



# GOLDMAN SACHS SUSTAINABILITY ISSUANCE FRAMEWORK

FEBRUARY 2021



# 1. INTRODUCTION

The Goldman Sachs Group, Inc., together with its subsidiaries (“Goldman Sachs” or the “Group”) is a leading global financial institution that delivers a broad range of financial services across investment banking, securities, investment management and consumer banking to a large and diversified client base that includes corporations, financial institutions, governments and individuals. Our purpose is to advance sustainable economic growth and financial opportunity. Our goal, reflected in our One Goldman Sachs initiative, is to deliver the full range of our services and expertise to support our clients in a more accessible, comprehensive and efficient manner, across businesses and product areas. Founded in 1869, the Group is headquartered in New York and maintains offices in all major financial centers around the world.

At Goldman Sachs, sustainability is fundamental to supporting long-term growth. As an advisor, financier, and investor Goldman Sachs has partnered with companies, entrepreneurs, individuals and governments around the world to promote sustainable economic growth and address critical environmental and social challenges. As a firm, Goldman Sachs has a target of \$750 billion of financing, investing and advisory activity across nine key impact themes under the pillars of climate transition and inclusive growth over the next 10 years. The themes include clean energy, sustainable transport, waste and materials, sustainable food and agriculture, ecosystem services, affordable and innovative healthcare, financial inclusion, affordable and accessible education, and communities. Additionally, Goldman Sachs takes seriously its operational impact on both the environment and the communities in which its people live and work.

The strategic allocation of capital has an important role to play in promoting inclusive growth and climate transition. Goldman Sachs has long been at the forefront of the design and issuance of innovative Green, Social and Sustainability financial products, having raised financing for clients to benefit everything from critical sustainable infrastructure projects to environmental restoration programs and greater commercial activity in underserved economies.

Goldman Sachs is creating this Sustainability Issuance Framework (the “Framework”) to expand upon its work of catalyzing capital to address the pressing environmental and social issues facing society today. Under this Framework, Goldman Sachs will have the flexibility to do programmatic issuance of Green, Social, or Sustainability issuances (including bonds, notes, certificates, warrants, deposits and certificates of deposits), depending on the needs of the Group and market demand. This Framework aligns with the four common core components of the International Capital Market Association’s (“ICMA”) Green Bond Principles 2018 (“GBP”), Social Bond Principles 2020 (“SBP”) and Sustainability Bond Guidelines 2018: (1) use of proceeds, (2) process for project evaluation and selection, (3) management of proceeds and (4) reporting.

Goldman Sachs will identify and assess eligible projects and assets, funds internally, and where possible, report on the impact of investments for each type of issuance under this Framework via the internal processes and structures described further below.

## 2. Use of Proceeds

The proceeds from Green, Social or Sustainability issuances will be used exclusively to finance or refinance loans and investments that meet, respectively, the Group’s Green and Social Issuance Eligibility Criteria, as discussed below. Sustainability issuance proceeds may finance or refinance a combination of projects and assets that are eligible under either criteria.

The eligible project and asset categories and specified eligibility criteria within each category align with the ICMA guidelines (mentioned above) and contributions from Goldman Sachs’ internal specialist teams and outside experts as to best practices in sustainable finance. The eligible categories are based on the above mentioned nine key impact themes underlying climate transition and inclusive growth that underpin Goldman Sachs’ \$750 billion strategic target. These impact themes are based on 10+ years of market research and were refined based on similar precedent transactions executed, new growth opportunities we are seeing and input from our various business teams. These themes also align with and incorporate the priorities set forth in the Sustainable Development Goals (“UN SDGs”), established in 2015 by the United Nations General Assembly as a common framework for addressing critical social and environmental challenges.

## 2.1. Use of Proceeds—Green Issuance

Green issuances will raise capital to be used in a manner that preserves and enhances the natural environment and helps address climate change. Proceeds from Goldman Sachs' Green issuances will exclusively be allocated to finance or refinance loans and investments made in projects and assets that fulfill Goldman Sachs' Green Issuance Eligibility Criteria. Projects and assets eligible for Green financing must fulfill the relevant eligibility criteria set forth below.

### Green Issuance Eligibility Criteria

ELIGIBLE GREEN PROJECT CATEGORIES	ELIGIBILITY CRITERIA <sup>1</sup>	EXAMPLES OF ELIGIBLE PROJECTS / ACTIVITIES
<b>1. Clean Energy</b>	<ul style="list-style-type: none"> <li>■ Activities that reduce the net emission of carbon linked to energy generation</li> <li>■ Activities that reduce energy consumption</li> </ul>	<ul style="list-style-type: none"> <li>■ Solar power generation</li> <li>■ Wind power generation</li> <li>■ Small or Run-of-River Hydropower generation (under 30 MW)</li> <li>■ Geothermal power generation (under 100g CO<sub>2</sub>/kWh direct emissions)</li> <li>■ Sustainable Bioenergy power generation sourced from waste products or with intensity lower than 100g CO<sub>2</sub>/kWh</li> <li>■ Energy efficiency solutions such as LED lighting, HVAC systems</li> <li>■ Smart and digital grid products and services such as battery and energy storage technology, advanced metering infrastructure, transmission infrastructure that connects renewable energy</li> <li>■ Renewable natural gas and methane capture projects</li> <li>■ Buildings with certifications such as LEED (Gold or above), BREEAM (Very good or above) or certifications which demonstrate equivalent energy efficiencies</li> </ul>
<b>2. Sustainable Transport</b>	<ul style="list-style-type: none"> <li>■ Activities that reduce fossil fuel consumption and environmental impact by shifting the mode of transit or increasing per-trip efficiency</li> <li>■ Activities that develop or improve sustainable transportation infrastructure</li> <li>■ Activities that reduce carbon emissions per passenger trip</li> </ul>	<ul style="list-style-type: none"> <li>■ Electric and hydrogen vehicle technologies and supporting infrastructure (e.g. charging station / equipment)</li> <li>■ Fully electric and low-carbon non-electric public transportation such as trains and buses including supporting infrastructure</li> <li>■ Infrastructure and technologies that supports emissions reduction such as bike lanes, pedestrian walkways, fleet platooning and high occupancy vehicle transit</li> </ul>
<b>3. Sustainable Food and Agriculture</b>	<ul style="list-style-type: none"> <li>■ Activities that increase the output of agricultural or aquaculture products compliant with widely-accepted green or sustainable certification schemes such as Fairtrade, MSC and organic standards (US, EU, Australia, Canada)</li> <li>■ Activities that reduce use of energy, carbon emissions, waste or spoilage linked to land use or distribution of agricultural products</li> <li>■ Activities that advance the use of storage, processing, traceability and distribution capabilities that increase the sustainability of the food supply chain</li> <li>■ Activities that provide quality control and reduce chemical and water inputs</li> </ul>	<ul style="list-style-type: none"> <li>■ Precision and regenerative agriculture solutions</li> <li>■ Conventional to organic farmland conversion</li> <li>■ Water management practices such as drip irrigation, irrigation scheduling, storage</li> <li>■ Fertilizer and herbicide input management that reduce pesticide use</li> <li>■ Alternative protein development</li> </ul>

1. Activities should meet at least one of the eligible criteria

ELIGIBLE GREEN PROJECT CATEGORIES	ELIGIBILITY CRITERIA <sup>1</sup>	EXAMPLES OF ELIGIBLE PROJECTS / ACTIVITIES
<b>4. Waste and Materials</b>	<ul style="list-style-type: none"> <li>■ Activities that reduce or reuse waste products</li> <li>■ Activities that increase resource efficiency</li> <li>■ Activities that increase the percentage of sustainable materials used in industrial and manufacturing processes</li> <li>■ Activities that reduce emissions or other environmental degradation linked to waste management</li> </ul>	<ul style="list-style-type: none"> <li>■ Industrial efficiency technology development such as waste heat recovery, demand response<sup>2</sup></li> <li>■ Carbon capture, utilization and storage projects<sup>3</sup></li> <li>■ Waste management solutions (e.g. recycling, waste-water treatment, waste-to-energy/products with appropriate waste diversion or efficiency technologies)</li> <li>■ R&amp;D for sustainable materials development (e.g. bio-based, renewable, compostable or recyclable materials)</li> <li>■ Procurement and production of sustainably sourced materials<sup>4</sup></li> </ul>
<b>5. Ecosystem Services</b>	<ul style="list-style-type: none"> <li>■ Activities that promote water conservation including through reduced use and recycling and/or improve water or air quality or otherwise reduce pollution</li> <li>■ Activities including investing in natural ecosystems that promote greater biodiversity (e.g. Sustainable Forestry, Mitigation Banking, etc.)</li> <li>■ Activities that reduce net carbon emissions of ecosystems</li> </ul>	<ul style="list-style-type: none"> <li>■ Restoration of streams</li> <li>■ Restoration of wetlands</li> <li>■ Sustainable Forestry management (for any large-scale forestry project certification will be sought, e.g. FSC/PEFC/SFI)</li> <li>■ Habitat and biodiversity conservation</li> <li>■ Projects that enable carbon reduction and/or sequestration such as accredited reforestation or afforestation projects. (e.g. REDD+)</li> <li>■ Conservation easements</li> </ul>

2. Technologies not primarily relying on fossil fuels

3. Projects that do not support fossil fuel activities

4. Those that do not pose significant waste management challenges and are not a major input in carbon intensive industrial processes without mitigation solutions.

## 2.2. Use of Proceeds—Social Issuance

Social issuances will be used to raise capital in a manner that provides clear social benefits and helps build more inclusive and strengthened communities. Proceeds of Goldman Sachs' Social issuances will exclusively be allocated to finance or refinance loans and investments made in projects and assets that fulfill Goldman Sachs' Social Issuance Eligibility Criteria. Projects and assets eligible for Social financing must fulfill the applicable eligibility criteria set forth below. Eligible projects and assets will focus especially on the target populations similar to those defined in the ICMA Social Bond Principles 2020.

### Social Issuance Eligibility Criteria

#### Target Population Categories<sup>5</sup>

- Low and moderate income individuals
- Vulnerable, excluded and / or marginalized populations
- Unemployed / underemployed
- Underserved / Underbanked micro, small and medium size businesses
- Businesses owned, managed or controlled by vulnerable, excluded and / or marginalized populations

ELIGIBLE SOCIAL PROJECT CATEGORIES	ELIGIBILITY CRITERIA	EXAMPLES OF ELIGIBLE PROJECTS / ACTIVITIES
<b>1. Accessible and Innovative Healthcare</b>	Activities that, for target populations, seek to: <ul style="list-style-type: none"> <li>■ Increase the affordability of healthcare</li> <li>■ Increase access to affordable healthcare</li> <li>■ Improve healthcare outcomes</li> </ul>	<ul style="list-style-type: none"> <li>■ Preventative and diagnostic solutions</li> <li>■ Digital health technologies</li> <li>■ Patient data management</li> <li>■ Affordable and innovative health insurance solutions</li> <li>■ Medical training</li> <li>■ Minimally invasive medical devices</li> <li>■ Care management solutions</li> <li>■ Mental health treatment</li> <li>■ Global pandemic response, such as vaccine development</li> <li>■ New treatments for rare / infectious diseases</li> </ul>
<b>2. Financial Inclusion</b>	Activities that, for target populations, seek to: <ul style="list-style-type: none"> <li>■ Increase the affordability of financial services</li> <li>■ Increase access to affordable financial services</li> <li>■ Improve outcomes related to financial services</li> </ul>	<ul style="list-style-type: none"> <li>■ Small business lending</li> <li>■ Community Development Finance Institutions</li> <li>■ Financial technology products</li> <li>■ Financial service delivery</li> <li>■ Extension of affordable credit products such as online marketplace lending platforms</li> <li>■ Financial education</li> </ul>

5. Activities/companies that are significantly involved in seeking to achieve increased access, affordability, or positive social outcomes especially but not exclusively for a target population(s). Note that the definition of target population can vary depending on local contexts and that, in some cases, such target population(s) may also be served by addressing the general public.

ELIGIBLE SOCIAL PROJECT CATEGORIES	ELIGIBILITY CRITERIA	EXAMPLES OF ELIGIBLE PROJECTS / ACTIVITIES
<b>3. Accessible and Affordable Education</b>	Activities that, for target populations, seek to: <ul style="list-style-type: none"> <li>■ Increase the affordability of education across all ages</li> <li>■ Increase access to affordable education across all ages</li> <li>■ Improve educational outcomes across all ages</li> </ul>	<ul style="list-style-type: none"> <li>■ Personalized learning tools</li> <li>■ College affordability solutions</li> <li>■ School management systems</li> <li>■ Workforce and critical financial skills training</li> <li>■ Online learning</li> <li>■ Public education (K-12, Higher Education)</li> <li>■ Early childhood education</li> <li>■ Lifelong learning</li> </ul>
<b>4. Communities</b>	Activities that, for the target population, improve equity and inclusion by seeking to: <ul style="list-style-type: none"> <li>■ Increase access to economic opportunity and ownership of assets</li> <li>■ Increase access to, affordability of, and/or quality of essential products and services</li> <li>■ Increase access to, affordability of, and/or quality of affordable housing</li> <li>■ Promote neighborhood revitalization</li> <li>■ Provide community infrastructure</li> <li>■ Provide climate resilient infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>■ Affordable housing</li> <li>■ Community and cultural centers that provide free or subsidized public access such as museums, aquariums, or libraries</li> <li>■ Public parks / urban green centers</li> <li>■ Essential services such as water and wastewater systems, public sanitation and hygiene, disaster response and relief efforts, mobile / telecom infrastructure</li> <li>■ Climate resilient infrastructure, such as flood prevention projects</li> </ul>

## 2.3. Use of Proceeds—Sustainability Issuance

The proceeds of Sustainability Issuances will be exclusively allocated to finance or refinance a combination of loans and investments made in projects and assets that qualify under either the Green Issuance Eligibility Criteria or the Social Issuance Eligibility Criteria set forth above. A Sustainability issuance will be classified as such when proceeds are invested across both categories of activities.

## 2.4. Use of Proceeds—Exclusionary Criteria

All projects and assets financed must meet the standards set by Goldman Sachs' existing environmental and social risk management procedures<sup>6</sup> including compliance with the [Goldman Sachs Environmental Policy Framework](#), which provides guidance on the Group's financing of projects and assets in certain environmentally and socially sensitive sectors. In addition, projects and assets will undergo the firm's overall review process which includes broader risk factors including potential legal, regulatory and governance risks. Goldman Sachs will not use the proceeds of any Green, Social or Sustainability issuance to knowingly finance businesses or projects involved in the following types of activities:

- Nuclear power generation
- Fossil fuel projects
- Palm oil production
- Large-scale hydropower generation (over 30MW)
- Other activities deemed as carbon intensive
- Weapons
- Gambling
- Pornography
- Tobacco production or distribution
- Alcohol production or distribution
- Payday lending
- Patent Trolling

## 3. PROJECT EVALUATION AND SELECTION

Goldman Sachs has established a Sustainable Asset Working Group (SAWG) consisting of cross-divisional stakeholders including representatives from the Sustainable Finance Group, Investor Relations, Corporate Treasury, Legal, Controllers, Compliance and relevant business teams. Review of eligible projects and assets will be conducted by the SAWG who will meet periodically to review and confirm eligibility of projects and assets for funding with proceeds from Green, Social or Sustainability issuance proceeds.

Goldman Sachs will prioritize the use of proceeds from Goldman Sachs' Green, Social, or Sustainability issuances to finance new projects or assets that meet the criteria of the respective type of issuance and will aim to allocate all proceeds within 2 years following the issuance. Loans and investments that qualify under the relevant criteria made up to one year prior to the issuance are also eligible for refinancing with its proceeds.

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6. Additional details on Goldman Sachs' environmental and social risk management processes can be found at <https://www.goldmansachs.com/what-we-do/sustainable-finance/>

## 4. MANAGEMENT OF PROCEEDS

Goldman Sachs' Corporate Treasury team will track and manage the proceeds from each issuance. The equivalent amount of proceeds from Green, Social and / or Sustainability Issuances will be tracked via a separate ledger. Any portion of the proceeds of a Green, Social or Sustainability Issuance that has not been allocated against eligible assets will be allocated against highly liquid instruments, such as (i) U.S. government and agency obligations, (ii) certain non-US government obligations and (iii) U.S. and non-US dollar deposits until such amount can be allocated towards eligible assets. During the term of an Issuance if an asset that has been funded with the proceeds of Green, Social and / or Sustainability Issuance either matures or is sold, Goldman Sachs will seek to reallocate the equivalent amount of proceeds into eligible projects and assets, where possible and feasible as described in Section 2.

## 5. REPORTING

### *5.1. Reporting by Goldman Sachs*

Goldman Sachs will publish reports on its website on an annual basis under this framework, and will renew the report annually until the proceeds of any outstanding sustainable instrument are fully allocated to eligible assets and as promptly as practicable in case of any material changes in the proceeds allocation thereafter.

Each report will provide:

- a brief description of categories of assets to which proceeds have been allocated, and the total amount of proceeds allocated to such eligible assets,
- the total amount of an issuance's unallocated proceeds if any, and
- the expected and realized qualitative and, where feasible, quantitative environmental and social impact of the assets to which the proceeds have been allocated.

Each report will be reviewed and approved by the Sustainable Asset Working Group with assurance by external auditors, as discussed in Section 5.2 below. Information about the allocation and impact of projects and assets financed by an outstanding issuance may be presented on an aggregated basis due to confidentiality obligations applicable to the Group and the large number of projects and assets funded by each issuance. Reports will include specific examples of eligible assets to the extent possible.

The following are sample metrics which may be used to provide context into Goldman Sachs' Sustainability Issuances:

- Megawatts of installed clean energy generation
- Carbon emissions reduced or avoided
- Number of people served (healthcare, education, financial inclusion)
- Number of new below market-rate / affordable housing units built / retrofitted

### *5.2. External Reporting and Monitoring*

Goldman Sachs will engage an independent auditor to provide external assurance of Goldman Sachs' allocation on an annual basis until the proceeds of each issuance is fully allocated to eligible assets. The auditor's responsibilities will include:

- assurance that assets have been appropriately identified as eligible for inclusion or if there is a material change in allocation, and
- verification that the allocation of funds from each issuance's proceeds conforms with this Framework and the International Capital Market Association's ("ICMA") Green Bond Principles 2018 ("GBP") and Social Bond Principles 2020 ("SBP"), Sustainability Bond Guidelines 2018 ("SBG").

Goldman Sachs has also engaged Sustainalytics, a market-leading independent provider of environmental, social and governance research and analysis, to provide a second party opinion on this Framework, available on their [website](#). The Sustainalytics' letter assesses this Framework's alignment with the above referenced ICMA standards.



## Disclaimer

*This document includes forward-looking statements. These statements are not historical facts, but instead represent only the Group's current beliefs regarding future events, many of which, by their nature, are inherently uncertain and outside of the Group's control and may change over time. Future events or circumstances may change the Group's approach to possible green, social or sustainability bond issuances or result in changes to this Framework or the Group's sustainability strategy. Forward-looking statements include statements about potential revenue and growth opportunities and projected budgets and expenses. It is possible that the Group's actual results, including the incremental revenues, if any, from such opportunities, projected budgets and expenses and financial condition, may differ, possibly materially, from the anticipated results, financial condition, incremental revenues, budgets and expenses indicated in these forward-looking statements. Statements about the firm engaging in transaction banking are forward-looking statements based on the Group's current expectations regarding its ability to implement and conduct transaction banking. The timing of the Group's ability to engage in, and the benefits to be received from, transaction banking may change, possibly materially, from what is currently expected, and the firm may be unable to engage in transaction banking along the timeline, or generate the revenues or achieve the anticipated expense savings (and operational risk exposure reductions), reflected in those statements. None of the projections, expectations or prospective statements in this Framework should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such projections, expectations, estimates or prospective statements have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in this Framework.*

*No representation is made as to the suitability of any green, social or sustainability bonds to fulfill environmental and sustainability criteria required by potential investors. Each potential investor should determine for itself the relevance of information contained or referred to in this Framework or the relevant bond documentation regarding the use of proceeds and its purchase should be based on investigation as it deems necessary. Each potential investor should be aware that eligible projects may not satisfy the investor's expectations concerning environmental or sustainability benefits, and may result in adverse impacts.*

*For a discussion of some of the risks and important factors that could affect the Group's future results and financial condition, see "Risk Factors" in the Group's Annual Report on Form 10-K for the year ended December 31, 2019. You should also read the forward-looking disclaimers in Group's Form 10-Q for the period ended September 30, 2020, and information on the calculation of non-GAAP financial measures that is posted on the Investor Relations portion of the website: [www.gs.com](http://www.gs.com).*

*The statements herein are current only as of the present date, February 8, 2021, and are subject to change without notice. The Group reserves the right to update this Framework at any time in its sole discretion, however it does not assume any responsibility or obligation to update or revise the statements contained in this Framework, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework is not intended to, nor can it be relied on, to create legal relations, rights or obligations..*

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