

“Our Environmental, Social and Governance leadership is central to our responsible growth strategy and is delivering long-term value to our shareholders.”

*Named by  
Euromoney magazine  
as “World’s Best  
Bank for Diversity”*

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**We expanded our  
paid parental leave  
from 12 to 16 weeks**  
*for employees with a new child.*

**\$125B**

goal to address climate change

supporting clients connected to clean  
energy, energy efficiency, water, sustainable  
transportation and other environmentally  
supportive activities. We have directed \$49 billion  
since 2013, with \$15.9 billion in 2016 alone.

**\$11.3B**

*Amount that Bank of America’s investment businesses have in  
assets with a clearly defined ESG approach as of Dec. 31, 2016.*

**Valuing our people**

We have increased our  
minimum wage for hourly,  
non-commissioned U.S.  
employees to \$15 per hour.

**\$2B**

*Amount of philanthropic investments we  
are committed to providing by 2019 through  
partnerships that address issues around  
economic mobility, including workforce/education,  
community development and basic needs.*

**Ranked No. 16 on Fortune’s  
Change the World list**

*that honors companies driving social  
change as part of core business strategy.*

*Voted Asia’s  
“Best ESG Bank”  
by The Asset  
magazine*

# To our stakeholders:

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**How do individuals and institutions harness the powers of the capital markets to do good? And what's the connection between social benefit and sound financial performance? These are questions we've been exploring at Bank of America through our environmental, social and governance (ESG) work.**

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Our ESG focus reflects our values, presents tremendous business opportunity and allows us to create shared success with our clients and communities. It's finding innovative ways to deploy capital and activate partnerships to fuel social and economic progress around the world. It's investing in our employees — ensuring they have the resources to reach their goals at work and at home. And it's focusing on clients — developing lasting relationships through responsible products, services and advice. All of this is underscored by disciplined risk management that ensures we're building a company that will endure as a place that people want to work for, invest in and do business with.

We've integrated our ESG approach into our eight lines of business, helping to deliver new business and increase shareholder value. We believe this approach defines who we are and best positions us for sustainable growth. We believe the market will ultimately reward companies with responsible business practices and a long-term view.

What was once considered a nice to-do has become a business imperative, underscored in "ESG: good companies can make good stocks," a 2016 report from BofA Merrill Lynch's Global Research team. The report found a company's ESG performance is a reliable indicator of its future stock performance. *Read more on page 5.*

Highlights of our ESG work in 2016 include continued progress toward our \$125 billion goal to support clients connected to clean energy and other environmentally supportive activities. We've directed \$49 billion since 2013, with \$15.9 billion in 2016 alone. We've also been the lead green bond underwriter globally for three years, underwriting nearly double our closest competitor's business, and issuing three of our green bonds totaling \$2.1 billion.

We launched the Catalytic Finance Initiative (CFI) in 2014 with a \$1 billion capital commitment to drive growth and help de-risk clean energy projects, such as wind and solar innovation. In 2016, we expanded the CFI to include several leading financial organizations, resulting in a total commitment of \$8 billion marked for sustainable investments.



Vice Chairman Anne Finucane

We're also helping to drive economic development and job creation by responsibly extending capital to individuals and companies, with the aim of advancing economic mobility. One way we do this is through community development banking. In 2016, we provided nearly \$4 billion in loans, tax credit equity investments and other real estate development investments to create housing for individuals, families, veterans, seniors and the formerly homeless.

We've invested more than \$1 billion in community development financial institutions (CDFIs) throughout the U.S. As an example, through our partnership with the U.S. Department of Agriculture, *Uplift America* is providing more than \$400 million in long-term, low-cost financing to help build schools and hospitals in impoverished rural and Native American communities.

We also launched the Affordable Loan Solution® mortgage in early 2016, in partnership with Self-Help Ventures Fund (Self-Help) and Freddie Mac, to provide low- and moderate-income (LMI) homebuyers a responsible way to buy their first home. We doubled our commitment from \$500 million to \$1 billion within our first year.

In the pages that follow, we highlight our work to drive responsible growth — deploying capital and helping to create jobs, develop communities, foster economic mobility, support our team and address society's biggest challenges.

To learn more, visit our website ([about.bankofamerica.com](http://about.bankofamerica.com)) and follow us on Twitter (@BofA\_News and @BankofAmerica). Our complete 2016 Global Reporting Initiative data will be available online in June.

A handwritten signature in dark ink, appearing to read "Anne".

Anne Finucane  
Vice Chairman  
Chair of the Global ESG Committee

# ESG in practice

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**To illustrate the important role ESG plays at Bank of America and demonstrate how it is fully integrated across the company, we asked Chairman and Chief Executive Officer Brian Moynihan, along with several members of the Global ESG Committee, to provide their perspective.**

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## **Brian Moynihan, CEO**

We must ensure that our growth is sustainable. That means we must adhere to rigorous standards of corporate governance, we must invest in our communities, and we must strive to be the best place to work by helping our more than 200,000 teammates achieve their goals and reach their aspirations. Our ESG practices are central to growing in a sustainable manner.

We are committed to best practices in corporate governance, including a strong, independent Board of Directors and other measures. *You can read more about our Board of Directors in our 2017 Proxy Statement.*

Critical to fostering sustainable growth is the way we invest in our workforce and create an environment where they can thrive. As of early 2017, we've increased our minimum wage so that all U.S. employees earn at least \$15 an hour. In 2016, we also increased our fully paid U.S. parental leave from 12 to 16 weeks for all new parents.

To continue the strong performance we saw in 2016, we remain focused on executing our responsible growth strategy with a focus on ESG factors.

*Read more perspective from Brian in his letter to shareholders in the 2016 Annual Report to Shareholders.*



## **Andrew Plepler, global head of ESG**

ESG leadership isn't something you roll out overnight. The trust and credibility that you build up over time reflects who you are as a company and a track record of doing what is right. It is the foundation of long-term growth. Are we fair? Are we transparent? Are we thinking about the client first? Are we being good risk managers? We constantly ask ourselves these questions and have debates internally on what these mean. We come to sound decisions that we can all feel good about because we know we've considered diverse views and made the decision that is best for the long-term success of our company.



### **Lee McEntire, head of Investor Relations**

Bank stocks are bank stocks — we all take deposits and make loans. What distinguishes us at Bank of America is that we focus on ESG factors. ESG is a differentiator for us with investors. Three years ago, I rarely got a question on ESG from our institutional shareholders. Today, it's rare if there isn't an ESG analyst in the room.

We think about ESG as a business opportunity, not just something that makes us feel good. We've issued three corporate green bonds to date, our last for \$1 billion. We are the leading underwriter of green bonds in the industry, and our wealth management business has \$11 billion in assets under management with a clearly defined ESG approach. That's real money being invested — and we are only seeing this opportunity grow.

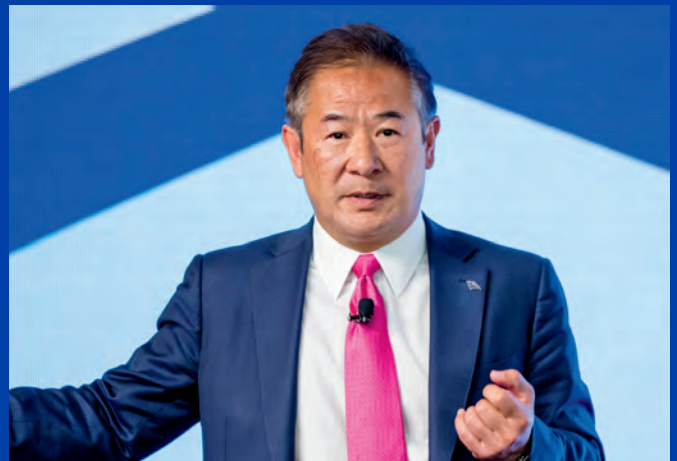


### **Candace Browning, head of BofA Merrill Lynch Global Research**

In our research report, "ESG: good companies can make good stocks," we found that a company's ESG performance signals performance of its stock over time. In fact, stocks in the top third in ESG performance outperformed those in the bottom third by 18 percent. There is also a tremendous business opportunity with ESG. We found that investors, particularly millennial investors, are increasingly focused on these factors. Across the industry, there has been a 33 percent increase in assets under management in ESG-type funds in just the last two years. And as millennials' wealth grows, there could be an inflow of \$15–20 trillion into ESG investments over the next 20 to 30 years.

### **Thong Nguyen, president of Retail Banking and San Francisco/East Bay market president**

ESG has everything to do with being client-focused and doing things the right way. Our purpose of helping to make people's financial lives better keeps us focused on exactly what we can do to improve banking. We've enhanced financial centers to better serve our LMI clients and neighborhoods and built products like SafeBalance Banking® to help clients stay on track, and we lend responsibly with the BankAmericard® Secured credit card and the Affordable Loan Solution mortgage. Our digital banking capabilities mean clients are able to manage their finances so simply and easily that they don't even have to think about it, and they can get help when they need it with Better Money Habits®, alerts, and spending and budgeting tools. We're doing business this way across the U.S., and we're also working together in every one of our markets, doing our best to support and serve local communities through volunteerism and community engagement. This matters to our employees and our clients, and it's crucial to how we earn sustainable, responsible growth.





## Andy Sieg, head of Merrill Lynch Wealth Management

The reason we focus on ESG in our wealth management business is simple—we are seeing clear demand from our clients. They want to know what we can offer to help them connect their values to their portfolio. We incorporate ESG into how we talk with our clients about goal-based investing, so from the very first meeting, we open the door to a deeper understanding of their priorities. It helps us serve them better. And as client demand drives innovation, we see significant opportunities for responsible growth at Bank of America. As a company, we have to continue to walk the walk on ESG. Our own credibility as an ESG leader is fundamental to our ability to engage clients on this topic.



## Matthew Koder, president of Asia Pacific, Bank of America Merrill Lynch

We are a global bank operating in one of the fastest-growing regions in the world. As our clients and communities in Asia Pacific grapple with the challenge of sustainable growth, our leadership in ESG has never been more important. We stand ready to share with our stakeholders what we have learned from focusing on responsible growth and sustainable investing. We can do this firstly by example: in the way we conduct our business, manage risk and maintain the highest ethical and professional standards in everything we do. And secondly, by supporting business that drives positive environmental and social change. By growing our business responsibly, we deliver returns not just for ourselves, but more importantly, for our clients, shareholders and the wider community. When we grow responsibly, we are investing in the future.



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## Global ESG Committee

Our ESG approach is fully integrated into each of our eight lines of business, helping to deliver increased shareholder value while ensuring we are taking ESG factors into account as we make the decisions that drive our business. The Global ESG Committee meets regularly to identify and discuss issues central to our ESG focus—including our human capital management practices, products and service offerings, and investments in creating a sustainable global economy. The committee is composed of senior leaders from across the company, is led by Vice Chairman Anne Finucane, is accountable to CEO Brian Moynihan, and provides regular reports to the Board of Directors.

**Anne Finucane**, vice chairman and chair of Global ESG Committee

**Raul Anaya**, Pacific Southwest Region executive and Greater Los Angeles market president

**Mick Ankrom**, Enterprise Credit and Operational Risk executive

**Dean Athanasia**, Preferred and Small Business Banking president

**Alex Bettamio**, Latin America president

**Cynthia Bowman**, Global Diversity and Inclusion executive

**Sheri Bronstein**, Global Human Resources executive

**Candace Browning**, BofA Merrill Lynch Global Research head

**Bill Caccamise**, deputy general counsel and Global Banking and Markets Legal executive

**Anne Clarke Wolff**, Global Corporate Banking and Global Leasing head

**John Harris**, Global Corporate Services executive

**Christine Katziff**, corporate general auditor

**Matthew Koder**, Asia Pacific president

**Terry Laughlin**, Global Wealth and Investment Management vice chairman

**Sarah Lee**, Global Risk chief operating officer

**David Leitch**, global general counsel

**Jim Mahoney**, Public Policy and Corporate Affairs executive

**Lauren Mogensen**, Global Compliance executive

**Thong Nguyen**, Retail Banking president

**Andrew Plepler**, ESG global head

**David Reilly**, Global Banking and Markets Technology executive

**Purna Saggurti**, Global Corporate and Investment Bank chairman

**Andy Sieg**, Merrill Lynch Wealth Management head

**Alex Wilmot-Sitwell**, Europe, Middle East and Africa president

**Sanaz Zaimi**, Global Fixed Income, Currencies and Commodities Sales co-head

## Good companies can make good stocks

Our BofA Merrill Lynch Global Research team authored a research report in 2016 that showed incorporating ESG factors into an investment approach can be critical to achieving one's long-term financial goals — and that ignoring ESG may be costly to investment performance. Specifically, they found that those companies ranking highest in ESG criteria tended to have consistently lower future stock price volatility and higher average subsequent returns on total equity as compared to their lower-ranked counterparts.

They also found a connection between ESG scores and future earnings volatility: on average, companies with two or more Standard & Poor's common stock ranking upgrades had among the highest ESG rankings. Even more, investors who held stocks with above-average environmental and social scores would have avoided investing in 90 percent of companies with post-2008 bankruptcies.

Our research team found that

*investing in ESG companies presents a significant opportunity for potential asset growth within the United States, where it's just beginning to gather momentum.*

U.S.-domiciled sustainable, responsible and impact investing assets have grown 33 percent over the past two years to nearly \$9 trillion in assets under management as of December 2016. Interestingly, the focus on ESG-oriented investment strategies is stronger among millennial investors than any other age cohort, with 90 percent either already engaging in "impact investing" or wanting to do so. Indeed, our analysts believe millennials could drive \$15–20 trillion of cash inflows into ESG investments over the next two to three decades, which would roughly double the size of the U.S. equity market.

## Governing ESG issues

Over the last two years, we have strengthened our governance of environmental and social issues. Our Global ESG Committee helps identify, raise and oversee the bank's response to emerging ESG risks and opportunities.

Our Environmental and Social Risk Policy Framework (ESRPF) articulates how we approach environmental and social risks across our business, and outlines the environmental and social issues most relevant to us. We recognize the impact those risks can have on our communities, clients, employees, vendors and company, and take our role in managing them very seriously. Our ESRPF provides clarity and transparency on our approach to environmental and social risks, including how we identify, measure, monitor and control these risks as part of our company's risk framework. The ESRPF is reviewed and approved by the Global ESG Committee every two years, or more frequently as material issues develop.



## National Community Advisory Council

Our National Community Advisory Council (NCAC), formed in 2005, provides us external perspective on the business and societal challenges of the day. A diverse group of U.S. leaders comprise the council from the areas of civil rights, consumer advocacy, community development and environmental sustainability. While initially charged with providing guidance on our community development lending practices and investment activities, the NCAC's purview has expanded to include a broader focus on all environment and social issues that Bank of America grapples with as a business and as a stakeholder in U.S. communities. Among the timely discussions in 2016 are the council's point of view on issues of social justice and race that came to the forefront across the U.S. (see page 10 for more details). These issues touch each of us at home and at work, and the NCAC members have been invaluable in sharing their perspective and engaging in dialogue with us to work through our collective thoughts and how we can help our communities move forward.

The council meets semiannually to provide perspective and input on how we can help build stronger communities and more stable economies, including strengthening our environmental business initiative, the evolution of our responsible business practices and our approach to governance. As examples of its work, the NCAC has advised us on fee policies, the development of our SafeBalance Banking and Affordable Loan Solution mortgage products, and the launch of our Better Money Habits financial education partnership with Khan Academy.



# Environmental sustainability

**As one of the largest global financial institutions, Bank of America is in a unique position to help society transition to a low-carbon economy and support sustainable business activities.**

We do this by providing financial and intellectual capital to our clients to help develop solutions to environmental challenges. By financing clean energy initiatives and advancements in renewable energy, we are spurring innovation in and the growth of environmentally focused companies, markets and jobs.

## Finance is addressing climate change and demands on natural resources

We recognize the deployment of our financial capital is one of our biggest opportunities to have a positive environmental impact. That is why our second environmental business commitment, made in 2013 and increased in 2015, is directing \$125 billion in financing for low-carbon and sustainable business by 2025 to address climate change and other demands on natural resources. As part of this commitment, we have delivered \$49 billion over the last four years towards clients connected to clean energy, energy

efficiency, water conservation, sustainable transportation and other environmentally supportive activities. In 2016 alone, we provided \$15.9 billion toward these efforts. Through our first and now second environmental business commitments, we have provided a total of \$70 billion in financing for low-carbon and sustainable business activities since 2007. Our commitment continues as we work to address climate change.

A key part of our climate-finance efforts includes the expansion of the green bond market, helping to increase investments in initiatives with environmental benefits such as incorporating solar energy into a company's operations or making buildings more energy-efficient. In 2016, we issued our third and largest corporate green bond for \$1 billion to help finance renewable energy generation. This follows our \$600 million corporate green bond offering in 2015 and our first corporate green bond issuance for \$500 million in 2013. Through these offerings, we are advancing



*Through our partnership with GivePower, we helped install solar panels at a local school in Haiti.*



renewable energy generation by financing new projects — such as a multistate residential solar portfolio and a wind turbine facility in Oklahoma.

Equally as important, Bank of America Merrill Lynch led the underwriting of \$25 billion in green bonds on behalf of 27 clients in 2016 alone. Bloomberg New Energy Finance recognized us as the number one underwriter of green bonds for the past three years. We led offerings for clients including the Chinese automobile company Zhejiang Geely Holdings (\$400 million), the New York Metropolitan Transportation Authority (\$588 million), Banco Nacional de Costa Rica (\$500 million) and the European Investment Bank (five bonds in 2016 totaling \$3.6 billion). Proceeds from these bonds are helping to finance various emissions-reducing projects.

### Expanding our Catalytic Finance Initiative

No single company can tackle the challenges of financing clean energy on its own. It was with this in mind that we launched our CFI in 2014, focused on creating at least \$10 billion in new investments in high-impact clean energy projects. The CFI's goal is to create an environment in which clean energy innovations and infrastructure projects are easier to finance, developing new structures that can be piloted in one location and then scaled more broadly — in turn creating investment opportunities to address other large-scale issues like health, education and job creation. The CFI started with our own \$1 billion commitment in 2014 and now has \$8 billion in total commitments with the addition of eight new partners in 2016. The expansion of the CFI served to promote the United Nations Sustainable Development Goals' objectives to act on climate change and advance access to clean energy, as well as other goals such as sustainably managing forests and promoting availability of clean water and sanitation.

Under the CFI, we served as placement agent and joint arranger for Vela Energy in a €404 million solar project bond backed by a portfolio of 35 solar photovoltaic projects in Spain with an output of 157 gigawatt-hours of power. Project bonds and asset-backed securities focused on renewable energy are in the early stages of development, but have the potential to attract significant capital from institutional investors interested in fixed-income products that can deliver reliable, competitive returns over long-term periods. We also helped structure and co-arrange the world's first innovative forestry bond in 2016 — a \$152 million offering issued by the International Finance Corporation. This funding will help protect 490,000 acres of forest in Kenya and enhance wildlife conservation efforts in East Africa. Importantly, it also demonstrated that the private capital markets can have an important role to play in helping to protect the world's forests.



## Leading by example: Our environmental operations goals

In September, we announced new operations goals to reduce our company's environmental impacts by 2020, including **becoming carbon neutral and purchasing 100 percent renewable electricity**. Our commitments listed below build on the success of our 2015 environmental operational goals.

### Our environmental commitments:

Reduce location-based gas emissions

50%

Reduce energy usage

40%

Reduce water usage

45%

Reduce waste to landfill

35%

# Driving economic and social progress

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We are helping to drive economic development and job creation through our business and our partnerships. We do this by responsibly extending capital to individuals and companies, which creates opportunities in the communities we serve, and by our philanthropic investments and the power of our employee volunteers. This support goes beyond the pure financial benefits — it helps build thriving communities by enabling nonprofits, arts and culture organizations, and others to advance economic mobility for individuals and families, addressing issues of social justice and connecting more deeply to people in their community.

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## Enabling economic mobility through lending that empowers individuals and communities

We know strengthening local communities is fundamental to the future of our clients' and our own businesses. That is why we connect people to the capital they need to build, restore and expand local economies. This can entail offering innovative lending — done responsibly — to individuals and businesses throughout our footprint. Helping businesses access financing for projects that address basic human needs, such as housing for veterans or the homeless, health care, or enabling people to live in safe and secure neighborhoods, is fundamental to helping local communities thrive.

## Community development banking

Our community development banking business uses innovative financial solutions to create sustainable ways to promote healthy and thriving communities. In 2016, we provided nearly \$4 billion in loans, tax credit equity investments and other real estate development solutions to create housing for individuals, families, veterans, seniors and previously homeless individuals across the United States.

For example, after years of underfunding, San Francisco's public housing projects were in trouble and the San Francisco Housing Authority could not afford to make an estimated \$270 million in repairs. In 2016, Bank of America Merrill Lynch completed the second phase of the San Francisco Rental Assistance Demonstration (RAD), the largest and most complex RAD financing in the United States to date. By using a combination of \$2.2 billion in debt and equity solutions in 2015 and 2016, we were able to provide nearly 3,500 units to more than 10,000 people. We also allocated \$2.8 million of our tax credit equity investment to tenant transitions, connecting residents with health and financial wellness services,

and creating common spaces. The simple installation of a rooftop garden on one building, for instance, has provided fresh produce to tenants and given them a sense of community.

## Community development financial institutions

We also work with CDFIs — also known as community lending partners — to extend banking services to businesses and others that may not be able to access capital through traditional channels. These small businesses, affordable housing partners and nonprofit organizations, some of which are among the most marginalized, need help accessing capital, mentoring and financial resources. That's where our work with CDFIs comes in. We invest more than \$1 billion in 250 CDFIs in all 50 states, Puerto Rico and the District of Columbia to connect lending solutions to people and communities.

One innovative program administered through CDFIs is the Tory Burch Capital Program, powered by Bank of America. In 2016, we extended our commitment, pledging to lend \$20 million to women entrepreneurs in the United States over the next two years, totaling \$30 million overall since 2014. So far, the program has connected nearly 1,100 women entrepreneurs to \$25 million in affordable loans — entrepreneurs like Andréa Pedraza and her daughter Cindy, who have been able to grow their chocolatier business, CocoAndre, into the successful company it is today. They are the first women-owned, Hispanic business in Dallas' Oak Cliff neighborhood. More than just sourcing capital to create a successful business, the program has allowed them to reinvest in their community.

Among other examples of our partnerships are *Uplift America*, which is providing more than \$400 million in long-term, low-cost financing for 26 community lenders and CDFIs working in impoverished rural and Native American communities, and the





Residents in the courtyard at Holly Courts, one of the many housing developments transformed through the San Francisco RAD program.

CDFI Bond Program, which is providing \$100 million in low-cost, 30-year capital to Self-Help as part of the U.S. Treasury's CDFI Bond Program. Self-Help will use the funds to finance the construction of housing and community facilities (such as charter schools and primary health care facilities) in LMI communities, such as the Revolution Mills project, a 570,000-square-foot, mixed-use development in Greensboro, N.C.

These are just some of our partnerships that have helped put people in homes, grown small businesses that otherwise may not have flourished, and enabled low-income neighborhoods to enjoy some of the economic and social benefits that come with revived housing and business.

*In 2016, we provided nearly \$4 billion in loans, tax credit equity investments and other real estate development solutions to create housing for individuals, families, veterans, seniors and the previously homeless across the United States.*





*We encourage courageous conversations to learn and understand more about each other.*

## Courageous conversations

In 2016, we witnessed civil strife, protest and loss of life in cities around the world. These events remind us of the importance of supporting each other—colleagues, clients and community partners alike—understanding that we are all affected in personal ways, and appreciating that those feelings do not pause when people come to work at the bank or do business with us. This led us to expand our courageous conversations, which started a few years ago. Whether in small or large conversations, we encourage ongoing education and awareness to foster deeper learning and understanding. One such conversation took place in December, as we welcomed members from our NCAC for a conversation with our employees about social justice and racial equality (learn more about the NCAC on page 5). Panelists included Cornell Brooks of the NAACP, Wade Henderson of the Leadership Conference on Civil and Human Rights, and Marc Morial of the National Urban League. It was broadcast to more than 50,000 Employee Network members, and replays were shared with all employees.

## Arts and culture

We believe that the arts help economies thrive, communities flourish and individuals connect with each other while educating and enriching societies. Our arts and culture partnerships also can put a spotlight on important issues of the day, such as social justice. In 2016, we sponsored two acclaimed documentaries on PBS: “Jackie Robinson” by Ken Burns and “Black America Since MLK: And Still I Rise” by Henry Louis Gates Jr. Additionally, in September, we marked a cultural milestone with the opening of the National Museum of African American History and Culture in Washington, D.C., which we are proud to serve as a founding donor.

We support nonprofit arts institutions that deliver visual and performing arts, provide inspirational and educational sustenance, anchor communities, create jobs and generate substantial revenue for local businesses. Our programs include loans of our own collection to help museums drive traffic and revenue, as well as support for exhibitions and the Art Conservation Project, which provides grants to nonprofit museums to conserve historically or culturally significant works of art. Since 2010, we have provided grants to museums in 29 countries for more than 100 conservation projects. In 2016, one of these projects included restoring 10 Noé León paintings in Colombia, South America.

## Impact investing

We are increasingly seeing clients align their money with their values to make a social impact and drive economic growth. We officially launched an impact investing program in 2013 to meet rapidly growing client demand for investments that have a positive impact on society or the environment without sacrificing performance. As of December 31, 2016, our Merrill Lynch Wealth Management and U.S. Trust clients had more than \$11.3 billion in custom portfolios, mutual funds, exchange-traded funds and separately managed accounts with a clearly defined ESG approach.



*National Museum of African American History and Culture in Washington, D.C.*

Today, 17 percent of Merrill Lynch advisors use five or more impact investing solutions to help meet their clients' needs — twice as many advisors compared to just three years ago. In response to these trends and growing client demand, we will enhance our impact investing process, platform, investment guidance and resources in 2017. And in U.S. Trust, we offer six investment sleeves within our overall Socially Innovative Investing Portfolio. They include a large-cap Socially Innovative Investing Strategy, a Women and Girls Equality Strategy, an Environmental Sustainability and Stewardship Account, a Religious Voice and Values Strategy, a Human Rights and Recognition Strategy, and an all-cap social strategy.

## Supplier diversity

We invest in diverse businesses to drive sustainable economic growth because when diverse suppliers succeed, the diverse communities that we serve, thrive. We support the growth of diverse businesses through our Supplier Diversity and Development Program, which develops relationships with third-party vendors owned by minorities, women, veterans, individuals with disabilities, and the lesbian, gay, bisexual, and transgender (LGBT) community. In 2016, we directed \$2.6 billion in diverse procurement spending. Our commitment to spend procurement dollars with diverse businesses and simultaneously invest in their development gives rise to a meaningful, long-term impact.

*In 2014, Bank of America became the first and remains the only financial services institution to gain membership into the Billion Dollar Roundtable, a nationally recognized organization that celebrates corporations that spend at least \$1 billion directly with minority- and women-owned businesses.*

In 2016, we were honored several times over — with the National Minority Supplier Development Council's Financial Services Corporation of the Year Award, the Women's Business Enterprise National Council's Platinum Top Corporation Award, and the National Gay and Lesbian Chamber of Commerce's Best of the Best Corporation Award.

## Workforce development

We help drive economic and social progress through our philanthropic investments focused on advancing economic mobility for individuals and families and creating thriving communities. One example is our commitment to youth employment with an emphasis on skills development and better money habits. Through national, regional and local partnerships focused on youth employment, we are helping individuals of all socio-economic backgrounds realize their potential, find meaningful employment and chart a more successful future, all of which strengthen local communities. In 2016, we committed \$40 million over three years to connect youth and young adults to skills, training and jobs. In addition to partnerships with organizations such as Year Up, Boys and Girls Clubs of America, Urban Alliance and Ada, The National College for Digital Skills, our Student Leaders® program helps high school students build work and leadership skills through paid summer internships at nonprofit organizations and participation in a leadership summit. Through summer youth employment programs in partnership with U.S. mayors, we help young people learn how to manage their first paycheck and learn more about future career opportunities.

## Our workforce development investments:

Nearly  
**\$23M** in grants invested in workforce development in 2016

Number of nonprofits we worked with in 2016  
**1,200+**

**45,000** Number of students placed in jobs (nonprofit estimate)







## Enabling financial health

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We are achieving responsible growth by focusing on our clients' needs. We continue to develop risk-managed products and solutions that fit their financial profiles and help clients achieve their financial goals. And as the world becomes even more digital and mobile, we have innovated our offerings to help clients live better financial lives by putting the power in their hands.

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### Meeting clients' needs, responsibly

We are committed to ensuring our policies, practices, products and programs all align to our purpose of making financial lives better for the communities we serve. We have done this in part by creating simple, safe, transparent and easy-to-use solutions that give people greater control of their finances:

- **SafeBalance Banking**, an alternative option for clients who want more predictability in the way they bank, no overdraft fees, and the ability to manage their finances without using paper checks. Clients can spend only what is in their account and can also take advantage of many of the same features of a traditional checking account—with a low monthly maintenance fee.
- **The Affordable Loan Solution mortgage**, a conforming loan that provides LMI homebuyers access to a responsible lending product at affordable entry prices, in partnership with Self-Help and Freddie Mac. (See page 14 for more detail.)
- **BankAmericard Secured credit card**, a secured credit card that is the first step in establishing financial credit; and for some, this type of credit card will help strengthen or even rebuild good credit.
- **Better Money Habits**, developed in partnership with education nonprofit Khan Academy, is a holistic financial wellness platform that pairs Khan Academy's expertise in online learning with our financial know-how to help people better engage with their finances by providing practical and personalized information and tools. These resources—free and available for all—are simple, easy to understand and span a wide range of personal



finance topics, including budgeting and saving, debt, credit, homeownership, retirement and more.

- **Our policy on overdrafts**, which will not allow debit card clients to overdraw at the point of sale. In 2010, we made the decision to only allow debit card transactions at the point of sale if a customer has enough money in their account. Clients also cannot overdraw their account at an ATM, unless they proactively agree and understand that a fee will be charged.

In 2016, we successfully piloted our Community Financial Center concept to better serve our LMI clients and neighborhoods. The Dudley Street financial center in the Roxbury neighborhood of Boston, Mass., opened in September and boasts new features and technology enhancements for individuals and small businesses, such as an online banking kiosk, resources to help clients learn more about their money and how to improve their credit, and marketing collateral that emphasizes the products most relevant for them. The employees in this center specialize in the products and services that can best help LMI clients reach their financial goals, such as SafeBalance Banking and Better Money Habits, while also providing tools that enhance transparency such as mobile banking and alerts. We will extend elements of this approach in our 1,300 financial centers in LMI neighborhoods, including creating 25 beacon centers, like Roxbury, that enhance our work in these communities.

## Meeting clients and consumers where they are

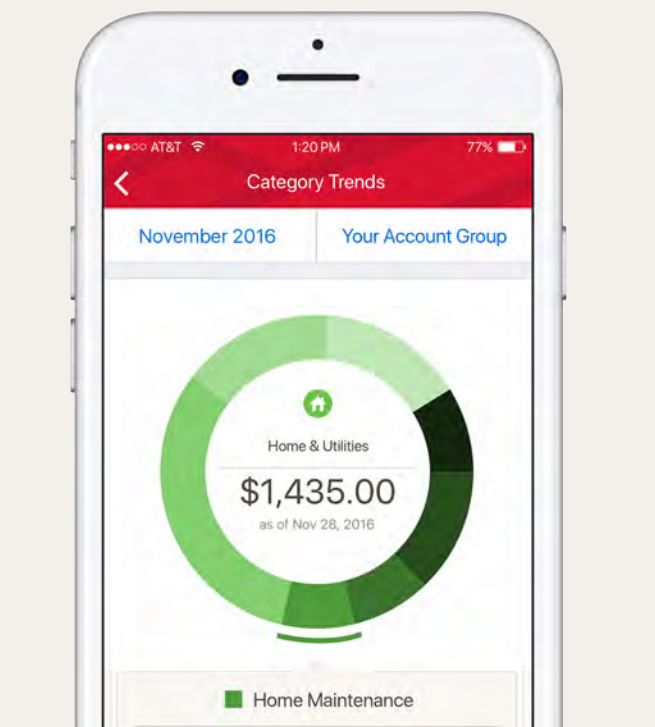
We have focused on using technology to better serve our clients in the ways they want—in turn helping them live better financial lives. In 2016, we implemented a comprehensive update of our mobile banking app navigation, making it easier for clients to manage their finances. And as part of our commitment to serving millions of our Spanish-speaking clients, individuals can use the app in Spanish or English language.

We are also delivering more convenience to clients by expanding the number of cardless ATMs, so clients can authenticate themselves at an ATM using their phone's digital wallet instead of a physical card for an added layer of security to access their cash.

*As of the end of 2016, some 8,000 ATMs are now cardless—about half of all of our ATMs.*

And we are adding convenience and better safeguards through our debit card lock and unlock. If a client misplaces their debit card, they can temporarily “lock” it so no one can use it, then “unlock” it once found by the owner.

It's also important for us to provide financial education on demand and when clients are making financial decisions. In 2016, we made our signature financial education resource, Better Money Habits, available within our mobile app—and had more than 14 million views the same year.



## Spending & Budgeting tool

We know our clients want to simplify their financial lives and stay in control of their money. In late 2016 and early 2017, we introduced the Spending & Budgeting tool on our mobile and online platforms. The tool—also available in Spanish—helps clients more quickly see where their money goes and encourages them to take greater control of their finances through Better Money Habits resources. Clients can use it to see how much they spend by category and compare their overall spending to their monthly income or to a budget. If they choose to compare their spending to a budget, customers can automatically receive their suggested budget based on their past behavior—or they can build it themselves. Since early 2017, almost 600,000 users have created budgets—and 61 percent are millennials.

## Simplifying financial lives with artificial intelligence

In 2017, we will introduce a powerfully personal voice and chat-driven intelligent virtual assistant—Erica—that will be integrated into our mobile banking app and other touch points to help improve the financial lives of our clients. Previewed at the Money20/20 Conference in late 2016, Erica will leverage the latest technology in artificial intelligence, predictive analytics and cognitive messaging to serve as our clients' trusted financial advocate. “She” will be on call 24/7 to execute day-to-day transactions, provide proactive guidance, and anticipate clients' financial needs to help them stay on track and reach their financial goals.

We continue to improve Better Money Habits based on feedback from users, clients, employees, advocacy groups and nonprofit organizations. Based on their feedback, we introduced new content in 2016 that was focused on money management for couples, traveling, financial goal setting and much more. Users also told us they wanted to learn more about products that could help them through their financial journey. We now direct visitors to learn more about our products and services when—and only when—those resources make sense.

*Our goal is to equip visitors with the knowledge they need to make smart financial decisions, whether they are clients or not.*

Our technology enhancements extend beyond our online and mobile banking capabilities. In South Africa, for instance, in partnership with nonprofit AlphaCode, we support financial services entrepreneurs who are creating businesses that help people by using technology to address financial inclusion, financial education, housing and nutrition.

#### Spotlight on Affordable Loan Solution

*Homeownership is the foundation of every healthy community, and we are helping individuals and families realize the American dream of owning a home.*

Complementing our tradition of helping people access homeownership opportunities, our Affordable Loan Solution mortgage, in partnership with Self-Help and Freddie Mac, launched in early 2016 as a way to provide LMI homebuyers a responsible way to buy their first home.

The Affordable Loan Solution mortgage helps borrowers with modest incomes who can afford monthly payments and have good credit history buy a home by helping them overcome down payment barriers. The solution allows down payments as low as 3 percent on the purchase of a primary, single-family residence, with no mortgage insurance and no reserve funds required in most situations. As a result of the program's potential, we doubled our annual commitment from \$500 million to \$1 billion within our first year.







## Valuing our people

**We build our team and invest in our people so they can serve our clients responsibly and help make an impact in our communities.**

We have a culture at our company where we put the customer first, emphasize integrity and responsibility, and encourage all employees to bring their whole selves to work. When we can create a workplace where our colleagues are engaged, empowered and committed for the long term, we are better positioned to help our clients improve their financial lives.

### Investing in our employees

The way we value and support our colleagues is a reflection of who we are as a company. We provide compensation, benefits and wellness resources that reflect our commitment to being a great place to work, which is not only the right thing to do, it is core to being a sustainable, successful bank. Recent demonstrations include:

#### Increasing our minimum wage to \$15 per hour

Our compensation is anchored in a pay-for-performance philosophy, with a long-standing commitment to paying a competitive wage. We have paid our hourly, non-commissioned U.S. employees at a rate higher than federal, state and local minimum wage requirements for several years, and we have made regular increases during that period. In February 2017, we continued this investment and increased our minimum wage to \$15 per hour.

#### Helping employees manage their health care expenses

We offer our U.S. employees who work 20 hours or more per week health coverage where the company pays the majority of the total cost of all health care expenses. For employees making less than



## Our focus on equal pay for equal work

At the heart of our ESG activities is our goal to be the best place to work for our employees. This includes being a diverse and inclusive company, providing competitive compensation and benefits with particular focus on our lower-paid employees, and pay practices that ensure equal pay for equal work.

An important component of our compensation practices is the work we do to achieve gender equity. Our objective is straightforward: To ensure that men and women in similar positions receive comparable pay.

While the goal is straightforward, we arrive at it only through rigorous processes and analyses. Our company consists of a range of businesses and functions, with thousands of different types of jobs within those organizations.

The company sets the expectations for gender-neutral pay, and our own analyses and review are embedded in our compensation process. This ensures that our core process has resulted in alignment of pay for performance in a gender-neutral way.

To help guide us in ensuring we achieve the goal of pay equity for all of our employees, we also engage an independent compensation specialist to conduct comprehensive analyses for our U.S. employees for that year, including 2016.

The independent specialist identifies individual differences, if any, in pay between women and men at the individual level, taking into account such factors as experience and work location. We adjust compensation for any individual employee as appropriate based on these analyses. The analyses and any adjustments we make from it are integrated into our compensation processes for that year, before final pay decisions are made.

This work gives us confidence that we pay our employees equitably.

Further detail on our pay-for-performance process and our gender-equity analysis work is available in our Proxy Statement.

\$50,000 a year, we reduced their annual medical premiums by 50 percent in 2011, and have kept their premiums flat for five consecutive years. We've also kept our 2017 annual medical premium increase below the national average and lower than many other large companies. Additionally, we make company-funded contributions to eligible health care accounts.

### Expanding support for parents and caregivers

Another way we demonstrate how much we value our employees is by providing benefits and programs to support them with their needs outside of work, such as when they have a child or have family care responsibilities.

#### Child care

*In 2016, we expanded our U.S. paid parental leaves — maternity, paternity and adoption — from 12 to 16 weeks to allow colleagues time to bond with their new child.*

Our enhanced policy allows parents the flexibility to start a parental leave when it works best for their family within the first 12 months after the new child arrives. In addition, we also reimburse eligible U.S. employees for adoption and child care expenses, and our U.S. employees can take advantage of our backup care program.

#### Elder or other family care

We also know that employees care for elder and other family members. That is why we offer a range of adult care services, such as backup adult care, access to experts who can assess a loved one's well-being and elder care law services.

#### Helping our employees stay well

We help employees address health risks and manage health care costs: focusing on wellness, helping to educate our colleagues about their health and providing resources to encourage them to make healthy choices that prevent more serious, costly health issues in the long run. In 2016, we implemented several initiatives to focus on wellness. Thanks to this work, more than 70,000 employees have engaged with a health coach, 68 percent remained in a "low risk" health category, while 23 percent migrated to a lower-risk category. In addition, we introduced a program to help employees and their families reduce hypertension.

#### Supporting employees in the moments that matter

Our Life Event Services (LES) team is dedicated to supporting employees during major life events, such as retiring from our company, taking a leave of absence, facing a terminal illness or having a family member pass away. In 2016, we expanded the team's focus to support employees dealing with domestic violence or impacted by a critical event such as a natural disaster or house fire.

As part of our ongoing support of the LGBT community, in 2015, LES specialists began helping employees who are transitioning gender. We are one of the first major employers in Hong Kong and Singapore to reimburse transgender-related treatment in a hospital or outpatient clinic, and we are also believed to be the first major company in the United Kingdom to include gender reassignment surgery for employees in our health insurance package.

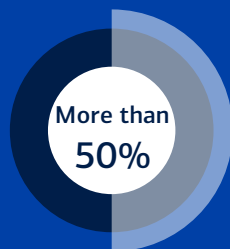
# Advancing women's leadership and economic empowerment

Being a diverse and inclusive company is essential to our ability to meet the needs of our clients, communities and employees. We promote an inclusive environment where all employees have the opportunity to achieve personal success and contribute to our company. We are focused on attracting, retaining and developing diverse talent and have been recognized as the World's Best Bank for Diversity by Euromoney and on the 2017 Bloomberg Financial Services Gender-Equality Index.

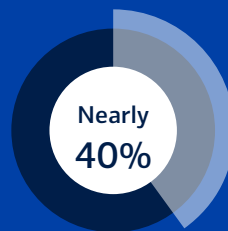
We invest in helping women make meaningful contributions within our company and in our communities. We have strong representation at all levels and exceed industry benchmarks in nearly every category. Among the programs to develop our female employees are our Investing in Women Leadership Council, Global Women's Conference, Women's Executive Development Program and Pathways to Progression.

We also recognize that women play a vital role in driving economic growth, and we have partnerships to connect women entrepreneurs to mentoring, capital and other tools that will advance their businesses and make significant contributions to our global economy. Through partnerships with the Tory Burch Foundation, Vital Voices and the Cherie Blair Foundation, we have helped nearly 4,000 women from 80 countries grow their businesses and foster economic prosperity.

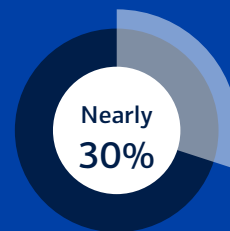
## What's happening for women at Bank of America:



% of women in our global workforce

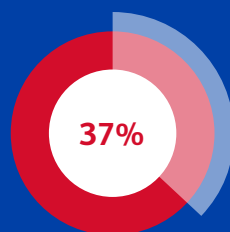


% of women on our management team



% of women on our Board of Directors

## What's happening for women globally\*:



% of all businesses worldwide owned by women



\$ amount that women's full engagement in the labor force could add to the global economy by 2025

\*2015 McKinsey Global Institute report, "How advancing women's equality can add \$12 trillion to global growth."

### Investment products:

Are Not FDIC Insured

Are Not Bank Guaranteed

May Lose Value

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