

# Goldman Sachs

Goldman Sachs's current climate position exposes it to reputational, regulatory, legal, and market risks associated with failing to deliver credible transition planning and activities. Investors can encourage Goldman to lower its exposure to climate risk by publishing a transition plan, adopting absolute emissions targets for energy and utility sector clients, and committing to a phaseout of fossil fuel development and exploration. Investors are encouraged to vote against directors responsible for climate risk oversight.

## Financing activities misaligned with climate goals

Total financing to fossil fuel companies (2016-2021)	\$119 billion
Global Fossil Fuel Financing Rank (2016-2021)	#14
Fossil fuel financing as a percent of total financing (2016-2021)	4%
Public transition plan?	NO
Absolute emissions targets?	NO
Paris-Aligned financing?	NO
Adequate board oversight?	NO

## Transition plan status

Goldman Sachs has not disclosed a concrete and actionable transition plan to meet its 2030 targets. The bank has set sectoral emissions targets, but has issued only generalized statements about how it is developing new tools and capabilities to help clients transition. Investors lack a comprehensive plan from Goldman Sachs with measurable metrics, timelines, and indicators of success. Such disclosures will help assure investors that the bank has an effective and accountable transition plan to achieve its climate goals.

## Absolute emissions targets

Goldman lacks absolute emissions reduction targets for its energy and utility sector clients. The resolution at Goldman calls for setting absolute emission reduction targets for two high emitting sectors: oil and gas and power generation. Goldman only has 2030 intensity targets for energy sector clients, making its interim targets fundamentally misaligned with reductions required to limit warming to 1.5°C.

*Need for absolute emissions targets:* Absolute emissions reduction targets are necessary to achieve a reduction in both financed emissions and real-world emissions. Meeting emissions intensity targets may show a decrease in reported financed emissions, but may lead to an overall increase in real-world emissions. As a consequence, intensity targets for this sector are fundamentally misaligned with a 1.5°C aligned pathway.

*Misaligned commitments:* Goldman only has emission intensity targets for energy sector and power generation clients, meaning its existing targets are not aligned with the goals of the Paris Agreement. Goldman's existing policies are misaligned with its NZBA commitment and its own net-zero commitments.

*Peer precedent:* Citibank, Wells Fargo, Bank of Montreal, Danske Bank and HSBC have committed to absolute emission reduction targets in their oil and gas financing. Citibank has also adopted absolute emission reduction targets for thermal coal.

## Financing of fossil fuel development and exploration

Goldman lacks sectoral policies necessary to align its financing activities with the goals of the Paris Agreement, misaligning the bank with both its public commitments and science-based transition pathways.

*Continued financing of fossil fuel expanders:* Goldman Sachs financed \$17.8 billion to its top five upstream fossil clients (BP, Shell, Saudi Arabian Oil Co, Hess Corp, and Diamondback Energy Inc) in the six years following the Paris Agreement. Those five companies alone are currently developing 16 billion barrels of oil equivalent in hydrocarbon resources beyond what is compatible with IEA's net zero pathway to limit warming to 1.5°C.

*Lacking commitments:* As a member of NZBA, Goldman has committed to transition emissions from their lending and investment portfolios. Criteria from the Race to Zero, of which Goldman is also a member, makes clear that financial institutions must "phase out...development, financing and facilitation of new unabated fossil fuel assets, including coal, in line with appropriate global, science-based scenarios." However, Goldman lacks any sectoral policy to align its financing activities accordingly with the goals of the Paris Agreement. It is continuing to finance the expansion of new fossil fuel reserves and has indicated no plan to phase out these activities.

Without sectoral policies to phase-out financing of projects and companies expanding fossil fuel assets, Goldman is not able to credibly claim alignment with the Paris Agreement, industry group pledges, or net-zero goals.

## Inadequate board oversight of climate risk

Goldman has unacceptably high exposure to climate risk, continues to be one of the largest global financiers of fossil fuel expansionists, does not contribute its fair share toward financing climate solutions, and does not disclose adequate information on climate risk or associated business strategies to investors. This position comes despite years of engagement from investors and stakeholders, publicly committing to both net-zero alignment and to financing climate solutions, and growing regulatory pressure.

Investors have felt it necessary to file three resolutions calling on Goldman to strengthen and disclose its climate policies. The need for such resolutions demonstrates a lack of confidence by investors in the board's ability to adequately manage climate risk and disclose such strategies to investors.

For failure to provide adequate oversight and transparency, votes are warranted against the following members of Goldman's Risk Committee for failure to align the bank's strategies with 1.5°C pathways: David Viniar, Michele Burns, Mark Flaherty, Kevin Johnson, Peter Oppenheimer, Jan Tighe, Jessica Uhl, and Mark Winkelman.

## Additional Bank-Specific Risks

### *Regulatory Enforcement:*

Goldman has been subjected to regulatory enforcement for greenwashing its products. In November 2022, Goldman Sachs [paid \\$4 million to the U.S. Securities and Exchange Commission](#) to settle a charge after the agency found the bank had misled investors about the services its sustainable funds provided. The bank risks additional greenwashing investigations for potential misaligned with its own climate commitments.

### *Reputational risk:*

Goldman Sachs is increasingly becoming a public target of civil society efforts to address the climate crisis. Over 240 organizations endorsed the resolutions filed at Goldman this year, and [over 200 activists groups](#) are mobilizing millions of global activists to [target Goldman](#) for its role in financing fossil fuel companies.