Testimony of David M. Solomon
Chairman and Chief Executive Officer of Goldman Sachs
Before the U.S. House of Representatives
Committee on Financial Services

Chairwoman Waters, Ranking Member McHenry, and members of the Committee, I appreciate the opportunity to provide an update on banking practices, programs and policies since I last testified before this Committee on April 10, 2019.

Overview of Goldman Sachs

Goldman Sachs is a leading global financial institution that delivers a broad range of financial services across investment banking, securities, investment management and consumer banking. Our clients include pension plans and retirement funds, endowments and foundations, large and small businesses, financial institutions, governments, start-ups, charities, nonprofits and individuals. Founded in 1869, we are headquartered in New York and maintain offices in all major financial centers around the world. Over the course of more than 150 years we have evolved considerably from a small enterprise to a global institution.

At Goldman Sachs our purpose is to advance sustainable economic growth and financial opportunity. Specifically, as an investment bank, we advise companies on raising capital including through initial public offerings or lending, managing risks, and seeing opportunities for them to innovate and grow through acquisitions or divestitures. We also help local and state governments finance their operations so they can invest in infrastructure such as schools, hospitals and roads. As a market maker, we help our corporate or institutional clients (such as pension funds and other asset managers) manage risk in all key financial markets (including equities, bonds, currencies and commodities) and help ensure markets are liquid and efficient. We are also an asset manager preserving and investing assets for institutions, including mutual funds, pension funds and foundations. We invest capital in private companies to help them grow their business and increase employment. And we act as a private wealth manager, providing advisory solutions, including financial planning and counseling, and managing assets for individuals.

In 2016, we launched a retail banking franchise that, while relatively small, has been recognized for its consumer-centric approach. Through our consumer banking digital platform, Marcus by Goldman Sachs, we offer personal loans, savings and CDs, investing services, free financial tools and trackers, and through associated partnerships like Apple Card, we issue credit cards to consumers.

As of the end of April 2021, we had 40,300 employees, with 51% based in the United States. We have offices in over 50 cities in the United States and in over 35 countries around the world. Our primary bank subsidiary, GS Bank USA, is headquartered in New York City. The Bank operates two domestic branches, which are located in Salt Lake City, Utah and Draper, Utah. The Bank also has a foreign branch in London. Given its small size, our branch network has not meaningfully changed over time.

Goldman Sachs Remains Well-Capitalized

As a result of Dodd-Frank, Basel capital and liquidity and other market reforms, today the U.S. financial system is substantially safer and more resilient against failure or disruptions in critical services than it was prior to the financial crisis. The largest financial institutions, including Goldman Sachs, are more able to withstand stress events and are also ultimately more resolvable without threatening the financial system or needing government support, consistent with Dodd-Frank's resolution plan requirements. We have significantly more capital and usable total loss-absorbing capacity (TLAC), which could be converted to equity in the event that our equity capital falls below the regulatory required minimums. We have also reduced the percentage of our liabilities that consist of short-term wholesale funding, while at the same time significantly increasing the percentage of our assets consisting of cash and other high quality liquid assets since prior to the enactment of these reforms.

Goldman Sachs was well capitalized before and throughout this COVID-19 pandemic period. Our capital levels have allowed us to serve our clients and provide support for the economy (as described below), and the last two rigorous stress tests conducted by the Federal Reserve in 2020 attest to that fact.

Moreover, there has been a significant change to the firm's balance sheet and risk profile since the financial crisis, reflecting decreased risk and complexity. Specifically, at Goldman Sachs, since the end of 2007:

- Our common equity has more than doubled in absolute terms (from $40 billion to $88 billion); as of 1Q21, our common equity tier 1 ratio exceeded 14% under the Standardized approach and exceeded 13% under the Advanced approach
- Our gross leverage has decreased by 49%
- Our TLAC (i.e., loss-absorbing long-term debt and equity instruments) was 40.7% of our risk-weighted assets as of 1Q21, exceeding our minimum requirement of 22.0%
- Our average liquidity pool has more than quadrupled in absolute terms (from $64 billion to $299 billion) and increased 4x as a percentage of our average total assets (from 6% to 24%)
- Our deposit funding has increased approximately 19x (from $15 billion to $286 billion) and increased 10x as a percentage of our funding sources (from 3% to 33%)
- Our Level 3 assets, which are illiquid, have decreased by more than 50% (they were only 2.1% of our balance sheet as of 1Q21)

Goldman Sachs Has Reduced Its Complexity

Since 2009, we have devoted substantial resources across our firm to not only improve the resilience and resolvability of Goldman Sachs, but also to reduce complexity in our structure and make our firm more efficient. Additionally, we believe that resolution plans have become considerably more sophisticated as they have evolved over the past decade to effectively safeguard taxpayers from the failure of the largest U.S. banks, as we meet our internal requirement and demonstrate to our regulators that we have robust capabilities, an appropriate legal structure, and sufficient levels of capital and liquidity to facilitate an orderly wind-down.

As of today, we have taken several key actions since the financial crisis that have reduced our complexity:

- We reduced the total number of our legal entities
- We simplified our ownership structure and funding lines to our material operating subsidiaries, separated the ownership for our core and non-core legal entities and aligned staff, technology and other resources with the entities they serve
- We simplified the management of businesses by merging certain businesses together into our Asset Management Division and moving our consumer banking business and wealth management business into one combined division
- We realigned business segments to more closely align with how we manage the firm with clear lines of management responsibility and leadership over each segment, which also allows us to be more transparent, including about how we track our lending and financing activities across businesses
- We sold several non-core businesses and activities including:
  - our Americas reinsurance and European insurance businesses
  - our hedge fund administration business
  - our mortgage servicing business
  - our investments in several commodities-related businesses that hold physical commodities, including a metals warehouse, a coal extraction facility and power generation plants
- We sold our investment in the Industrial and Commercial Bank of China
- Pursuant to Volcker Rule requirements, and before the final rule went into effect, we exited all of our proprietary trading businesses

Moreover, in accordance with good risk management practices as well as the spirit of Dodd-Frank's Section 165 resolution plan requirements, when we have sought to enter new businesses or make acquisitions, we subject all decisions to our Firmwide New Activity Committee and other processes to ensure that the new business or acquisition would be properly capitalized, have sufficient funding support and would not unduly impede our resolution strategy.

Investing in Our People

As the pandemic hit, we transitioned our workforce to be 98% remote. To help our people during the pandemic, we added to and extended their benefits, including mental health support and an additional 10 days of COVID-19 family leave to allow time to care for family members or child care needs, including homeschooling. In introducing telemedicine access to US employees and covered dependents, we waived all costs of urgent-care visits, including COVID-19 consultations, and we provided virtual mental health counseling and fitness sessions. Most recently, we offered employees a half day of paid time off for each dose of the vaccine.

Throughout the pandemic, we have partnered with healthcare experts to develop policies and protocols that prioritized the health and safety of our people. Our comprehensive protocols have included regular testing (via either on-site testing or through at-home testing), mask usage, daily health attestations, temperature checks at arrival and physical distancing.

Additionally, we have a lot of people who support our organization and operations through contracted and vendor services, including in our mail room, our cafeteria, our security guards and our janitorial staff. We extended our support to on-site vendor staff to ensure they were paid during the pandemic, whether they worked or not. For those who came into work, we reimbursed transportation costs and provided in-office meals. Most recently, we paid a bonus to nearly 3,000 vendor staff who supported us in the office and enabled the continuity of our operations through the lockdowns that took place around the world.

Investing in Our Retail Customers

Goldman Sachs entered the consumer financial services market in 2016. We launched our digital consumer platform called Marcus by Goldman Sachs because we saw an opportunity to serve consumers through consumer-centric products that are simple and transparent and on the side of the consumer. We set out to build our consumer business from a clean sheet of paper. In designing Marcus, we spoke with more than 10,000 people across the country to understand their banking needs and have since spoken to more than 100,000 consumers. Value, simplicity and transparency are at the core of our consumer products, which is based on this feedback.

We have two primary channels through which we acquire and serve customers: through our consumer business Marcus by Goldman Sachs and through partnerships with large brands Because we are not operating with an expensive branch infrastructure, we are able to deliver more value to the customer when compared to other traditional banks.

Through Marcus, we offer:

- Personal loans with fixed rates, customizable payment options and no fees. These loans range from $3,500 to $40,000, and because we fund our personal loans from our own balance sheet, we can provide more flexibility to consumers, allowing them to select from various monthly payment and loan length options
- Savings accounts / CDs that pay consumers a relatively higher interest rate on their savings than traditional banks offer, with no minimum balance and no fees (including no monthly fees, no transaction fees and no overdraft fees)
- Invest, which offers individuals the ability to invest as little as $1,000. This product combines the accessibility, simplicity and transparency of our Marcus platform with our firm's leading advisory capabilities
- Free financial tools and trackers that help customers aggregate their various accounts, track spending, and get a more holistic picture of their finances

Although we are working to launch digital checking accounts in the United States, we do not currently offer consumer checking accounts. For our customers who have Marcus savings accounts, we did not garnish accounts in connection with amounts owed to Goldman Sachs.

Additionally, through our partnership with Apple via Apple Card, we are providing innovative financial services to millions of customers that help them to understand their spending and payment options better and seamlessly earn and redeem rewards.

Marcus was created to help millions of Americans take control of their financial lives with products that offer value, transparency and simplicity. That approach positions Marcus to meet the financial services needs of a broad range of consumers, including low-to-moderate income (LMI) consumers. Moreover, Marcus is a digital platform. Customers do not need to walk into a branch to open an account; they can do it directly from their mobile phone or call one of our Marcus Specialists. We believe that digital banking can be leveraged to be more inclusive, particularly with regard to communities that are underbanked. That being said, we understand that digital connectivity is a prerequisite to inclusion in the digital banking ecosystem. That is why we have incorporated digital connectivity as one of our key impact areas in our One Million Black Women initiative (described below). We are currently exploring ways to invest in increasing affordable high-speed internet access and to close the digital divide.

While still new to consumer businesses, we substantially increased our support for consumers during the pandemic across all of our major consumer products. For example, our consumer loans, credit card lines and deposits each increased approximately 20% in 2020 during the pandemic, not decreased, including to those in LMI communities.

We also continued to invest in our consumer bank products and serve our Marcus clients throughout the pandemic. For example, we launched our Customer Assistance Program to help customers navigate through the pandemic, including by giving customers the flexibility to defer Marcus loan payments for four months or Apple card payments for six months at no cost, no interest accrued during the deferral period and no impact to their credit score. Moreover, Marcus customers were able to access funds in high-yield certificates of deposit early without a penalty. We focused on offering seamless digital enrollment, because customers should be able to get help quickly and easily when they need it. Around 10% of our customers enrolled in the program, and we are proud we were able to be there for them during a difficult time.

Investing in Our Clients and the Broader Economy

At the beginning of the pandemic, our economy plunged into the steepest economic decline since the Great Depression. However, there is no question that we would have had an even more severe recession had the Congress, the Treasury, and the Federal Reserve not taken swift, bipartisan action to support our economy through the CARES Act and related programs and subsequent actions.

We believe that our strong financial position allowed us to continue to provide financing to our clients throughout the pandemic, including during the peak of the market volatility and economic uncertainty last March, to our clients and the broader economy. We were also able to continue to support deep and liquid capital markets, while maintaining resilient operations without any major outages despite an unprecedented working environment. During the first six months of 2020, when uncertainty over the economic impact of COVID-19 was at its highest, we experienced historically elevated levels of client demand for access to equity and debt capital.

Over the first half of 2020, we raised approximately $180 billion of financing for our corporate clients, with two thirds of the activity in the United States. We led the largest capital markets offering for the cruise industry, and we worked with large U.S. airlines on significant financing transactions and led the first insurance deals post the start of COVID volatility last year. We also provided approximately $1 billion of lending commitments across the investment grade energy sector to provide them with additional liquidity during the pandemic.

As debt markets were largely closed to most borrowers in March and April 2020, we developed creative solutions to support clients who were most in need of immediate financial assistance, including by lending directly to clients from our own balance sheet. For example, from March through June 2020, we provided $20 billion of non-acquisition financing related credit to more than 200 clients. Of this financing, we provided $13 billion of direct financing that was specifically aimed at providing additional liquidity to clients in hard hit sectors to help them weather COVID-related stresses to their businesses, including to airlines, cruise lines, automobile companies, and the hospitality and entertainment sector.

In addition to corporate financing, we also supported pandemic relief efforts by underwriting nearly $66 billion in financings for sovereigns and multilateral institutions, designed to help alleviate the economic and social impact of the pandemic. These included a $2 billion sustainable development bond for the World Bank tied to addressing the United Nations Sustainable Development Goals, and a COVID-19 response bond for the New Development Bank, also for $2 billion.

Our financing and assistance helped enable businesses across the country and around the globe to pay their workers, operate their businesses and meet funding needs. We remain committed to continuing our support for American businesses and the broader economy to help build a robust, inclusive and sustainable economic recovery.

Investing in Our Communities and Small Businesses

We started investing in underserved areas in 2001, well before we had a regulatory obligation to do so, because we strongly believed it made sense to invest in areas that others had overlooked and deploy our capital to make a real difference in these communities.

Our Urban Investment Group (UIG)'s entire purpose is to make investments and loans that benefit underserved people and places. The team has a comprehensive approach to closing opportunity gaps, predominantly by making direct investments, rather than investing in funds. This approach allows us to engage directly with community leaders and stakeholders impacted by our investments.

Specifically, through UIG, we finance the creation of affordable housing, space for educational and health facilities, and grocery stores in food deserts. To date, UIG has committed more than $9.8 billion to benefit underserved people, places and small businesses. Since UIG was founded, our investments have spanned 101 cities in 33 states across the country, bringing affordable housing, quality schools, new jobs, and growth capital for small businesses to neighborhoods in need. Approximately 70% of UIG's investments are located in or serve minority communities.

Goldman Sachs has deployed over $200 million in capital to support Black-led Minority Depository Institutions (MDIs), starting with our investment in Carver Bancorp, one of the largest African-American operated banks in the United States, in 2011. Our partnerships with and investment in MDIs has continued to evolve since then and, most recently, we announced a $130 million commitment to Hope Enterprise Corporation, a leading Black-led MDI and Community Development Financial Institution (CDFI) in the South, to establish the "Deep South Economic Mobility Collaborative," a public-private partnership with seven cities and nine historically Black colleges and universities across the South. This Collaborative will provide credit and support services to entrepreneurs of color, particularly Black women entrepreneurs, in historically disadvantaged neighborhoods.

Most recently, UIG stood up a loan program in partnership with the City of New York which will provide funding to support staffing New York City's safety-net hospitals related to the COVID-19 vaccination process and potential additional COVID-19 patient care throughout the remainder of 2021. The program aims to support safety-net hospitals, all of which are located in low-income neighborhoods and treat the City's poorest and most vulnerable patients. As we know, COVID-19 has disproportionately impacted Black communities.

Goldman Sachs Partnerships with CDFIs and MDIs

We also provide access to capital to small businesses and high-achieving low-income students by partnering with CDFIs, MDIs and other types of mission-driven lenders. Given their long track record of serving small businesses in low-income and minority communities, partnering with and helping build infrastructure for CDFIs has been core to our small business lending efforts for the last 10 years. Importantly, since the beginning of this pandemic, our response efforts have been guided by our belief in partnership and collaboration, and our ability to respond quickly and creatively and remain nimble in the face of evolving challenges.

Unlike most of the banks appearing before the Committee, our bank is not an approved Small Business Administration (SBA) lender and therefore did not have the systems in place to comply with the SBA rules under which Paycheck Protection Program (PPP) loans were made. Rather than participating directly in the PPP, we felt that we could provide the greatest value most quickly by committing $1.25 billion in capital to CDFIs and mission-driven lenders to facilitate emergency lending, including PPP loans, to underserved and minority-owned small businesses. We recognize lending capital is not the only need facing the small business ecosystem, so we paired that lending capital with $25 million in philanthropic support to CDFIs and community-based organizations that were on the frontlines helping businesses navigate the unprecedented crisis.

As a result of this intentional, local-partnership approach, our small business lending capital deployed during the pandemic reached very small businesses. To date, the current median employee count among recipients is around two and our average loan size is $43,000. The program reached businesses that serve underserved communities. Nearly half (approximately 45%) of the capital was deployed to businesses located in minority communities.

In addition to our $1.25 billion CDFI commitment, we recently committed an additional $1 billion in partnership with the SBA and our CDFI partner Lendistry to fund approximately 40,000 PPP loans, over half of which will benefit minority-owned businesses. We moved expeditiously to ensure these applicants were able to have their loans processed and approved before the PPP funds were exhausted. The commitment to Lendistry, one of the most active SBA Community Advantage lenders in the country, will be the largest ever to a Black-led CDFI and will provide much-needed capital to underserved small businesses, especially Black-run small businesses and communities, who have been disproportionately impacted by the massive economic, health, and social disruption over the last 16 months.

To amplify the reach and impact of our capital, we engaged with stakeholders in the public sector to identify opportunities to partner to support the efforts that were already undertaken to support small businesses hit the hardest in the early days of the pandemic. As a result, we were able to support emergency funds with New York City and Chicago, which has served as a model for other relief funds across the country. Additionally, to ensure the furthest reach of this capital to underserved small businesses, we partnered with organizations such as the National Urban League, the U.S. Hispanic Chamber of Commerce, and the New Voices Foundation to deploy capital, critically important information, and technical assistance, to small businesses owned by entrepreneurs of color.

We applaud Congress's move to expand PPP late last year by injecting additional funding into the program so that the hardest hit businesses could get a second PPP loan, and importantly, the decision to provide for a $15 billion set aside for CDFIs and community-based lenders, which is something we advocated for from the very beginning. As a result of this expansion of the program, we expanded our commitment by providing an additional $500 million to our CDFI partners to fund PPP loans in 2021, bringing our total commitment to $1.25 billion.

10,000 Small Businesses Program

Through our 10,000 Small Businesses program, launched in 2010, we deliver a comprehensive business education to small businesses by partnering with more than 100 community colleges and business support service providers. To date, we have graduated 10,800 small business owners, with 73% of graduates reporting revenue increases and 54% adding jobs within 30 months of graduation. I am particularly proud that Goldman Sachs is one of the largest private contributors to community colleges in the United States.

Additionally, our commitment to and investments in CDFIs and MDIs is at the core of our strategy to facilitate access to capital and technical assistance to underserved small businesses and a key pillar of our 10,000 Small Businesses program. At the launch of this program, we committed $300 million in lending capital and grant support for CDFIs, MDIs and other mission-driven lenders. Through this investment and partnerships, we have been able to build the capacity of CDFIs across the country, including enabling them to expand to new markets, launch new lending programs and develop the tech infrastructure that many of them were able to leverage during the pandemic to deliver capital and technical assistance to small businesses at scale at a critical time.

In 2020, we announced an additional $250 million commitment to the program to serve 10,000 more entrepreneurs.

One Million Black Women

Building on our history of investing significant capital in Black communities through our 10,000 Small Businesses program and our Urban Investment Group, we recently launched a new investment initiative, One Million Black Women. In partnership with Black women-led organizations and other partners, we will commit $10 billion in direct investment capital and $100 million in philanthropic support to address the dual disproportionate gender and racial biases that Black women have faced for generations, which have only been exacerbated by the pandemic.

One Million Black Women has, in part, been shaped through research, including a new report, Black Womenomics, published by Goldman Sachs Investment Research. The research shows that Black women are one of the most marginalized groups in the country, and if we can reduce the earnings gap for Black women we would see U.S GDP increase by $300 billion a year. We believe if we can narrow opportunity gaps for Black women, we will narrow opportunity gaps for all groups and drive economic progress for the country as a whole.

Our investments will focus on increasing opportunity at key moments in Black women's lives, whether by expanding access to quality healthcare, modernizing daycare and primary school facilities in Black communities, or providing access to capital to grow a business, among other things. For example, the New York City safety-net hospital loan, described above, is part of this initiative and we expect thousands of Black female healthcare workers and patients will benefit from the GS loan.

To date, we have announced that we will provide investment capital and philanthropic grants to 12 organizations nationwide, as listed in the Appendix.

This effort cannot succeed without advice and counsel from the broadest range of Black voices possible, so we have created a new advisory council of prominent Black leaders from a wide range of fields including Dr. Ruth Simmons (President, Prairie View A&M University), former Secretary of State Condoleezza Rice, Dr. Valerie Montgomery Rice (President and Dean, Morehouse School of Medicine) and Rosalind G. Brewer (CEO of Walgreens) and Darren Walker (President, Ford Foundation). There has never been an investment of this size focused on Black women, and we are proud to bring people together in this historic effort.

Launch With GS

Three years ago, we developed Launch With GS, a $500 million investment strategy that aims to increase access to capital and facilitate connections for women, Black, Latinx, and other diverse entrepreneurs and investors. Since its inception, Launch With GS has deployed more than $500 million globally to companies and funds with diverse management teams. In early 2021, we announced an additional $500 million commitment to Launch With GS, for a total of $1 billion toward investing in these entrepreneurs and funds.

Launch With GS is grounded in our belief that diverse leadership teams outperform if they are given access to capital and the resources to drive their businesses forward. In addition to deploying capital, we are fostering a global ecosystem of founders, investors and clients. In early 2020, Launch With GS announced Goldman Sachs's first Black and Latinx Entrepreneur Cohort, comprising a group of high-growth start-ups from across the United States. Beyond access to capital, these businesses participate in a customized six-week virtual experience — including one-on-one and sector-specific workshops with our research, banking and investment teams, and interaction with start-up experts across key areas, including legal services, capitalization, marketing and branding.

Philanthropic Initiatives

A dedication to service and a commitment to using our expertise and convening power to help address broader issues has long been a core element of our culture. Moreover, since the onset of the pandemic, we have been focused on how we can help communities around the world, including those where we live and work.

As a key element of the firm's overall impact investing platform, we established our Goldman Sachs Gives program to coordinate, facilitate and encourage global philanthropy by our most senior leaders – partners. GS Gives is committed to fostering innovative ideas, solving economic and social issues, and enabling progress in underserved communities globally. Since 2010, GS Gives has granted more than $1.8 billion to over 8,000 nonprofits in 100 countries around the world. In 2020, GS Gives deployed nearly $200 million in grants to support pioneering nonprofit organizations and firm initiatives such as the COVID-19 Relief Fund and the Fund for Racial Equity.

The Goldman Sachs COVID-19 Relief Fund was designed to address the most pressing challenges brought on by the pandemic in the world's hardest-hit communities. Grants deployed provided assistance for healthcare providers on the front lines, aid for the most vulnerable populations, including underserved children and families, economic relief for reduced and lost work, and support for accelerated medical research. The fund has deployed a total of $42 million to date, supporting 305 nonprofits working directly on COVID-19 relief and response efforts in more than 30 countries around the world.

Additionally, in response to the COVID-19 pandemic, we facilitated the donation of more than 2.5 million surgical masks and 700,000 N95 masks to hospitals worldwide. In New York, we connected Mount Sinai Hospital with our ground transportation partner and donated cleaning supplies to help the dedicated car service safely transport healthcare workers to and from three local hospitals.

Most recently, we announced an additional $10 million commitment to support relief and recovery efforts in India, which is home to three Goldman Sachs offices and thousands of our people. Our funding will be deployed to support frontline health facilities that are leading the fight against COVID-19, including ongoing vaccination efforts. It will also be used to support initiatives promoting mental health in several cities across India and to support communities with economic recovery.

In addition to our COVID-19 relief and recovery efforts, last June we created a $10 million fund, the Goldman Sachs Fund for Racial Equity. Through GS Gives, the fund supports the vital work of leading organizations addressing racial injustice, structural inequity and economic disparity. To date, the fund has donated to (among others) the NAACP Legal Defense Fund, the Black Economic Alliance Foundation, the United Negro College Fund, Equal Justice Initiative, Black Girls Code and the Innocence Project.

Investing in Diversity and Inclusion

Improving our diversity and inclusion efforts in every aspect of the work we do at the firm is a top priority. Since becoming CEO, I have been vocal about the importance of advancing our firm's diversity, including with respect to gender, race, sexual orientation, gender identity, veterans and disability or whatever contributes to who we are. Effectively serving a broad and diverse set of clients means having an appreciation and understanding of their different experiences, interests and values, and we are committed to building a team capable of that critical work. I believe a core part of my tenure as CEO will be defined by our progress on this front. I believe that we should have a company that looks like the regions and communities we serve.

We are focused on driving accountability and transparency as it relates to these efforts and ensuring we have impact not only on the people of Goldman Sachs but also on the communities where we operate. For the first time, we published in April our inaugural People Strategy Report, which provides a comprehensive overview of our approach to attracting, developing, retaining and rewarding diverse talent. The Report also discusses how we hold managers and senior leadership accountable for our diversity and inclusion commitments, including by our global, regional, and divisional committees.

Board Diversity

We have been, and will continue to be, committed to diversity on our Board, and in recent years, have maintained a particular focus in our director searches on diverse candidates. Our Governance Committee aims to develop a Board that, as a whole, reflects diverse viewpoints, backgrounds, skills, experiences and expertise.

As of July 1, 2021, our five most recently appointed independent directors will be women: Kimberley Harris, Jessica Uhl, Dr. Drew Faust, Vice Admiral Jan Tighe (Ret. U.S. Navy) and Ellen Kullman. Of our 13 directors who will be in place on July 1, our Board will include: six directors who are women, two directors who are Black, including our Lead Director and our newest director Kim Harris, one director who is of Indian descent, one director with career service in the military and three directors who are non-U.S. or dual citizens. Overall, our Board will be 62% diverse by race, gender or sexual orientation.

Diversity of Senior Leaders
Having a diverse Board is not enough to achieve where we want to be on our diversity efforts. Our most recent partner class had the highest percentage of women (27%, up 4% from 2016) and Black partners (7%, up 3% from 2016) in our history. We also recently added two women and one ethnically diverse leader to the Management Committee, bringing the total on the committee to seven women and four non-white leaders out of 28 Committee members.

Most recently, I announced a number of new leadership positions within our firm – many of whom are women. These include the Chief Legal Officer and General Counsel, the Global Co-Head of our Consumer and Wealth Management Division, the Head of Investor Relations, the Chief Operating Officer for our Asset Management Division, and our Deputy Chief of Staff for the firm. I have also recently promoted a number of Black professionals into leadership seats in the last year, including our Chief Strategy Officer, our Global Head of Corporate and Workplace Solutions, our Co-Head of Investment Banking in Asia (ex-Japan), our Global Chief Operating Officer of Global Investment Research and our Private Wealth Management New York Region Head.

However, more work needs to be done to enhance the diversity of our senior leaders across the firm, and we are working to improve these efforts.

Increasing Diverse Representation
Increasing the diversity of our people is a business imperative and is essential to our ability to serve our clients, generate long-term value for our shareholders and contribute to our broader communities. In 2019, we set forth ambitious aspirational goals and a comprehensive action plan to increase diverse representation at all levels and create an even stronger culture of inclusion for all of our people. We are aiming to achieve representation in entry-level hiring of 50% women globally, 11% Black professionals and 14% Hispanic/Latino professionals in the Americas, and 9% Black professionals in the UK.

With consistent and persistent focus, we have attracted more diverse talent to Goldman Sachs than ever before. In our 2020 campus analyst class in the Americas, 55% were women, Black talent made up 11% of the class, Hispanic/Latinx talent made up 17%, and Asian talent made up 31%. The positive results we have achieved demonstrate the power of setting aspirational goals and holding ourselves accountable.

In addition to setting clear aspirational goals, we continue to find innovative ways to democratize access to the people, opportunities and culture of the firm through our various diversity recruiting programs. Building upon our long-standing commitment to developing and recruiting students from HBCUs, we launched a $25 million commitment to HBCUs over the next five years. The commitment is tied to the *Market Madness: HBCU Possibilities Program*, a four-month training in finance fundamentals. Students receive in-depth training, mentorship from Goldman Sachs professionals, a $10,000 stipend, and the ability to participate in a final case study competition with grand prizes ranging from $250,000 to $1 million in grants for their institutions. Our goal is to double the number of campus analysts that the firm recruits from HBCUs by 2025, and over time we believe that this expansion in our long-term investment in HBCUs will help us better serve our clients and contribute to a more inclusive and dynamic economy and society.

But we know it is not enough to recruit talent; we also need to make sure they can realize their potential, so we've set additional representation goals to hold ourselves accountable and do so transparently in the public domain. By 2025, we aim for 7% of our vice presidents in both the Americas and the U.K. to be Black, 9% of our vice presidents in the Americas to be Hispanic/Latinx, and 40% of our vice presidents across the globe to be women. By increasing the diversity of our vice president population, we pave the way to increase the representation of our most senior roles at the firm.

We have also embraced our responsibility as a leader in our industry to promote change. In July 2020, we began a new policy to only underwrite initial public offerings for companies domiciled in Western Europe and the United States that have at least one diverse board member. The feedback we've received from clients and investors has been overwhelmingly positive, and in July 2021 we will raise that figure to two.

Promoting the Use of Diverse Contractors and Vendors
Our firm has a long history of working with small and diverse businesses as part of our vendor diversity program, which began in 2000 and seeks to drive opportunities with small, minority and women business owners. We continue to discover and partner with exceptional businesses through the program in our efforts to achieve a supply chain that reflects the diversity of our people and clients. For example, when constructing our global headquarters in New York, which opened in 2009, we spent more than $300 million with minority- and women-owned businesses, which was the most successful project in the history of New York State's Minority- and Women-Owned Business Enterprise Program at the time.

Moreover, we actively encourage our sourcing teams to include small and diverse businesses in competitive bids and encourage our larger, non-diverse vendors to do the same. Our Vendor Code of Conduct, which all of our vendors must acknowledge, also states the expectation we have of our vendors to provide diverse companies with the opportunity to compete on a fair and equal basis for business. In 2020, in an effort to minimize barriers to entry, we built a new website to increase transparency on doing business with Goldman Sachs and simplified our online application form to encourage more prospective diverse vendors to submit their details as to expertise and experience, which is then shared with our strategic sourcing teams.

In recent years, we have further expanded our program globally and firmwide. In addition, we continue to partner with our 10,000 Small Businesses program, 10,000 Women program, Launch With GS and One Million Black Women initiatives, among others, to identify diverse vendors for upcoming sourcing opportunities.

This year, for the first time, we publicly reported our spend with small and diverse businesses. In 2020, we bought goods and services worth over $265 million from small and diverse vendors globally. Seventy percent was with minority-women-owned businesses and 30% with small businesses. Twenty-eight percent was subcontracted through our non-diverse prime vendors to multiple smaller diverse vendors.

Over the course of 2021, we are further enhancing our reporting capabilities and we remain committed to holding ourselves and our vendors accountable in our efforts to increase activity with small and diverse businesses from our 2020 baseline by 50% by 2025.

Use of Diverse Asset Managers
Our asset management business works with nearly 40 external asset managers that are majority women-owned or ethnically diverse-owned firms. This number has almost doubled over the last two years due to a focused effort to increase our pipeline and onboard more diverse managers. These firms manage equity, fixed income, hedge fund and private equity assets for Goldman Sachs institutional and private clients.

In addition, we are continuing to refine and enhance our diverse manager sourcing across all asset classes to further increase the number of diverse-owned managers on the platform. We are increasing the training of our manager selection team on diversity, equity and inclusion and will be hiring additional professionals with experience in sourcing diverse managers. We also plan to partner with diverse industry trade organizations to connect to smaller diverse-owned managers and have partnered with organizations focused on creating an asset management investor pipeline.

Use of Diverse Broker-Dealers
Goldman Sachs is one of the largest issuers of corporate bonds in the investment grade capital markets, and we have had an established diverse broker-dealer program for many years. Specifically, in the last 10 years, we have employed a range of diverse firms on every new syndicated USD benchmark and preferred financing we have issued for ourselves, representing over $156 billion of aggregate issuance. We have endeavored to be inclusive across all diverse firm types with strong representation from Black, Hispanic, disabled veteran and women owned and operated firms.

The majority of these transactions have included four diverse firms, with some including as many as 12. Over this period, we have asked 23 different diverse firms to join our underwriting syndicate, and we are proud to support these firms and their underwriting and distribution businesses. We manage our relationships with diverse firms on a continuous basis and regularly review our partner firms based on numerous criteria, including the commitment each makes to their community, the proportion of their employees that are diverse and representative of their demographic, and their distribution capabilities.

Moreover, in 2020, our Federal Instruments Fund — designed to direct the bulk of its trading to diverse broker-dealers — raised $3.1 billion, more than twice the prior year. This stands as the leader among all diversity and inclusion–related money market fund flows during 2020. Despite that significant inflow, the fund maintained 61.8% of purchases with diverse-, women- or veteran-owned broker-dealers who benefited from the increased trading volumes.

Investing in Sustainability and a Transition to a Green Economy

At Goldman Sachs, we have a long-standing commitment to sustainability. We view climate transition and inclusive growth as drivers of risk and opportunity for us and our clients.

I am proud of our established track record of focusing on environmental matters. We were the first major U.S. bank to come forward in 2005 with a comprehensive Environmental Policy Framework, where we acknowledged the scientific consensus that climate change is real and that it is one of the most significant environmental challenges of the 21st century. In 2015, we updated that Framework to underscore our commitment to leveraging our people, capital and ideas to find solutions to address climate change, including by developing a target to finance and invest $150 billion in clean energy by 2025.

In 2019, we developed a sustainable finance framework to put climate transition and inclusive growth at the forefront of our work with clients. We have set clear targets and remain committed to reporting and providing transparency on our progress. For example, as part of our commitment, we announced that we would target $750 billion in financing, investing, and advisory activity on our sustainability priorities by 2030. In the first year, we far surpassed what we thought possible, reaching $156 billion in commercial activity, which includes $93 billion dedicated to climate transition.

We have been carbon neutral across our own operations and business travel since 2015, five years earlier than our goal, and we recently extended that carbon neutral commitment to include our supply chain, targeting net-zero greenhouse gas emissions by 2030. This commitment aligns our financing activities with a net-zero-by-2050 transition pathway, in line with the goals of the Paris Agreement.

And, because we cannot possibly confront the challenges of climate change and structural inequity on our own, we have gone beyond our commercial work to partner with our peers and other organizations to effect real change. For instance, we are working with the Bloomberg-sponsored Climate Finance Leadership Initiative to help attract more private capital to sustainable infrastructure projects in emerging markets.

Increasingly, we advise corporates seeking to integrate ESG or related principles into their strategy and help them identify sustainability-related risks and opportunities as levers of growth. This includes financing opportunities that fund investment in our clients' transition to a lower-carbon-intensity business model, participating in the scaling of sustainable finance in equity capital markets, and facilitating M&A opportunities to accelerate climate transition and inclusive growth.

For example, in August 2020, we brought to market Alphabet's first-ever sustainability bond issuance and the largest-ever such bond issued by a corporate. Proceeds will be targeted toward sustainability projects, including clean energy and transport, circular economy and design, energy efficiency, and affordable housing. Additionally, we launched in February 2021 our inaugural sustainability bond issuance. This $800 million commitment is aligned with our sustainable finance framework for future issuances and further demonstrates our belief that building a low-carbon, inclusive economy is a business imperative.

These initiatives are very much market driven, good for business and a way for us to help our clients transition to a low carbon future, and we are staying the course.

Appendix

In the invitation from Chairwoman Waters to confirm my participation as a witness for this hearing, you asked us to include a discussion of (among the items described above) our participation in certain Federal Reserve emergency facilities, our capital markets activities and losses related to Archegos, our approach to cybersecurity and protecting consumer data, our use of emerging technology, our approach to reputational and other risks, how our compliance program has changed since I last testified, our compensation and clawback policies, our arbitration provisions in certain contracts, enforcement actions, and our 10-year history of our end-of-year capital and leverage ratios and capital distribution. This Appendix includes our responses.

Goldman Sachs Participation in Federal Reserve Emergency Facilities

Congress and the Federal Reserve sent a clear message last March to decisively support the global economy by establishing emergency facilities designed to provide stability and support the flow of much-needed credit to businesses and communities. In general, the regulated banking sector was a conduit for the credit and liquidity programs that the Federal Reserve was directed by Congress to establish. Participation in the Federal Reserve's emergency facilities by private financial institutions such as Goldman Sachs was necessary in order for many of these programs to be implemented and reach American businesses and communities.

In an effort to support the Federal Reserve's goals and make the best use of our resources, we carefully assessed our participation in specific programs. We focused on facilities that aligned with our expertise, particularly where we have had a historical presence in the market and substantial client relationships, and where we could have the greatest impact. We were one of 41 eligible sellers who participated in the Secondary Market Corporate Credit Facility; Goldman Sachs accounted for approximately 7% of the market share in the Federal Reserve's purchasing activity. We also participated in the Money Market Mutual Fund Liquidity Facility, which was client initiated and under which banks that purchase assets from money market mutual funds can pledge those assets on a nonrecourse basis to the Federal Reserve, as well as the Primary Dealer Credit Facility, which permits broker dealers to borrow against a wide array of collateral. The funds that we received to participate in these facilities, which were based on the terms set forth by the Federal Reserve, were not significant.

GS Capital Markets Activities

As a general matter, our capital market activities include underwriting, client transactions, market making, and client financing. Goldman Sachs underwrites public offerings and private placements, including local and cross-border transactions and provides acquisition financing of a wide range of securities and other financial instruments, to a diverse group of corporations, financial institutions, investment funds, and governments. We facilitate client transactions and make markets in fixed income, equity, currency and commodity products with institutional clients, such as corporations, financial institutions, investment funds and governments.

We make markets in and clear institutional client transactions on major stock, options and futures exchanges worldwide and provide prime brokerage and other equities financing activities, including securities lending, margin lending and swaps. Additionally, we provide various forms of financing to clients globally.

The swap transactions with respect to Archegos were executed between Archegos Fund, LP and Goldman Sachs International ("GSI"). The swaps between GSI and Archegos generally involved single-name equity underliers, and, to a lesser extent, broad-based equity indexes and a broad-based equity market exchange traded fund. Archegos had a concentrated and leveraged portfolio of equity swaps with various dealers, including Goldman Sachs, and the market for certain of the equities underlying the swaps in Archegos's portfolio moved quickly against Archegos resulting in margin calls that Archegos could not meet.

Goldman Sachs did not sustain any losses as a result of the termination of its positions with Archegos following Archegos's default. The firm managed its exposures to Archegos's positions rapidly through a combination of our risk management policies and practices, including real-time monitoring of Archegos's positions and timely responses to increasing risk exposures (and the unwinding of those exposures), as well as the performance of our equity sales franchise.

Cybersecurity

Cybersecurity is front and center on my agenda, as well as on our Board's agenda. Like every firm, we face a steady stream of attempted cyberattacks every day, including from highly sophisticated adversaries. Protecting against cyberattacks is standard procedure for Fortune 500 companies. We take very seriously our responsibilities to our customers to maintain the highest level of privacy, security, and control over customer financial data, assets and transactions. We identify and mitigate vulnerabilities as they are discovered in four key ways.

First, we work together across the financial sector and between the government and the industry to understand the adversaries who are targeting our institutions. We share information regularly with our industry and government partners to identify new threats and protect our systems from their techniques. Going forward, we continue to encourage even more information sharing between the financial sector and the U.S. government.

Second, we actively identify and fix vulnerabilities in our network. We actively do penetration tests with our own highly skilled staff as well as use specialized third parties to find possible vulnerabilities before potential attackers.

Third, the protection and responsible use of client data is deeply engrained in our culture and nowhere is that more critical and visible than the expansion of our consumer businesses. Our goal is always to consider privacy regulations as a floor rather than a ceiling when implementing privacy protections for customer data.

Fourth, we are focused on ensuring the resiliency and continuity of critical firm functions under all conditions. While it is impossible to prevent all incidents, we conduct regular tests of our business continuity plans and approaches to rapidly restore key systems in the event of a catastrophic event.

But we cannot solve the cybersecurity issue alone, which is why I am encouraged by the number of strong regulators across the financial sector that stipulate cybersecurity and other controls to reduce the risk of major incidents. We continue to support the need for harmonization of regulations, domestically and globally, including through use of the Financial Sector Cybersecurity Profile as a common approach to assessing cybersecurity maturity across the industry.

Protecting Data of Goldman Sachs Customers

In addition to our cybersecurity measures, protecting consumer data is a critical priority and it certainly has been a central area of focus for us as we develop Marcus. Goldman Sachs has a long history of protecting our clients' information and our Marcus business is no different. We have a number of internal standards and policies and a strong technology risk organization that is responsible for designing and implementing security controls to protect our customers' personal information. Additionally, Goldman Sachs' approach to protecting consumer data is independently assessed by leading auditing organizations on the effectiveness of our controls in maintaining the confidentiality, availability, and security of information.

We also operate under global regulatory frameworks that helps us ensure we keep our consumer data protected. For example, to protect consumer information in Marcus, we enforce identity and access controls, encrypt customer and other sensitive data, as well as maintain a mature third-party risk management program. Marcus also requires multi-factor authentication before customers can access their accounts.

Goldman Sachs Use of Emerging Technology

We believe that technological innovation is fundamental to our business and our industry. The growth of such technologies is changing our businesses and presenting us with new opportunities to better serve customers and markets.

Goldman Sachs believes that AI and machine learning, with appropriate protections and oversight, can offer many advantages to consumers (including more customized and innovative products and services, lower costs and better customer experience) and can help to enhance compliance efforts. We are also actively exploring ways that DLT can potentially improve financial markets and better serve our clients. This spans across digitization of existing assets to help reduce risk and improve liquidity in the markets. For example, Goldman Sachs recently participated in the European Investment Bank's digital bond offering exclusively on chain.

In response to client demand, the firm is also exploring avenues to safely provide clients access to cryptocurrencies, which has included facilitating private wealth management clients access to funds with cryptocurrency strategies and opening our cryptocurrency desk to trade cash-settled products with cryptocurrency underliers.

Goldman Sachs Approach to Climate, Reputational and Other Risks

At Goldman Sachs, we make judgments on how we want to deploy capital. We approach any climate risk, reputational risk and other risks that affect our business, our shareholders and our employees with the same care and discipline as how we manage all risks to our business.

In particular, we have a firmwide reputational risk committee that is made up of predominantly control-side members. This committee focuses on transactions that potentially present heightened reputational risk for the firm. These types of transactions include, for example, products or services provided to gun manufacturers, private prisons, and the fossil fuel industry as well as individuals and groups that support any form of human trafficking, terrorism, among other reputationally-sensitive issues. The members of the firmwide reputational risk committee are empowered to stop any transaction.

This committee is chaired by our president and chief operating officer, who is appointed as chair by the chief executive officer, and the vice-chairs are our chief legal officer and the chair of Conflicts Resolution, who are appointed as vice-chairs by the chair of the committee. This committee periodically provides updates to, and receives guidance from, the Public Responsibilities Committee of the Board.

Goldman Sachs Compliance Program Updates

At Goldman Sachs, we are continually enhancing our compliance program, reputational risk framework, and banking policies, procedures, investment and lending practices. We also continue to make enhancements to ensure appropriate controls are in place to minimize the risk of reputational consequences, taking into account lessons learned from internal and external events. We continue to hold ourselves to the highest standards, through a culture rooted in integrity, shaped by a long-term mindset and guided by a sense of personal accountability and responsibility for our actions.

Since 2015, we have made significant enhancements to our compliance and internal controls related to anti-bribery and transaction approvals, including:

- re-designing our framework for addressing reputational risk, including the creation of a firmwide reputational risk committee (described above)
- doubling the size of our Global Compliance Division
- uplifting and relaunching our Code of Business Conduct and Ethics to clearly and unequivocally message our highest standards that every employee is responsible for living up to our core values
- strengthening anti-bribery and anti-corruption controls for intermediaries and third parties
- expanding the required due diligence for transactions directly or indirectly involving sovereigns in high-risk jurisdictions or growth markets

Moreover, in recent years, we have made further enhancements. These include:

- exercising heightened scrutiny of senior level people engaged in high risk areas, business or products
- ensuring greater focus and additional actions when “red flags” are identified
- further developing targeted e-communication surveillance based on new emerging technology
- improving training on compliance responsibilities firmwide

Goldman Sachs Compensation Policies

Our Compensation Principles guide our Compensation Committee in its review of compensation for the most senior employees at our firm, including the Committee’s determination of the compensation of our executive officers. In general, our Compensation Principles require that the more senior you become at Goldman Sachs, the more your total compensation is tied to the long-term health of the firm. For example, members of our Management Committee receive the majority of their total compensation in the form of deferred equity (approximately 60-70%), which is subject to retention and holding requirements, which ties them directly to the long-term health of Goldman Sachs. Ultimately, we believe our compensation program is designed so that it does not encourage imprudent risk taking.

Our people are paid based on the performance of the firm as a whole, their group's performance and their individual performances (including based on nonfinancial factors such as compliance, teamwork and culture). Moreover, our Compensation Principles, which apply to all of our employees, specifically include:

- Paying for Performance, which means that firmwide compensation should directly relate to firmwide performance over the cycle
- Encouraging Firmwide Orientation and Culture, which means that employees should think and act like long-term shareholders, and compensation should reflect the performance of the firm as a whole
- Discouraging Imprudent Risk-Taking, which means that compensation should be carefully designed to be consistent with the safety and soundness of our firm
- Attracting and Retaining Talent, which means that compensation should reward an employee's ability to identify and create value, but the recognition of individual performance should be considered in the context of the competitive market for talent

In addition to our Compensation Principles, in reviewing compensation for our most senior employees, our Compensation Committee is guided by our Variable Compensation Frameworks, which more broadly govern the variable compensation process for our employees (such as our executive officers) who could expose the firm to material amounts of risk, and our Performance Assessment Framework, which we developed to provide greater definition to, and transparency regarding, the key factors the Compensation Committee considers in assessing the firm's performance in connection with compensation decisions for our senior leaders (including our executive officers).

The Performance Assessment Framework includes an assessment of pre-established financial metrics and nonfinancial factors on a firmwide and divisional basis across four categories: (1) financial performance, (2) clients, (3) risk management and (4) leadership, culture and values (which includes people-related metrics), and is intended to provide a structure to help to ensure that our compensation program for our senior leaders continues to be appropriately aligned with our long-term strategy, stakeholder expectations and the safety and soundness of our firm.

In addition, for 2020, our Committee considered the following factors in determining the amount and form of variable compensation to be awarded to each of our executive officers:

- individual performance
- stakeholder feedback, including specific feedback received from shareholders and other constituents and the results of our Say on Pay votes
- market for talent
- Chief Risk Officer input and risk management
- regulatory matters and the views of our regulators

Clawback Provisions

The firm has a long-standing practice of including robust recapture (or clawback) provisions in our award agreements that, among other things, help ensure appropriate accountability among executives and other employees. This includes potential forfeiture or recapture for conduct that constitutes "cause" or certain "risk" violations. The firm's definition of "cause" is designed to reinforce to our people the importance of following the firm's policies and procedures and protecting the firm, its reputation and its business interests, by covering a variety of inappropriate conduct, including:

- conviction of certain crimes
- engaging in conduct detrimental to the firm
- engaging in employment disqualification conduct under applicable law
- violating any securities or commodities laws, rules or regulations of any relevant exchange or association of which the firm is a member
- violating certain firm policies

The firm’s variable compensation award agreements also include a “risk” forfeiture provision that may result in forfeiture if the employee, during the relevant fiscal year, participated (or otherwise oversaw or was responsible for, depending on the circumstances, another person’s participation) in the structuring or marketing of any product or service, or participated on behalf of the firm or any of its clients in the purchase or sale of any security or other property, in any case without appropriately considering the risk to the firm or the broader financial system; and as a result the Compensation Committee determines there has been or reasonably could be expected to be a material adverse impact on the firm, the employee’s business unit or the broader financial system.

Median Compensation
In accordance with SEC rules, we calculated and disclosed the ratio between my FY 2020 compensation, and the median of the 2020 compensation of all of our other employees. For 2020, this ratio was approximately 172:1.

Minimum Wage
We pay competitive levels of total compensation to our employees based on the roles they perform and the markets in which we operate, and our minimum compensation levels in the United States exceed $15 per hour. Additionally, unlike for our own employees whom we employ directly, we negotiate a rate with our vendor firms and they determine how much of the rate they pass onto their staff. In the United States, all of our vendors are paid above minimum wage, and a substantial majority of our U.S. vendors are paid more than $15 per hour.

Arbitration Provisions
A central principle underlying the design and development of our products and servicing approach for our U.S. consumers is that the consumer is at the center of everything we develop. For our U.S. direct to consumer retail lending and savings products, we believe that we have pro consumer arbitration provisions, which balance our simple and transparent product characteristics with the increased efficiency, cost-savings, flexibility and privacy afforded by arbitration. For example:

- Consumers may opt out of the arbitration clause completely within 90 days after account opening
- We clearly and prominently disclose to each of our Marcus consumers the arbitration clause and their ability to opt out; this language is in all caps on the first page of each Marcus consumer agreement
- We agree to pay all costs associated with the arbitration
- Consumers may also pursue claims in small claims court rather than in arbitration
- Our approach is also designed to address a common concern raised regarding small dollar claims by providing that, if the consumer prevails at arbitration and receives an award greater than our last settlement offer (i.e., last offer made before the arbitrator is selected), we will pay the greater of that amount or $10,000 plus reasonable attorneys and expert fees
- We encourage early dispute resolution by encouraging mediation prior to arbitration
- We agree to pay the cost of the mediator
- The consumer may select for his/her arbitration hearing to take place in the judicial district where he/she lives
- Consumers can choose whether they would like to have their arbitration heard before the Judicial Arbitration and Mediation Services, Inc. (JAMS) or American Arbitration Association (AAA). We will pay all fees of JAMS or AAA

In addition to the Marcus agreements described above, we have employment-related arbitration agreements as a broker dealer through FINRA for employees who carry registrations. We also have arbitration agreements directly between the firm and our employees, as well as between the firm and our contingent workers. We believe the arbitration forum has many advantages for all parties, including increased efficiency and speed, cost-savings and flexibility.

Public Enforcement Matters
Based on our internal payment records, since April 2019, Goldman Sachs has paid approximately $5.1 billion to governmental entities, state and federal regulators and self-regulatory organizations in connection with governmental and regulatory actions and approximately $94 million in settlements of civil actions. The majority of the payments were in connection with various settlements related to 1Malaysia Development Berhad (1MDB).

In August 2020, Goldman Sachs announced that it entered into a settlement agreement with the Government of Malaysia to resolve the criminal and regulatory proceedings in Malaysia involving the firm relating to 1MDB, which included a payment to the Government of Malaysia of $2.5 billion and a guarantee that the Government of Malaysia receives at least $1.4 billion in assets and proceeds from assets seized by governmental authorities around the world related to 1MDB. In addition, in October 2020, Goldman Sachs announced that it reached settlements of governmental and regulatory investigations relating to 1MDB with the DOJ, the SEC, the Federal Reserve Board (FRB), the New York Department of Financial Services (DFS), the U.K. Financial Conduct Authority (FCA), the UK Prudential Regulation Authority (PRA), the Singapore Attorney General's Chambers, the Singapore Commercial Affairs Department, the Monetary Authority of Singapore, and the Hong Kong Securities and Futures Commission (SFC), which will involve payments of approximately $2.6 billion to those entities.

Goldman Sachs End of Year Capital and Leverage Ratios and Capital Distributions

Year-End CET1 Capital Ratios and SLRs *(on a fully-phased in basis)*[1]								
	Y/E 2013	**Y/E 2014**	**Y/E 2015**	**Y/E 2016**	**Y/E 2017**	**Y/E 2018**	**Y/E 2019**	**Y/E 2020**
Standardized CET1 Ratio	9.2%	10.2%	12.9%	14.0%	11.9%	13.3%	13.3%	14.7%
Advanced CET1 Ratio	9.8%	11.1%	11.7%	12.7%	10.7%	13.1%	13.7%	13.4%
SLR	~5%	5.0%	5.9%	6.4%	5.8%	6.2%	6.2%	7.0%

Annual Common Share Repurchases, Common Dividends and Preferred Dividends *($ in millions)*										
	FY 2011	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**
Common Share Repurchases	$6,036	$4,637	$6,175	$5,469	$4,195	$6,069	$6,721	$3,294	$5,335	$1,928
Common Share Dividends	$769	$903	$988	$1,054	$1,166	$1,129	$1,181	$1,226	$1,544	$1,795
Preferred Dividends – Excl, Series G Redemption	$ 289	$183	$314	$400	$515	$311	$601	$599	$569	$544
Preferred Dividends – Series G Redemption[2]	$1,643	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

[1] Effective January 2018, Goldman Sachs was subject to the fully phased-in Common Equity Tier 1 (CET1) capital ratio requirements, calculated in accordance with both the Standardized and Advanced Capital Rules, and a supplementary leverage ratio (SLR) requirement. The table presents our fully phased-in CET1 capital ratios and SLR going back to the earliest year end reported, including periods prior to the effective date. Prior to 2018, Goldman Sachs was subject to the consolidated regulatory capital requirements that were in effect at the time of each respective year, and reported on such basis.
[2] FY2011 included a $1.64 billion preferred dividend related to the redemption of our Series G Preferred Stock, held by Berkshire Hathaway.

One Million Black Women First Round of Capital Investments and Philanthropic Grants

On May 21, 2021, we announced that investment capital and philanthropic grants will be provided to the following organizations as part of our One Million Black Women program:

- **Archer Towers** *(New York, NY)* will receive an investment to fund the construction of a mixed-income residential development in Jamaica, Queens consisting of 181 affordable units, 424 market rate units, 13,900sf of retail space, and 224 parking spaces. Housing is intrinsically connected to better health outcomes, economic mobility, and employment prospects for Black women. This investment will provide stable, quality, affordable housing in a traditionally cost-prohibitive metro area.
- **Birth Center Equity** *(National)* will receive a grant to support Black women led community birth centers in providing access to new resources that ensures Black women's collective vitality, sustainability, and growth.
- **BlocPower WiFi** *(New York, NY)* will receive an investment to expand broadband services across the Bronx and Upper Manhattan with a focus on low-income neighborhoods. The lack of affordable broadband access leads to barriers to education, employment, banking services, healthcare, social networks and other services for Black women.
- **Buy From A Black Woman** *(Atlanta, Georgia)* will receive a grant to continue website development, social media education content, technical assistance and grant funding to small Black-women owned businesses.
- **Center for Maternal Health Equity at Morehouse School of Medicine** *(Atlanta, Georgia)* will receive a foundational grant to directly address the disproportionate maternal mortality that Black women face in comparison to white women. 60% of maternal deaths are preventable and this investment will seek to reverse this troubling statistic.
- **Collab Capital Fund I** *(National)* will receive an investment to fund investments in Black founders building innovative, high growth companies. Currently, Black women start businesses at the fastest rate of any demographic, but receive 0.27% of venture capital funding.
- **Columbus Urban League** *(Columbus, Ohio)* will receive a grant to fund the pilot launch of Incubate Her, which will create meaningful change in the economic health and outlook of Black women in Central Ohio.
- **NYC COVID-19 Loan Facility** *(New York, NY)* will receive an investment to fund critical staffing needs related to the COVID-19 vaccination process and patient care at New York City's safety-net hospitals which serve the City's underserved Black communities.
- **Prosp(a)rity Project** *(East Palo Alto, California)* will receive a grant to fund the development of the 35*2 Free Initiative, which provides personalized financial coaching and retroactive scholarships for "Prosperettes" to help manage student loan debt.
- **Sadie Collective** *(Washington, District of Columbia)* will receive a grant to fund the creation of high school economic clubs for young Black girls to participate in the annual Federal Reserve Challenge.
- **Springboard To Opportunities: Magnolia Mother's Trust** *(Jackson, Mississippi)* will receive a grant to fund the next iteration of the Magnolia Mother's Trust program, which provides Black mothers living in extreme poverty with a $1,000 monthly stipend to help lift them out of poverty.
- **Women's Fund of Central Ohio** *(Columbus, Ohio)* will receive a grant to fund the Enduring Progress Initiative to fill the systemic funding gap faced by non-profits led by women of color.