 

Our Approach to Thought Leadership

We are dedicated to developing and sharing new insights into industries and global markets. While working with our clients to help them realize their objectives, we are also focused on helping to catalyze and shape a productive debate across markets and industries. We convene experts able to foster collaboration on solutions to major global issues, ranging from public health and alternative energy to accounting policy and financial regulation. Our own experience in forging partnerships across the public and private sectors allows us to play a meaningful role in conversations about many of the most significant issues facing the world today. We often are sought for our insights and analysis on regulatory matters and for original research on global economic challenges. As an example, we develop and present new perspectives on global markets and industries to help inform the discussion through our Global Investment Research division’s research products and Goldman Sachs Asset Management’s white papers

and viewpoints. Whenever possible, we leverage our intellectual capital and relationships to offer unique programs and events to benefit our clients, our people and society more broadly.

For more information about our thought leadership related to issues such as demographic change, education and health, and long-term investment perspectives, visit: www.goldmansachs.com/ideas. 



Our Approach to Governance Issues

Strong and sustainable performance cannot be achieved without sound governance. Our ability to advance the interests of our clients and shareholders is grounded in our governance structure – including the disciplined oversight and broad-based sense of accountability that has been a hallmark of the firm’s partnership culture. Rather than emphasizing hierarchies, we are an organization that is bound together by jointly held values and a sense of mutual accountability, reinforced by regular training of our people on the firm’s core values.

Goldman Sachs’ Board of Directors and management team have long recognized the importance of corporate governance practices that promote effective oversight and strong accountability. The key tenets of our approach to governance today include:

- Long-term orientation
 - Our focus is the long-term prosperity of our clients, shareholders, employees and the markets and communities we serve
 - Our long-term orientation is supported by our compensation and promotion policies
 - A significant portion of compensation for senior employees is in the form of equity-based compensation with long retention requirements
- Teamwork and accountability
 - We have a flat organizational structure built on mutual accountability and meritocracy
 - Our compensation policies, which reward firm performance first, followed by divisional and individual performance, encourage teamwork and group accountability
- Effective risk management sustained by group accountability and extensive communication
 - We recognize that, as a financial services company, we must assume risk in order to meet our clients’ needs
 - We emphasize escalation and communication
 - We have independent control functions
 - We are disciplined in our mark-to-market accounting
 - We recruit, develop and retain sophisticated risk management professionals
 - We invest consistently in processes and systems
- Commitment to service
 - Our employees and the firm are committed to community service
 - We support employee-driven volunteering and philanthropic programs, including Community TeamWorks and *Goldman Sachs Gives*

Our Board of Directors

Our Board consists of 11 Directors, nine of whom meet the New York Stock Exchange (NYSE) rules on independence. Independence is essential for the overall oversight of our business as it enables our Directors to communicate more objective and critical views about our activities. The two Executive Directors are Chairman and Chief Executive Officer Lloyd C. Blankfein, and President and Chief Operating Officer Gary D. Cohn. In assessing Director independence, the Corporate Governance and Nominating Committee and our Board rely upon our Director Independence Policy www.goldmansachs.com/governancepolicies.
Additional information on independence is included in our Proxy Statement www.goldmansachs.com/shareholders.

The Corporate Governance and Nominating Committee selects Directors for their judgment, character, expertise, diversity of background, gender, race, culture, geography and business experience, among others – all of which are essential for effectively overseeing our business. The Corporate Governance and Nominating Committee also evaluates each Director's knowledge, skills and experience in relationship to other Board members in order to build a Board

that is effective, collegial and responsive to the needs of Goldman Sachs. All Directors are elected annually, with a majority vote standard, for a one-year term expiring at our Annual Meeting of Shareholders the following year. Biographies of our Board members are available at www.goldmansachs.com/leadership and in our Proxy Statement.

We believe it is important for each Director to have a financial stake in the company to help align the Director's interests with those of our shareholders and to foster accountability. We require all non-employee Directors to own at least 5,000 shares of common stock and/or fully vested restricted stock units within two years of becoming a Director. In addition, all restricted stock units granted to a Director must be held throughout the Director's tenure on the Board.


Board Leadership and Succession Planning

Goldman Sachs' current leadership structure combines the position of Chairman and Chief Executive Officer and maintains an independent director as Presiding Director. Our Board does not have a policy on whether the roles of Chairman and CEO should be separate or combined. Our Board assesses these roles and determines the merits of each leadership structure to ensure it is appropriate at any given

2010 Board of Directors Highlights

- 100% independent Board standing committees
- Independent Presiding Director reviews and approves Board meeting agendas and materials and is available for direct communication with shareholders
- Independent Directors regularly meet in executive sessions
- Board reviews leadership structure at least annually and has flexibility to change structure at any time
- Directors paid only in restricted stock units with requirement to hold throughout their tenure
- Average tenure of 7 years among current Board
- Holders of 25% of shares can call a special meeting
- No poison pill
- Majority voting policy for election of Directors
- Director attendance averaged 98.5% in 2010 for Board and committee meetings

time. In March 2011, our Board adopted amendments to our Corporate Governance Guidelines to provide that the review of our leadership structure will occur at least annually to enhance the effectiveness of the review process and to help to clarify the important role of our Presiding Director.

To safeguard the stability of our management team, our Board, through the Corporate Governance and Nominating Committee, along with our CEO, has developed comprehensive executive succession plans, which are reviewed annually. Our Board also meets regularly with senior managers from the firm's global offices. To read our Corporate Governance Guidelines, visit: www.goldmansachs.com/governancepolicies. 


Board of Directors Committee Structure

Our Board of Directors is composed of four standing committees:

- Audit Committee
- Compensation Committee
- Corporate Governance & Nominating Committee
- Risk Committee

The Board of Directors plays an important role in reviewing and approving risk management policies

and practices primarily through its Risk Committee, which was established in September 2010 and consists of all of our independent Directors. Prior to the formation of the Risk Committee, the Audit Committee was responsible for this function. We believe the Board and the firm benefit from a committee that focuses specifically on risk-related issues and our firm's risk management structure. The Risk Committee regularly reviews and discusses with management our aggregate risk exposures and key information relating to our funding and liquidity position. In the course of these reviews, the Risk Committee works closely with our Chief Financial Officer and General Counsel, as well as with our Chief Risk Officer and other key risk management executives.

For information about the purposes and responsibilities of our individual Board committees and committee charters, visit: www.goldmansachs.com/boardcommittees. 

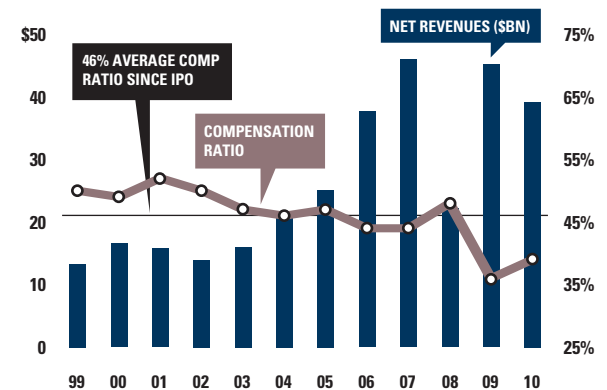
Our Approach to Compensation

Our approach to compensation aligns the long-term interests of our people with those of our shareholders.

Historic Performance

Compensation Flexibility: Net Revenues and Compensation Ratio¹ since IPO

Our compensation is designed to pay for performance; in 2006, 2007, 2009 and 2010, our most profitable years, our compensation ratios were four of the lowest in the firm's history as a public company².



¹ Compensation ratio is defined as compensation and benefits expenses divided by net revenues. Compensation amounts for 1999 reflect results for the FY ended November 1999. Compensation ratio in 2008 excludes 4Q 2008 severance costs of approximately \$275mm. Compensation ratios include employee initial public offering and acquisition award expenses, if any, except for nonrecurring employee initial public offering and acquisition award expenses in 1999 and 2000 of \$2,257mm and \$290mm, respectively. In accordance with U.S. GAAP, options granted for fiscal 2003 and subsequent years are included in compensation expense. Compensation expense in 2010 excludes UK bank payroll tax.

² In 2008, no Named Executive Officer discretionary compensation awarded

2010 Named Executive Officer (NEO) Compensation Highlights

- For 2010, the Compensation Committee awarded our NEOs 70% of their variable compensation in the form of equity-based awards, with the remainder in cash to align the interests of the NEOs with those of our shareholders
- Our average mix of variable compensation from 2003–2010 was two-thirds in equity and one-third in cash
- A significant portion of shares underlying restricted stock units are non-transferable for an extended period
- All equity-based awards are subject to forfeiture or recapture by the firm. For 2010, we added new forfeiture provisions that are triggered upon significant deterioration of our firm’s financial condition
- 75% of the after-tax shares received as compensation must be retained throughout each NEO’s tenure
- There are no employment agreements that provide for severance or “golden parachute” payments
- NEOs are prohibited from hedging any equity-based compensation or shares of our common stock, including those they can freely sell

We believe effective compensation practices should:

- Encourage teamwork and communication, binding individual short-term interests to the institution’s long-term interests
- Evaluate performance on a multi-year basis
- Discourage excessive or concentrated risk-taking
- Allow an institution to attract and retain proven talent
- Align aggregate compensation for the firm with performance over the cycle

To read and download our Compensation Principles, visit: www.goldmansachs.com/compensation. 

Our Compensation Committee recognizes that it is fundamentally important for our compensation program to be consistent with enhancing the safety and soundness of our firm. Throughout the year, the Compensation Committee regularly reviews and receives updates on the design and function of our compensation program. The Committee considers our absolute and relative financial performance, for example by looking at key operational metrics, including return on average common shareholders’ equity.

Our Compensation Committee is committed to paying for performance. All of our employees, including our senior executives, are evaluated and receive feedback as part of the same annual 360-degree review process that is used with all of our employees. This process includes extensive narrative feedback from a wide range of colleagues on a confidential basis.

To learn more about our compensation, visit: www.goldmansachs.com/compensation. 

Our Approach to Risk Management

Effective risk management protects our firm, our shareholders, and our clients, while also contributing to the stability of the financial system. Our rigorous risk management process allows us to monitor, evaluate and manage the risks we assume in conducting our activities. These risks include market, credit, liquidity, operational, legal and reputational exposures. Our risk management framework is built around three core components: governance, processes and people. (See table on page 14.)

Following the financial crisis, reputational risk management has assumed greater importance than ever before. Our Board is keenly focused on reputational risk management, as is each Committee of our Board.

Risk Management Framework

Governance

- Risk management governance starts with our Board, which plays an important role in reviewing and approving risk management policies and practices
- At the most senior levels of the firm, our leaders are experienced risk managers, with a sophisticated and detailed understanding of the risks we take
- We maintain strong communication about risk and we have a culture of collaboration in decision-making among the revenue-producing units, independent control and support functions, committees and senior management
- While we believe that the first line of defense in managing risk rests with the managers in our revenue-producing units, we dedicate extensive resources to independent control and support functions in order to ensure a strong oversight structure and an appropriate segregation of duties

Processes

- A critical component of our risk management framework is our daily discipline of marking substantially all of the firm's inventory to current market levels, which provides transparent and realistic insight into our financial exposures
- We apply a rigorous framework of limits to control risk across multiple transactions, products, businesses and markets
- We actively manage our positions, as proactive mitigation of our market and credit exposures minimizes the risk that we will be required to take outsized actions during periods of stress
- We focus on the rigor and effectiveness of the firm's risk systems, and devote significant time and resources to our risk management technology

People

- Even the best technology serves only as a tool for helping to make informed risk decisions in real time
- The experience of our professionals, and their understanding of the nuances and limitations of each risk measure, guide the firm in assessing exposures and maintaining them within prudent levels

The Board and executive management are ultimately responsible for the management and control of risk at the firm. They are supported by a variety of business committees, departments and systems that are in place to monitor, manage and report on risk.

Our committee system is an integral component of an oversight framework that establishes clear responsibilities and lines of accountability at all levels of our firm. This framework provides our managers with the support vital to managing an interconnected, global business. Our firmwide business oversight committees report to the Management Committee. These committees convene regularly and consist of senior leaders from both our revenue-producing and control units.



Our Approach to Social Issues

We take great care in identifying the best person for every job. We seek the same core qualities in every candidate: integrity, a passion for excellence, a belief in the power of the team, a desire to be challenged, a client service orientation and the drive to make a difference in the world. These qualities are central to our efforts to cultivate and sustain a diverse workforce and, beyond our offices, improve the communities in which we live and work.

Our Commitment to Our People

Our people are our greatest asset – we say it often and with good reason. It is only with the determination and dedication of our people that we can serve our clients, generate long-term value for our shareholders and contribute to the broader public. At the crux of our efforts is a focus on cultivating and sustaining a diverse work environment and workforce,

which is critical to meeting the unique needs of our diverse client base and the communities in which we operate. As such, our search for prospective employees must be as broad as it is rigorous.

The efforts of our Human Capital Management Division include recruiting, training, professional development and evaluation, compensation, and diversity and inclusion. In all of these areas, we communicate with our people openly, value and reward their contributions, and support them as they balance work, family and personal demands. Goldman Sachs offers a number of industry-leading benefits and programs to assist our people and we work hard to identify moments in their personal and professional lives where they may benefit from the firm's resources, relationships and services. Taking an expansive view of professional development means offering a comprehensive training and development curriculum and fostering ongoing dialogue between colleagues and managers.

In short, at every step of our employees' careers we invest in them, and ensure their interests remain focused on the long term and closely aligned with those of our clients and shareholders. Our goal is to maximize individual potential, increase commercial effectiveness, reinforce the firm's culture, expand our people's professional opportunities, and help them contribute positively to their greater communities.

Responsible Corporate Citizenship

Goldman Sachs recognizes its obligation to be a responsible corporate citizen. Our commitment is reflected in three ways:

- First, we recognize and take seriously our responsibility to help protect, preserve and promote human rights around the world. Examples of such rights are articulated in the United Nations Universal Declaration of Human Rights. Respecting human rights also begins with nurturing a workplace that fosters a culture of diversity, integrity and teamwork to achieve excellence in all of our endeavors.
- Second, we provide equal employment opportunity to our employees. Our focus in personnel decisions is on merit and contribution to the firm's success. We do not tolerate or condone any type of illegal discrimination or harassment.
- Third, we require our people to comply with all of the firm's policies and with all relevant laws, regulations and guidelines, as well as the spirit of those rules. Full compliance is essential to maintaining the trust of regulators and clients. Continually strengthening that trust is a key contributor to our ability to achieve long-term growth.

To further our commitment to responsible corporate citizenship, we invest in comprehensive training programs, including mandatory compliance training that includes online modules featuring case studies. All of our people must meet their requisite training obligations, where they are provided with information and guidance on adhering to all relevant policies, regulations and laws. New hires also receive training on the firm’s Business Principles, Code of Conduct and Business Ethics, Anti-Money Laundering, Anti-Bribery and other compliance policies.

To read our complete Human Rights Statement and for more information on our firmwide policies, visit: www.goldmansachs.com/governancepolicies. 

Training and Development

The firm sponsors two training centers focused on career development: Goldman Sachs University (GSU) and the Pine Street global senior leadership academy.

Goldman Sachs University. GSU is open to our entire population and addresses not only leadership development but also products and markets, diversity and inclusion, culture and orientation, and professional skills. Each year over 98% of our people benefit from one or more GSU programs.

Notable Achievements for Goldman Sachs University in 2010

- 500,000 training hours
- 98% of employees benefited from one or more programs
- 2.2 million hits on GSU Web portal
- 21 hours average training per person

- *Variety and customization* – In 2010, GSU conducted more than 4,100 classroom-training programs around the world. Most of these programs are designed for Goldman Sachs professionals.
- *Emphasis on learning from leaders* – Over 3,000 sessions were taught by the firm’s managing directors and vice presidents.
- *Access and reach* – GSU offers more than 1,600 e-learning programs. Nearly 14,000 of our people completed at least one online program in 2010.

Pine Street. Founded in 2000, Pine Street’s mission is to enhance the leadership capabilities of our participating managing directors (partners) and clients for the long-term success of the firm. Through its unique “leaders teaching leaders” approach, Pine Street engaged 220 of the firm’s senior leaders globally

(including every member of the Management Committee) as faculty last year to teach leadership skills necessary in the evolving financial services landscape.

- *For our people* – From the moment they become managing directors, Pine Street develops leaders at key stages of their careers through transition-based programs as well as customized services based on their specific needs. All of Pine Street’s offerings include information about the firm’s approach to risk management and the leader’s role in setting the right tone at the top and contributing to the communities in which they work.

A hallmark of Pine Street has been its selective, annual Managing Director Leadership Acceleration Initiative, an intensive six-month program for 60 high-potential leaders. The Initiative provides participants with feedback and coaching, exposure to senior leaders and Board members and, most importantly, the opportunity to engage in a strategic taskforce project designed to address some of the firm’s most pressing issues and opportunities.

- *For our clients* – Pine Street offers a number of leadership programs for clients of the firm. These sessions bring together Goldman Sachs managers and their senior level clients to hear from firm executives and thought leaders on enhancing leadership skills. In addition, clients often seek advice

Other key Pine Street offerings include:


- New partner and managing director orientation programs
- Executive-in-Residence initiative
- Pine Street Women's Leadership Forum
- Leadership advisory services
- Leadership Excellence for first-year managing directors
- Partnership Excellence for first-year partners
- Partner roundtables
- Experienced hire acculturation
- Executive coaching


from Pine Street on challenges involving leadership development, change management, rewards and motivation, merger integration, and culture. Often, Pine Street helps clients structure their own leadership programs.

For more information on training and development, visit: www.goldmansachs.com/careers. 

To broaden thinking and encourage innovation, Goldman Sachs hosts the Thought Leadership Forum, a speaker series open to the entire firm that

helps our people develop a stronger understanding of global issues and challenges. During 2010, we held nine forums featuring speakers and panels on a wide range of issues. Topics included global vaccination, implications for public policy from the U.S. congressional and gubernatorial elections, and the impact of education on the prevention of HIV/AIDS.

In addition to professional development and education programs, Goldman Sachs offers a tuition reimbursement program and participates in an executive MBA fellowship program. For more information on these and other programs, visit: www.goldmansachs.com/careers. 


We have also adopted Business Standards Committee recommendations to further strengthen the firm's training and professional development programs, which are being implemented. For more information on those recommendations, visit: www.goldmansachs.com/businessstandards. 

Our Approach to Diversity and Inclusion

Recruitment and Training

Goldman Sachs fosters an inclusive culture that values the widest range possible of backgrounds and perspectives. We recruit students and experienced

hires from diverse communities through a broad array of programs and encourage awareness and accountability at all levels of the organization. We train our people about cross-cultural issues and support internal networks that provide platforms to develop professional relationships. To ensure that our diversity focus permeates the entire firm, all of our employees are required to complete at least two hours of diversity-related training each year. We also integrate this training into our orientation programs for new hires and offer more than three dozen Diversity & Inclusion training programs that are frequently cited for their scope and innovation.


Our efforts to develop a diverse workforce have been recognized by a number of organizations, including *Working Mother* and the Human Rights Campaign. For a complete list, and for more information on the firm's efforts to foster a diverse workforce, visit: www.goldmansachs.com/diversity. 

Retention and Development

With a strong focus on equality, we advance a global effort to increase the number of diverse business leaders by supporting them in their career development. Each year, business and region heads conduct a talent review of senior leadership as part of the broader effort to strengthen and deepen the firm's senior leadership bench, increase the visibility of our senior diverse talent and ensure accountability

for their development and mobility. As part of the review, each business and region completes professional development and succession plans for its operating and executive committee members, other senior high-potential talent, diverse senior leadership and senior people on expatriate assignment.

We offer a number of high-impact development initiatives and programs designed to strengthen the retention and engagement of talented women and diverse professionals at the firm. These programs promote commercial development, provide visible role models, encourage strategic networking and aim to address the issues that can affect individuals in targeted populations at various points throughout their career.

For more information on these programs and our approach to diversity and inclusion, visit: www.goldmansachs.com/diversity. 

Our Approach to Vendor Engagement

Our dealings with vendors and third-party service providers are subject to the same disciplined oversight and risk management philosophy we apply to our client relationships. Our Vendor Management Office defines firmwide standards, guidelines and

minimum requirements that are applied at the business-unit level to our vendor relationships and engagements. Standards for risk management and guidelines for diversity and environmental responsibility are integral aspects of our approach to vendor management.

Diversity


Goldman Sachs strives to provide diverse businesses with the opportunity to compete on a fair and equal basis for our business and, ideally, to expand and grow their businesses while working with us. Our vendor diversity efforts seek and build relationships with qualified diverse businesses by leveraging our industry association memberships, encouraging the

During the completion of our new headquarters building at 200 West Street in Lower Manhattan, the firm awarded over \$300 million in contracts to minority- and women-owned businesses, the largest amount ever for a single project for the Minority and Women's Business Enterprise program in New York State. Goldman Sachs also committed to maintaining a diverse construction workforce of at least 25% minorities and women, with minorities and women comprising one-third of all labor that worked on the base building.

use of diverse businesses and promoting strategic partnerships. Where feasible, we look to partner with our *10,000 Women* and *10,000 Small Businesses* programs to share information on the corporate procurement process in the hope that graduates may one day become Goldman Sachs vendors.

For more information on our vendor diversity program, visit: www.goldmansachs.com/vendordiversity. 

Environment

The firm asks vendors to review our *Environmental Policy Framework* (www.goldmansachs.com/environment ) and consider their objectives in providing goods or services to Goldman Sachs. Further, we ask our vendors to take the *Environmental Policy Framework* into consideration in connection with the performance of its obligations and to provide us with information on their environmental policies and practices upon request. We partner with our vendors to enhance their use of responsibly and sustainably produced goods and services. In 2011, Goldman Sachs joined the Carbon Disclosure Project's 2011 Supply Chain Program. The Program's primary aim is to drive action on climate change among companies and their vendors.

Our Commercial and Social Impact

The Goldman Sachs Urban Investment Group (UIG), formed in 2001, was the first effort led by a major investment bank to focus exclusively on urban markets in the United States. UIG deploys the firm's capital through investments and loans to help transform distressed communities into neighborhoods of opportunity and choice. The Group's "double bottom line" investment strategy focuses on both the financial returns and the social impacts transactions will have on underserved communities. To date, UIG has committed over \$1.35 billion to facilitate the creation and preservation of approximately 9,400 housing units – 75% of which are affordable to low-, moderate- and middle-income families – as well as 730,000 square feet of community facilities and approximately 960,000 square feet of commercial and retail space.

One recent example of this investing approach was UIG investing \$45 million in The Bradford, located in Bedford Stuyvesant, Brooklyn, in June 2010. As the sole private investor in the project, UIG structured a unique and complex transaction that demonstrates its commitment to creating public-private partnerships to help transform low- and moderate-income communities into sustainable and vibrant neighborhoods. The mixed-use, mixed-income project will include 105 rental apartments for low- and middle-income families, as well as more than 9,700 square feet of community-serving retail space.

For more information on our Urban Investment Group, visit: www.goldmansachs.com/uiig. 

Our Approach to Philanthropy

For more than a century, our employees have been committed to philanthropy, which has been a central component of our culture. We invest our financial capital and our employees invest their time and efforts in communities around the world. Many of our initiatives call on our people to act as mentors and educators. We also encourage our people to give. In 2010, the firm contributed more than \$300 million to nonprofit organizations around the world.

Importantly, we believe our focus on philanthropy to be valuable for recruitment and retention, as we find the most talented and dedicated professionals are also committed to serving their communities.


The strategic philanthropic investments we make as a firm – such as our signature *10,000 Women* and *10,000 Small Businesses* programs – leverage some of the most powerful trends in the field of strategic philanthropy – through alliances, partnerships, shared experiences and expertise, and through programs that insist on holding themselves accountable, with measurable results, organizational rigor and a commitment to collaboration. What's more, globalization has ushered in the freer flow of resources, both talent and capital, as well as "impact multipliers" such as knowledge-sharing and technology. The ability to

harness these for the benefit of high-impact global philanthropy we believe has never been more promising or more critical.

Our philanthropic activities are funded by the Goldman Sachs Foundation, which was formed with donations from the firm, as well as by *Goldman Sachs Gives*, a donor advised fund for firm partners that is funded with partner compensation and firm contributions. The work of the Goldman Sachs Foundation is intended to drive economic growth and job creation. Our business is helping to allocate capital – a process that is crucial to economic growth. We believe that growth creates jobs, opportunity and innovation, as well as healthier, better educated and more prosperous communities. We recognize that markets do not always distribute the benefits of growth equally and we believe we have a responsibility to contribute the talent of our people, along with our capital, to promote broader economic opportunity and growth. The Goldman Sachs Foundation funds two strategic initiatives – *10,000 Women* and *10,000 Small Businesses*.

10,000 Women In March 2008, Goldman Sachs launched *10,000 Women*. The program is a \$100 million, five-year campaign to foster greater economic growth by providing 10,000 underserved women around the world with a business and management education. The program is grounded in research, conducted by the World Bank, Goldman

Sachs and others, that has shown that investments in women can have a significant impact on GDP growth. *10,000 Women* is active in more than 20 countries, including Afghanistan, Brazil, China, Egypt, India and Rwanda. It is expected to reach 5,500 women by the end of 2011. According to preliminary results nearly 70 percent of graduates have grown their businesses and roughly half have added jobs.

In 2011, Goldman Sachs received the Committee to Encourage Corporate Philanthropy Chairman's Award for Excellence in Corporate Philanthropy for *10,000 Women*. Winning programs are selected by a distinguished, independent, jury that determined excellence according to the following criteria: demonstrated CEO leadership, dedication to measurement, successful partnership, and innovation. For more information on *10,000 Women*, visit: www.goldmansachs.com/10000women. 

10,000 Small Businesses In November 2009, Goldman Sachs announced *10,000 Small Businesses*, a \$500 million initiative to help 10,000 small businesses across the United States grow and create jobs. The initiative offers greater access to business education, mentors and networks and financial capital. It is based on the broadly held view of leading experts that this combination of services best addresses the barriers to growth for small businesses. *10,000 Small*

Businesses is partnering with community colleges and community development financial institutions to deliver resources in local communities across the United States, including New York, Los Angeles, Long Beach, Houston and New Orleans. A *10,000 Small Businesses* program that targets both small businesses and social enterprises was launched in the United Kingdom in 2010 and is currently operating in Leeds and Manchester. For more information on *10,000 Small Businesses*, visit: www.goldmansachs.com/10000smallbusinesses. 

Goldman Sachs Gives *Goldman Sachs Gives* was established in 2007 as a donor-advised fund to coordinate and encourage global giving by our partners. The program is a public charity that maintains individual donor accounts from which donors can recommend grants to qualified charitable organizations. In 2009 and 2010, partner compensation was reduced to fund combined donations of \$820 million from the firm to *GS Gives*. We also ask our partners to provide us with recommendations of not-for-profit organizations that should receive donations. During 2010, *GS Gives* accepted the recommendations of 365 current and retired partners, contributing over \$200 million to 1,203 nonprofit organizations around the world. These recommendations help to ensure that *GS Gives* invests in a diverse group of charities that improve the lives of people in communities where we work and live.

GS Gives focuses on underserved communities and populations, and underscores our firm's commitment to philanthropy through diversified and meaningful giving at a time when non-profit organizations need it most. We encourage partners to direct grants to organizations consistent with one of four thematic pillars:

- Building and Stabilizing Communities
- Increasing Educational Opportunities
- Creating Jobs and Economic Growth
- Honoring Service and Veterans

For more information on Goldman Sachs Gives, visit: www.goldmansachs.com/gsgives. 

Employee-based Initiatives

Community TeamWorks Community TeamWorks is Goldman Sachs' global volunteer initiative that gives our people an opportunity to take time away from work to participate on a team-based community project affiliated with a non-profit organization.

Since 1997, Community TeamWorks has offered innovative volunteering opportunities worldwide. By leveraging the skills and expertise of our people, we have helped to make a tangible difference in our communities, while also fostering teamwork and camaraderie within the firm. In 2010, 45 Goldman

Honoring Service and Veterans

Goldman Sachs is committed to ensuring that veterans, including those with disabilities, have the resources and support they need to transition back into the civilian workforce. This is not only our civic duty, but it also reinforces our commitment to cultivating and sustaining a diverse work environment.

Through philanthropy and our operations, Goldman Sachs seeks to support military veterans and their families. Our initiatives honoring service and veterans include:

- Prioritizing the recruitment and retention of veterans
- Inclusion in our Vendor Diversity Program
- Supporting organizations and programs dedicated to the job readiness and commercial success of veterans
- The creation of the Goldman Sachs Veterans Network, a new affinity group for veterans at the firm offering personal support and professional benefits
- The support of veterans through *GS Gives*; veterans represent one of *GS Gives*' four primary charitable focus areas, committing to donate \$20 million over a five-year period to fund a network of nonprofits helping wounded and disabled veterans and their families return to civilian life
- Goldman Sachs volunteers engaging in service projects with veteran-related organizations

Sachs offices around the world partnered with 895 nonprofit Community Partners. Over 25,300 Goldman Sachs people joined with family and friends to contribute over 148,800 hours to their communities.

For more information on Community TeamWorks, go to www.goldmansachs.com/ctw. 

Matching Gift Program In addition to *Goldman Sachs Gives*, we encourage our people to make financial contributions to their favorite charitable causes. The firm matches dollar-for-dollar employee charitable gifts to eligible not-for-profit organizations up to a total of \$20,000 per eligible employee annually.



▶ Our Approach to Environmental Issues

A healthy global environment supports the growth of economies and communities. As a firm, we depend on strong and sustainable economies and communities to survive and thrive. We view environmental and social stewardship as one of our responsibilities, including actively seeking solutions that enable our firm, our clients and society to minimize the environmental risks associated with certain business activities.


In 2005, Goldman Sachs established our *Environmental Policy Framework (Framework)* in the belief that a healthy environment is a prerequisite for progress, contributing to the well-being of society, our people and our business, and serving as the foundation for a sustainable and strong economy. Under the *Framework* we have committed to deploy our people, capital and ideas to help find effective market-based solutions for environmental issues. To read the *Framework*, visit: www.gs.com/environment. 

Our Environmental Markets Group coordinates and oversees our *Framework*, while respective business

units are responsible for implementation. The Board of Directors reviews the *Framework* and its implementation. The Environmental Markets Group comprises experienced investment bankers and is part of the Executive Office, reporting to the Office of the Chairman, giving it both expertise and access to senior leadership.

We put our environmental policies into practice and continue to deliver on our commitments across three areas:

- Our core business
- Our operations
- Our thought leadership in global markets

Our *Environmental Stewardship and Sustainability: Summary of 2010 Initiatives* documents our progress in each of these areas during 2010 and highlights our progress over the past five years since we established the *Framework*. To read the Summary, visit: www.gs.com/environment. 

Our Business Initiatives

- In 2010, we managed initial public offerings and other financing transactions that raised

To read a detailed summary of our environmental policies, practices and initiatives, download our *Environmental Stewardship and Sustainability: Summary of 2010 Initiatives* at www.gs.com/environment. 

\$8.9 billion for clients engaged in clean technologies and renewable energy. We co-invested \$388 million in expanding renewable energy and green affordable housing initiatives. To support and enhance our commitment to covering clean energy clients and to align existing resources more strategically, we established the Clean Tech and Renewables Group in our Investment Banking Division.

- We continue to provide liquidity and risk management for our clients as a market maker in environmental commodities. In 2010, we placed \$1.2 billion in catastrophe-linked securities, which offer our clients a way of mitigating financial risk from natural catastrophes, including those arising from weather risks such as hurricanes, winter storms, severe thunderstorms and wildfires.

- At the end of 2010, our GS SUSTAIN research team within the Global Investment Research division had analyzed more than 750 large global companies in 22 industries and developed a focus list of 68 companies with the potential for sustainable corporate outperformance. Since its inception in June 2007 through 2010 year-end, the GS SUSTAIN Focus List has outperformed the MSCI All Country World Index by 38.5% on an equally-weighted basis.
- Goldman Sachs Asset Management has established a team of people with representatives across all asset classes to further its focus on environmental, social and governance research and sustainability analysis implementation.
- We take into consideration environmental, social and governance factors in our business selection decisions. This practice is in-line with our commitment to environmental and social stewardship, prudent risk management and serving the best interests of our clients. In 2010, 327 transactions were reviewed by the Environmental Markets Group.
- In September 2010, we established the Physical Commodity Review Committee, a firmwide governance committee, to ensure that we have a consistent approach to evaluating and managing environmental, human health and safety risks in our physical commodities activities.

Our Operational Impact

- We continue to make progress toward reaching our goal of reducing carbon emissions to zero by 2020.¹ Due to enhanced operational efficiency, gross Greenhouse Gas (GHG) emissions were reduced by 3% in 2010, equivalent to 9,752 metric tons of CO₂e.
- We increased focus on accounting and disclosure of our GHG data by (1) commissioning a third-party assessment of our key operational processes and controls; (2) obtaining limited assurance of Scope 1 and Scope 2 GHG data and corresponding intensity measures; (3) closing the one-year reporting lag; and (4) reporting our Scope 3 emissions from business travel.²
- Our LEED-certified real estate now totals 3.8 million square feet, making us one of the world's largest owners of green buildings under the new construction and commercial interiors rating systems.

¹ The terms "carbon emissions" and "Greenhouse Gas (GHG) emissions" are used interchangeably throughout this report.

² As defined by the Greenhouse Gas Protocol, Scope 1 emissions are the direct GHG emissions from sources that are owned or controlled by Goldman Sachs; Scope 2 emissions are the indirect GHG emissions from consumption of purchased electricity, heat or steam; and Scope 3 emissions are other indirect emissions that are a consequence of Goldman Sachs activities but occur at sources owned or controlled by another entity.

Our Thought Leadership

- In 2010, we expanded partnerships with corporate, academic and non-governmental organization (NGO) leaders in areas including energy efficiency, water and clean energy policy. We also have partnerships focused on environmental opportunities pertaining to China and forest carbon.
- During 2010, we hosted, sponsored and participated in several major conferences, attended by policy makers, NGOs and educators, as well as Goldman Sachs clients, investors and employees. These events focused on topics such as the role of markets in addressing environmental challenges, how to further capital to scale up low-carbon solutions, the role of public-private partnerships, the importance of growth markets and the environment, and forest carbon.

Highlights of Environmental Progress Since 2005

We helped raise more than **\$19 billion** in financing for clean technology and renewable-energy clients

We invested more than **\$3 billion** in clean energy and environmentally beneficial projects

We invested more than **\$49 million** in virtual desktop infrastructure (VDI) to improve the energy efficiency of our workplace computing platform

We invested more than **\$3 billion** toward LEED-certified office space. LEED-certified real estate now totals **3.8 million square feet**, making us one of the world's largest owners of green buildings under the new construction and commercial interiors rating systems

We developed and placed approximately **\$10 billion** in catastrophe-linked securities for our clients to help mitigate financial risk from natural catastrophes, including those arising from weather risks

We **invested the intellectual capital of our people and more than \$7 million** through the Center for Environmental Markets in partnerships with corporations, NGOs, and academic institutions to further market-based solutions to environmental issues

We achieved a **42% reduction** in average power consumption per server host in our North American data centers while **increasing computing capacity by more than 60%** during that period

2010 Awards and Recognitions

Barron's

Listed as one of The World's Most Respected Companies

BusinessWeek

Bloomberg/Twenty Best Companies for Leadership

The Chronicle of Philanthropy

Ranked as second-largest corporate giver in 2010 survey

Fortune

The World's Most Admired Companies

Ranked #8

100 Best Companies to Work For (listed every year since its inception)

Ranked #24

Financial Times-JustMeans.com

2010 Social Innovation Awards

Most Innovative Recognition for 10,000 Women

FTSE4 Good

Member company of the FTSE4 Good Index

Glassdoor.com

Financial Services Industry Report Card

Top-Rated Investment Bank

Second Highest Overall Financial Services Provider

Human Rights Campaign

Best Places to Work in Banking and Financial Services (2004–2010)

Corporate Equality Index Rating of 100% (2004–2010)

Japan Women's Innovative Network

Silver Award for Diversity

Maplecroft

Ranked #20 on the Climate Innovation Index

New York State Minority and Women's Business Enterprise Program

Recognized for having the highest minority- and women-owned business participation for a single project in the design and construction of 200 West Street

Stonewall Workplace Equality Index

Top Places to Work for the Lesbian, Gay, Bisexual and Transgender (LGBT) community

Ranked #5 overall, #1 in Financial Services, #3 in the Private Sector

The Sunday Times

25 Best Big Companies to Work For

Ranked #2

Graduate Recruitment Awards 2010

Named Employer of Choice in Investment Banking (11 consecutive years)

Ranked #15 in the Top 100 Graduate Employers List

Top 50 Places Where Women Want to Work

TargetJobs

Most Popular Recruiter among Investment Banking and Investment Firms

Universum

Top 100 Ideal Employer 2010

Ranked #9

Vault

2011 Top 25 Banking Employers in Europe

Ranked #1

Vault Banking 50

Top 50 Most Prestigious Banking Employers in North America

Ranked #1 for 11 consecutive years

2011 Overall Diversity Ranking

Ranked #1

2010 Top Asia Pacific Banking Employers

Ranked #1

Working Mother

Named one of the 100 Best Companies for Working Mothers (six consecutive years)

One of the Best Companies for Multicultural Women (three consecutive years)

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