

GOLDMAN SACHS GROUP INC  
Form DEF 14A  
March 22, 2019  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities**  
**Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

**The Goldman Sachs Group, Inc.**

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):



(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**The Goldman Sachs Group, Inc.**

Annual Meeting  
of Shareholders  
Proxy Statement

2019

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**The Goldman Sachs Group, Inc.**

**The Goldman Sachs Group, Inc.**

**Notice of 2019 Annual Meeting of Shareholders**

**ITEMS OF BUSINESS**

**Item 1.** Election to our Board of Directors of the 11 director nominees named in the attached Proxy Statement for a one-year term

**Item 2.** An advisory vote to approve executive compensation (Say on Pay)

**Item 3.** Ratification of the appointment of PwC as our independent registered public accounting firm for 2019

**Item 4.** Consideration of a shareholder proposal, if properly presented by the relevant shareholder proponent

Transaction of such other business as may properly come before our 2019 Annual Meeting of Shareholders

<b>TIME</b>	8:30 a.m., local time
<b>DATE</b>	Thursday, May 2, 2019
<b>PLACE</b>	Goldman Sachs offices located at:  30 Hudson Street, Jersey City  New Jersey 07302

<b>RECORD</b>	March 4, 2019
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**DATE**

The close of business on the record date is when it is determined which of our shareholders are entitled to vote at our 2019 Annual Meeting of Shareholders, or any adjournments or postponements thereof

**Your vote is important to us. Please exercise your shareholder right to vote.**

By Order of the Board of Directors,

Beverly L. O Toole

Assistant Secretary

March 22, 2019

**Important Notice Regarding the Availability of Proxy Materials for our Annual Meeting to be held on May 2, 2019. Our Proxy Statement, 2018 Annual Report to Shareholders and other materials are available on our website at [www.gs.com/proxymaterials](http://www.gs.com/proxymaterials).** By March 22, 2019, we will have sent to certain of our shareholders a Notice of Internet Availability of Proxy Materials (Notice). The Notice includes instructions on how to access our Proxy Statement and 2018 Annual Report to Shareholders and vote online. Shareholders who do not receive the Notice will continue to receive either a paper or an electronic copy of our proxy materials, which will be sent on or about March 26, 2019. For more information, see *Frequently Asked Questions*.

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This Proxy Statement includes forward-looking statements. These statements are not historical facts, but instead represent only the firm's beliefs regarding future events, many of which, by their nature, are inherently uncertain and outside of the firm's control. Forward-looking statements include statements about potential revenue and growth opportunities. It is possible that the firm's actual results, including the incremental revenues, if any, from such opportunities, and financial condition may differ, possibly materially, from the anticipated results, financial condition and incremental revenues indicated in these forward-looking statements. For a discussion of some of the risks and important factors that could affect the firm's future results and financial condition, see "Risk Factors" in Goldman Sachs Annual Report on Form 10-K for the year ended December 31, 2018. Statements about Goldman Sachs' revenue and growth opportunities are subject to the risk that the firm's businesses may be unable to generate additional incremental revenues or take advantage of growth opportunities.

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**Letter from our Chairman and CEO**

**Letter from our Chairman and CEO**

March 22, 2019

Fellow Shareholders:

I am pleased to invite you to attend the 2019 Annual Meeting of Shareholders of The Goldman Sachs Group, Inc. We will hold the meeting on Thursday, May 2, 2019 at 8:30 a.m., local time, at our offices in Jersey City, New Jersey. Enclosed you will find a notice setting forth the items we expect to address during the meeting, a letter from our Lead Director, our Proxy Statement, a form of proxy and a copy of our 2018 Annual Report to Shareholders.

In our 2018 letter to shareholders, which is included in the Annual Report, we continue our dialogue regarding our strategic priorities for the firm. In developing our forward strategy, our guiding principles include client centricity and the creation of long-term shareholder value. We believe that driving sustainable, long-term results will require innovation, scale, diversity and efficient capital and expense management, all of which must be supported by sound risk management. We hope you will find the letter to be informative.

I would like to personally thank you for your continued support of Goldman Sachs as we invest together in the future of this firm. We look forward to welcoming many of you to our Annual Meeting. Your vote is important to us: even if you do not plan to attend the meeting in person, we hope your votes will be represented.

David M. Solomon

*Chairman and Chief Executive Officer*

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**Letter from our Lead Director**

**Letter from our Lead Director**

March 22, 2019

To my fellow shareholders,

2018 was an active year for the firm and for our Board, during which we added two independent directors and completed one of a Board's most fundamental roles—the appointment of, and transition to, a new CEO.

For several years I have written to you about the importance of executive succession planning, discussing our commitment to developing leaders in every area of the firm's businesses and the close work of our independent directors and Lloyd Blankfein, our former Chairman and CEO, on the firm's long-term and emergency succession plans. This past year was certainly no exception to our focus on this critical responsibility, as the final steps of our multi-year executive succession planning effort materialized with the July 2018 announcement that David Solomon would assume the CEO role in October 2018 and the Chairman role in January 2019.

During 2018 we transitioned the firm's leadership from Lloyd to David, and oversaw the appointment of John Waldron to the role of President and Chief Operating Officer and of Stephen Scherr to the role of Chief Financial Officer. David, John and Stephen are dedicated and talented individuals who have distinguished themselves throughout their careers at the firm and are representative of the best of the firm's culture. These transitions are emblematic of the strength and quality of the firm's leadership bench, and as a Board we continue to be confident in the ongoing breadth, depth and commitment of our management team.

On behalf of the entire Board I also want to express our deep gratitude to Lloyd. As Chairman and CEO, Lloyd led the firm through some of its best, but also some of its most challenging, times. Through it all, Lloyd's dedication to the firm, its people and its shareholders was self-evident, and time and time again, Lloyd proved to be a prudent risk manager and an insightful colleague and leader over his 36 year career at Goldman Sachs.

As you will read about further in this Proxy Statement, in conjunction with our CEO succession planning, we actively considered our Board leadership structure, and determined that our Board and our firm would remain best served by having David serve in a combined Chairman and CEO role. However, as our shareholders know, our Board is committed to maintaining strong independent leadership, which we have established through a robust, independent Lead Director role that is ably supported by the independence and diversity of our Board as a whole. We will continue to re-evaluate our leadership structure at least annually to ensure that it continues to serve us well.

As a Board, overseeing the firm's creation and delivery of long-term shareholder value is paramount to our duties. Our Board engages regularly with senior management on its development and execution of firmwide, regional and divisional strategies. We have seen firsthand David's and the new management team's unwavering commitment to find

new ways to more effectively deliver *One Goldman Sachs* to the firm's clients by means of a strategy focused on innovation and growth and supported by sound risk management. As a Board we will hold senior management responsible for driving and sustaining long-term growth for our firm. Many of the firm's initiatives have already begun bearing fruit, and it is clear that management is committed to enhancing transparency and accountability to shareholders. We continue to advise management as they further develop their strategic plans and establish related targets and metrics that we as a Board, and you as shareholders, can use to hold them to account.

To most effectively carry out our duties as a Board, our composition must reflect an appropriate diversity—broadly defined—of demographics, viewpoints, experiences and expertise. We have enhanced our Proxy Statement disclosure this year to more specifically highlight for shareholders the diversity of our directors. Furthermore, I am pleased to note that during 2018 we added two esteemed women to our Board—Dr. Drew Faust and Vice Admiral Jan Tighe (Retired, U.S. Navy).

Both Drew and Jan bring a wealth of experience, knowledge and new and unique perspectives to our Board. As the former President of Harvard University, Drew led Harvard through a decade of growth and transformation, and is well positioned to provide insights on the firm's strategies relating to diversity, recruiting and retention as well as reputational risk. Jan has over 20 years of senior executive experience in cybersecurity and information technology, including through her service as the former Deputy Chief of Naval Operations for Information Warfare and Director of Naval Intelligence.

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**Letter from our Lead Director**

As you will see in our Proxy Statement, two of my fellow directors Bill George and Jim Johnson will be retiring from our Board in advance of the Annual Meeting in accordance with the retirement age policy set forth in our Corporate Governance Guidelines. On behalf of you, the firm and our Board, I would also like to thank Bill and Jim for their outstanding commitment to our Board and our firm. Bill was integrally involved in the firm's Business Standards Committee review, and served as the founding chair of our Public Responsibilities Committee. As our former Compensation Committee Chair, Jim helped to evolve the firm's compensation structure and program. Both of their contributions to our Board and our firm have been immeasurable over their tenure, during which time they provided us with valuable insight, judgment and institutional knowledge across a wide range of topics.

In connection with Bill's retirement, we are pleased that Ellen Kullman has agreed to join and chair our Public Responsibilities Committee. In this new role Ellen will draw upon her broad range of public company and other experiences, including her focus on sustainability efforts as the former Chair and CEO of DuPont and her commitment to diversity as a co-chair of Paradigm for Parity. During her tenure on our Board Ellen has displayed unwavering commitment to the oversight of reputational risk, and we look forward to her continued contributions in this new role.

We regularly review our Board composition, and as we continue our active search for new directors, our focus is and will remain on ensuring that our Board has an appropriate mix and balance of skills and experiences to carry out its duties.

In closing, I know many of you may have questions or concerns relating to 1Malaysia Development Berhad (1MDB) matters. As Lead Director, I want to assure you that the Board has been, and will continue to be, focused on these matters. We take seriously our oversight of the firm's business standards and reputation, and believe that it is critical that the firm and its people continue to hold themselves to the highest standards of integrity.

As our 2019 Annual Meeting approaches, on behalf of our Board, I want to thank you for your ongoing support of both our Board and the firm. As your Lead Director I had another active year of engagement. In addition to our regular Board and committee meetings, in 2018 I had over 70 meetings, calls and engagements with the firm and its people, our shareholders, regulators and other constituents, including meetings with shareholders representing approximately 30% of our shareholder base. This engagement is invaluable to me and informs the work of our entire Board. I look forward to continuing our dialogue in the year to come.

*Adebayo O. Ogunlesi*

*Lead Director*

**Table of Contents****Executive Summary | 2019 Annual Meeting Information****Executive Summary**

This summary highlights certain information from our Proxy Statement for the 2019 Annual Meeting. You should read the entire Proxy Statement carefully before voting. Please refer to our glossary in *Frequently Asked Questions* on page 90 for definitions of certain capitalized terms.

**2019 Annual Meeting Information**

<b>DATE AND TIME</b>	<b>PLACE</b>	<b>RECORD DATE</b>	<b>ADMISSION</b>
8:30 a.m., local time Thursday, May 2, 2019	Goldman Sachs offices located at: 30 Hudson Street, Jersey City, New Jersey	March 4, 2019	Photo identification and proof of ownership as of the record date are required to attend the Annual Meeting

For additional information about our Annual Meeting, including how to access the audio webcast, see *Frequently Asked Questions*.

**Matters to be Voted on at our 2019 Annual Meeting**

	<b>BOARD RECOMMENDATION</b>	<b>PAGE</b>
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<b><u>Item 3. Ratification of PwC as our Independent Registered Public Accounting Firm for 2019</u></b>	FOR	75
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## Shareholder Proposal

**Item 4. Shareholder Proposal Regarding Right to Act by Written Consent**

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**Executive Summary | Performance Highlights and Key Developments**

**Performance Highlights and Key Developments**

We encourage you to read the following Performance Highlights and Key Developments as background to this Proxy Statement.

**2018 PERFORMANCE HIGHLIGHTS**

**Business Performance Highlights**

Net revenues in 2018 were up 12% year-over-year to \$36.6 billion, contributing to year-over-year EPS growth of 22% (Ex. U.S. Tax Legislation).<sup>1</sup>

- » Our net revenues were the highest since 2010, with each of our four business segments posting higher net revenues year-over-year.

We maintained expense discipline while investing for future growth, as operating expenses rose in line with revenues despite substantial investments in new business initiatives and innovative technology.

- » Pre-tax earnings grew 12% year-over-year to \$12.5 billion, the highest since 2010.

Our 2018 ROE (Ex. U.S. Tax Legislation) of 12.7% improved 190 basis points year-over-year,<sup>1</sup> and reflects 330 basis points of total improvement as compared to 2016.

We grew BVPS by 15% during 2018.

**Net Revenues (\$ in billions)**

**EPS<sup>1</sup>**

### **Multi-year ROE Improvement<sup>1</sup>**

<sup>1</sup> To improve comparability across periods, both 2017 and 2018 ROE and EPS are shown here excluding one-time impacts of the Tax Cuts and Jobs Act (U.S. Tax Legislation). During 2017 the firm recorded a \$4.4 billion one-time income tax expense, based on our best estimate of the expected size of a one-time deemed repatriation tax on foreign earnings and re-measurement of our deferred tax assets. This charge reduced 2017 ROE by 590 basis points and 2017 EPS by \$10.75. During 2018, the firm finalized this estimate using updated information, including subsequent guidance issued by the U.S. Internal Revenue Service, resulting in a \$487 million income tax benefit, which increased 2018 ROE by 60 basis points and 2018 EPS by \$1.25. For a reconciliation of these non-GAAP measures with the corresponding GAAP measures, please see *Annex A*.

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**Executive Summary | Performance Highlights and Key Developments**

**Outperformance vs. Global Peers**

The firm continued to post strong relative performance against its global peer group.

Our 2018 ROE of 13.3% was approximately 190 basis points higher than the U.S. Peer average and approximately 890 basis points higher than the European Peer average.<sup>1</sup>

**ROE**

**Strong Capital Position**

Throughout 2018, management demonstrated a commitment to ensuring a strong capital position for the firm, rebuilding book value and capital ratios following a \$4.4 billion one-time charge for U.S. Tax Legislation at the end of 2017, which reduced our 2017 BVPS by \$11.31 and our Standardized Common Equity Tier 1 (CET1) ratio by 70 basis points.<sup>2</sup>

Our Standardized CET1 ratio increased by 140 basis points during 2018, while we grew BVPS by 15%.

**Standardized CET1 Ratio<sup>2</sup>**

<sup>1</sup> U.S. Peers refers to Bank of America Corp., Citigroup Inc., JPMorgan Chase & Co. and Morgan Stanley. European Peers refers to Barclays, Credit Suisse, Deutsche Bank and UBS.

<sup>2</sup> For consistency, the 4Q17 standardized ratio has been presented on a fully-phased basis, a non-GAAP measure.

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**Executive Summary | Performance Highlights and Key Developments**

**Leading and Diversified Client Franchise**

Throughout 2018, we maintained strong franchise positions across our businesses, invested in opportunities for growth and maintained a diversified mix of net revenues.

**Contribution to Full Year 2018**

**Year-over-Year Net Revenue Change**

**Net Revenues by Segment**

**Key Business Highlights**

**INVESTMENT BANKING**

**INVESTING & LENDING**

#1 in worldwide announced and completed M&A; #1 in worldwide equity and equity-related offerings and common stock offerings; #2 in high yield and #4 in investment grade debt offerings (U.S. dollar and euro)

Continued support for our clients through lending and capital commitment

Near-record net revenues, including the highest net revenues in Financial Advisory since 2007 and strong performance in Underwriting

Record net interest income in Debt Securities and Loans of approximately \$2.7 billion

Continued to invest in a broad-based consumer banking platform, reflected in approximately \$36 billion in deposits

**INSTITUTIONAL CLIENT SERVICES**

**INVESTMENT MANAGEMENT**

Record annual net revenues, including record

Strong wallet share, ranking #2 with institutional clients since 2016, increased our FICC and Equities institutional wallet share by 65 basis points and 110 basis points, respectively<sup>1</sup>

Assets under supervision increased 3% year-over-year to \$1.54 trillion

Year-over-year revenue growth driven by healthier volumes, better wallet share<sup>1</sup> and improved execution in certain of our businesses

Long-term fee-based net inflows of \$37 billion