

# Welcome to your CDP Climate Change Questionnaire 2020

## C0. Introduction

### C0.1

#### **(C0.1) Give a general description and introduction to your organization.**

Bank of America is one of the world's leading financial institutions, serving individual consumers, small and middle-market businesses and large corporations with a full range of banking, investing, asset management and other financial and risk management products and services. The company provides unmatched convenience in the United States, serving approximately 66 million consumer and small business clients with approximately 4,300 retail financial centers, including approximately 3,000 lending centers, 2,700 financial centers with a Consumer Investment Financial Solutions Advisor and approximately 2,100 business centers; approximately 16,900 ATMs; and award-winning digital banking with approximately 39 million active users, including approximately 30 million mobile users. Bank of America is a global leader in wealth management, corporate and investment banking and trading across a broad range of asset classes, serving corporations, governments, institutions and individuals around the world. Bank of America offers industry-leading support to approximately 3 million small business owners through a suite of innovative, easy-to-use online products and services. The company serves clients through operations across the United States, its territories and approximately 35 countries. Bank of America Corporation stock (NYSE: BAC) is listed on the New York Stock Exchange. (As of May 28, 2020).

At Bank of America, we are guided by a common purpose to make financial lives better through the power of every connection. We deliver on this through a strategy of responsible growth and a focus on environmental, social and governance leadership. Through these efforts, we are driving growth—investing in the success of our employees, and helping to create jobs, develop communities, foster economic mobility and address society's biggest challenges—while managing risk and providing a return to our clients and our shareholders.

As evidenced by the most recent United Nations Intergovernmental Panel on Climate Change's Fifth Assessment Report and the United States government's Fourth National Climate Assessment, urgent action is needed to address climate change and prevent its increasingly devastating impacts from accelerating further. At Bank of America, we recognize that climate change poses a significant risk to our business, our clients and the communities where we live and work.

As one of the world's largest financial institutions, Bank of America has a responsibility and an important role to play in helping to mitigate and build resilience to climate change by using our expertise and resources, as well as our scale, to accelerate the transition from a high-carbon to a low-carbon society. In alignment with more than 190 countries, we support the Paris Agreement on climate change, its commitment to take action to keep global temperature rise this century to below 2°C above pre-industrial levels, and its efforts to limit the temperature increase to no more than 1.5°C. Doing so will require changes in all sectors of our economy, particularly the transformation of critical areas like energy, power, transportation and real estate.

Bank of America will mobilize an additional \$300 billion in capital by 2030 through our Environmental Business Initiative. This third commitment increases the company's investment in low-carbon business activities as part of its focus on deploying capital for responsible, sustainable growth. Through lending, investing, capital raising, advisory services and developing financing solutions, this new commitment will drive innovation and help to accelerate the transition to a low-carbon, sustainable economy. The \$300 billion goal brings Bank of America's total commitment to more than \$445 billion since 2007, when we issued our first Environmental Business Initiative. In 2019, we achieved our second business commitment of \$125 billion six years ahead of schedule, bringing the amount of capital we have mobilized to \$158 billion since 2007.

## C0.2

**(C0.2) State the start and end date of the year for which you are reporting data.**

	Start date	End date	Indicate if you are providing emissions data for past reporting years
Reporting year	January 1, 2019	December 31, 2019	No

## C0.3

**(C0.3) Select the countries/areas for which you will be supplying data.**

## C0.4

**(C0.4) Select the currency used for all financial information disclosed throughout your response.**

USD

## C0.5

**(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.**

Operational control

## C-FS0.7

**(C-FS0.7) Which organizational activities does your organization undertake?**

Bank lending (Bank)

## C1. Governance

### C1.1

**(C1.1) Is there board-level oversight of climate-related issues within your organization?**

Yes

### C1.1a

**(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.**

Position of individual(s)	Please explain
Board-level committee	The Corporate Governance, ESG, and Sustainability Committee (CGC) has ultimate responsibility for overseeing management of climate change-related issues. As stated in its Charter, this Committee is responsible for periodically reviewing the company's strategy, policies and practices regarding environmental, social and related governance (ESG) matters that are significant to the company. The board receives updates from the Global ESG Committee, which is the management-level committee responsible for significant ESG activities.

	<p>Climate change oversight is assigned to the CGC because it is included within the scope of ESG matters that are significant to the company.</p> <p>Additionally, the Board level Enterprise Risk Committee has primary responsibility for overseeing management's handling of material risks facing the bank and the implementation of the enterprise Risk Framework. Climate change is a risk theme that is being monitored by the Enterprise Risk Committee.</p> <p>As an example of a climate-related decision made by the individual/committee, to provide more clarity to investors and stakeholders, including in response to investors' input regarding Board committee-level oversight of human capital management, ESG, and sustainability matters, in early 2020 the Board decided to change the name of its Compensation and Benefits Committee to "Compensation and Human Capital Committee", and to change the name of its Corporate Governance Committee to "Corporate Governance, ESG, and Sustainability Committee". This follows changes to the Corporate Governance, ESG, and Sustainability Committee's charter in 2016 to reflect more direct oversight of our company's ESG matters and our management-level Global ESG Committee.</p>
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## C1.1b

### (C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies	Climate-related risks and opportunities to our own operations Climate-related risks and opportunities to our bank lending activities	The Global ESG Committee meets at least four times a year and reports to the Corporate Governance, ESG, and Sustainability Committee of the Board of Directors (CGC). The chair of our Global ESG Committee discusses ESG topics with the CGC during scheduled meetings. During 2019, ESG topics were discussed at three of seven scheduled CGC meetings. The 2019 discussions included a review of the Global ESG Committee Charter, including the development of our new Sustainable

	Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	Climate-related risks and opportunities to our investment activities The impact of our own operations on the climate The impact of our bank lending activities on the climate The impact of our investing activities on the climate	Markets Committee, its responsibility to increase the bank's sustainable finance activities to address climate and other issues, and its relationship to the Global ESG Committee.  ESG metrics are included in our Executive Management team's performance measurement dashboard. This team comprises all direct reports to the CEO. The metrics include, for example, progress towards our Environmental Business Initiative commitment. The Global Environmental Group that tracks this goal provides a quarterly update on progress that is incorporated into the dashboard by our Corporate Strategy team and included in an update for Board members.  Each quarter the Enterprise Risk Committee and the full Board receive a summary of key risks facing the bank, including emerging risks. Climate change is a risk theme that is being monitored as part of this process.
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## C1.2

**(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.**

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Other C-Suite Officer, please specify Vice Chairman	CEO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our investing activities Risks and opportunities related to our own operations	Quarterly

## C1.2a

**(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).**

Our Vice Chairman is the executive management team member with direct responsibility for leading the company's ESG efforts. Our Vice Chairman reports to the chief executive officer and chairs our Global ESG Committee. This Committee is composed of senior leaders across every major line of business and support function and oversees our strategy and initiatives for ESG activities and practices. The Global ESG Committee informs the Corporate Governance, ESG, and Sustainability Committee of the Board of Directors on environmental and social issues and ensures climate-related risk is integrated into strategy. On matters of environmental and social risk, including climate-related risk, the Global ESG Committee reports out to the Management Risk Committee which falls under the board level Enterprise Risk Committee. The ESG Committee meets quarterly, at a minimum and in 2019 met six times. Climate-related risk and opportunities are regularly discussed.

This structure ensures that emerging ESG issues, identified by ourselves, advocates, regulators and other stakeholders – and the risks and opportunities they present – are integrated into our core business decisions and are being reviewed and managed at the highest levels of the company. In addition to our global governance of ESG, we have established regional committees in Latin America, Asia Pacific, and Europe, the Middle East and Africa (EMEA) to guide our ESG strategy and ensure accountability at the regional level.

The Global ESG Committee serves as an integration point for various internal working groups with responsibility for environmental and social issues such as the Blended Finance Catalyst Pool Working Group. Bank of America formed the Blended Finance Catalyst Pool with an initial allotment of \$60 million to mobilize additional private capital toward the United Nations Sustainable Development Goals (SDGs), with a specific focus on energy access (SDG7), affordable housing (SDG11), water and sanitation access (SDG6), and climate resiliency (SDG13). A Working Group comprised of several senior executives from across the bank is responsible for guiding our deployment of capital under this program.

We have formed a global, cross-functional group known as the Financial Risks of Climate Change (FRCC) Steering Council to oversee our climate risk management practices and shape our approach to managing climate-related risks in line with our enterprise Risk Framework. This Steering Council meets regularly and includes senior leaders from Global Risk Management, ESG, Corporate Treasury, and the Chief Administrative Office. We have also established an FRCC Forum comprised of teammates representing risk management across all seven of our key risk types (credit, market, liquidity, reputational, compliance, operational and strategic), as well as Treasury, Global Research and ESG. Climate change is a theme across all risk types and the mandate of the FRCC Forum, which reports to and supports the FRCC Steering Council, is to review climate science research, assess risk exposure, and develop and implement our roadmap to improve climate-related risk management practices. The FRCC Forum meets bi-weekly.

As part of our commitment to positive environmental change, we have a dedicated internal team that works full-time on our environmental initiatives. The Global Environmental Group (GEG), which is part of the Global ESG, Capital Deployment and Public Policy group, focuses on five strategic areas: Sustainable Finance, Operations, Employee Programs, Nonprofit Partnerships, and Governance and Policy and operates under the direction of our Global Environmental Executive. The GEG identifies and helps to capitalize on emerging trends that present new business opportunities for the bank, while identifying trends that present risk to the company from both a business and operations perspective and helping us to manage those risks. The group establishes and has accountability for the company's environmental goals – our Environmental Business Initiative, our carbon neutrality and 100% renewable electricity goals, and other operational commitments – and develops strategies and implements initiatives to ensure that resources across the company are mobilized to meet these goals. The group is responsible for developing and updating internal policies in support of both our goals and management of risks and works with other teams across the bank to determine our public policy positions. It provides subject matter expertise to internal and external partners and clients. The group manages the company's environmental employee engagement program, My Environment, which has more than 24,000 participants in 30 countries. It also manages our philanthropic partnerships with philanthropic environmental organizations.

## C1.3

**(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?**

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

## C1.3a

**(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).**

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Corporate executive team	Monetary reward	Emissions reduction target	As part of our Responsible Growth strategy we have added Environmental, Social and Governance (ESG) metrics to our Executive Management team's performance dashboard.

			These metrics include progress towards our Environmental Business Initiative commitment, the value of ESG assets under management and our performance in ESG ratings/rankings. These metrics are tracked quarterly and reported to the Board.
Environment/Sustainability manager	Monetary reward	Emissions reduction target	The Global Environmental Group is tasked with catalyzing and supporting the development of low-carbon business activity, the achievement of greenhouse gas emissions reductions and carbon neutrality across operations, and coordinating the monitoring and reporting of climate change activities. The team is incentivized (monetarily and through corporate recognition), based on its success in these areas.
Chief Procurement Officer (CPO)	Monetary reward	Supply chain engagement	The Chief Procurement Officer is responsible for Bank of America's responsible sourcing strategy and is incentivized (monetarily and through corporate recognition) based on its success in these areas.
Environment/Sustainability manager	Monetary reward	Supply chain engagement	Global Procurement is tasked with engaging with our vendors on the management of climate change, including the delivery of our climate-related supplier engagement targets. The team is incentivized (monetarily and through corporate recognition) based on its success in these areas.
Business unit manager	Monetary reward	Emissions reduction target	Delivering operational GHG emissions reduction targets and reaching carbon neutrality: teams, responsible for our internal operations, including the Real Estate Services team, the Global Technology & Operations team, Consumer, Global Procurement, the Global Environmental Group along with others are incentivized to successfully implement activities and initiatives that support energy efficiency and manage and reduce GHG emissions.
Business unit manager	Monetary reward	Other (please specify) Managing climate change opportunities	Realization of climate change related revenue opportunities: lines of business that focus directly on climate change and environment-related revenue streams are evaluated based on their management of these opportunities. For example, Sustainable Finance groups such as Energy Services and Renewable Energy Finance (energy efficiency, solar and wind equipment finance) are paid based on the volume and scale of energy efficiency and renewable energy transactions they complete.



All employees	Monetary reward	Emissions reduction project	Incentivizing use of low-carbon vehicles for employees in the U.S., Canada, Ireland and U.K.: Our low-carbon vehicle program has provided over 11,000 reimbursements since its inception in 2006. Through this initiative, U.S. employees receive a \$4,000 reimbursement for the purchase or \$2,000 for a lease (reimbursement amount differs by country) of a new, eligible, highway-capable electric or hydrogen fuel cell vehicle. In 2019, new participants in the low-carbon vehicle program achieved an estimated cumulative emissions reduction of over 1,600 metric tons of CO2. We have also installed multiple electric vehicle charging stations at offices across the U.S. and U.K. which are free for employee use.
All employees	Monetary reward	Emissions reduction project	Reducing cost of residential solar installation: In 2019, we continued our partnership with SunPower to offer employees a discount on residential solar power contracts. Through the end of 2019, 145 employees have chosen to power their homes with solar energy through the program. By educating employees on the benefits of solar energy and addressing the barriers to installation, the program continued to grow in 2019, garnering positive feedback from all involved.
All employees	Monetary reward	Efficiency project	Employee ideas for efficiency projects: as part of our Simplify and Improve program, employees are encouraged to submit ideas on how to make the company more effective and efficient. Employees submitting ideas through the internal online forum "Speak Up!" and other channels are eligible to receive a monetary incentive if their idea is the first of its kind and selected for implementation. Conserving resources and reducing waste through green initiatives has been a common theme and employees have been rewarded for their suggestions.
All employees	Non-monetary reward	Other (please specify) Volunteer service	Supporting environmental volunteerism: Last year, Bank of America volunteers donated over 2 million hours globally, helping address critical needs in the communities where they live and work, including nearly 76,000 volunteer hours devoted to environmental causes. Since 2010 employees have logged 450,000 volunteer hours on environmental efforts. We support employee volunteerism by offering full-time employees up to two hours of paid time off each week to volunteer at organizations of their choice. In addition, employees

			who volunteer regularly (50 hours per year or more) with an organization may apply for a volunteer grant for that organization from the Bank of America Charitable Foundation.
All employees	Non-monetary reward	Other (please specify) Charitable contributions	Employee Giving: The Bank of America Charitable Foundation supports employee giving in various ways, including through the Matching Gifts program which offers a way to double – up to \$5,000 per person each calendar year – employees' cash or securities contributions to their favorite charitable organizations. In 2019, the Bank of America Charitable Foundation provided nearly \$34.5 million to support employee giving.

## C-FS1.4

**(C-FS1.4) Does your organization offer its employees an employment-based retirement scheme that incorporates ESG principles, including climate change?**

	<b>We offer an employment-based retirement scheme that incorporates ESG principles, including climate change.</b>	<b>Comment</b>
Row 1	Yes, as an investment option for some plans offered	We offer ESG investment options for employment-based retirement schemes in the U.S. and Europe.

## C2. Risks and opportunities

### C2.1

**(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?**

Yes

## C2.1a

**(C2.1a) How does your organization define short-, medium- and long-term time horizons?**

	From (years)	To (years)	Comment
Short-term	0	3	
Medium-term	3	6	
Long-term	6	10	

## C2.1b

**(C2.1b) How does your organization define substantive financial or strategic impact on your business?**

For CDP reporting, we define a “substantive financial or strategic impact” to be a potential impact that exceeds a threshold of potential annual financial implications for our business. The quantifiable indicator we use is a \$10 million threshold. Therefore, for CDP reporting, we consider risks and opportunities with potential financial implications for our business of over \$10 million per year to be substantive.

## C2.2

**(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.**

### Value chain stage(s) covered

Direct operations  
Upstream  
Downstream

### Risk management process

Integrated into multi-disciplinary company-wide risk management process

### Frequency of assessment

More than once a year

**Time horizon(s) covered**

Short-term

Medium-term

Long-term

**Description of process**

Governance of climate-related risks takes place at various levels throughout our company, with ultimate responsibility resting with our Chairman of the Board of Directors and our CEO. The Corporate Governance, ESG, and Sustainability Committee of the Board of Directors has specific responsibility for reviewing our activities relating to ESG matters, including climate change. The Enterprise Risk Committee is responsible for overseeing management's handling of material risks facing the bank and the implementation of the enterprise Risk Framework. Each quarter the Enterprise Risk Committee and the full Board receive a summary of key risks facing the bank, including emerging risks. Climate change is a theme that is monitored as part of this process. A Financial Risks of Climate Change (FRCC) Steering Council oversees our climate risk management practices and shapes our approach to managing climate-related risks in line with our enterprise Risk Framework. The FRCC Forum, which reports to and supports the FRCC Steering Council, reviews climate science research, assesses risk exposure, and develops and implements our roadmap to improve climate-related risk management practices.

Our enterprise Risk Framework serves as the foundation for consistent and effective monitoring and management of all risks facing Bank of America. The Risk Framework describes responsibilities for the management of risk, provides a blueprint for how the Board of Directors, through delegation of authority to committees and executive officers, establish risk appetite and associated limits and describes the seven key types of risk we manage: credit, market, liquidity, compliance, operational, strategic and reputational risk. Increasingly, ESG issues, including climate change, may impact all of these. Monitoring and oversight of risks associated with business activity is integrated into the overall governance process, as well as the roles and accountabilities of all employees.

In line with the enterprise Risk Framework, our front-line units identify risks and, using a consistent scale, rank their likelihood of occurring as well as severity. Climate-related risk is identified in our risk inventory and integrated into our risk management framework through its potential impact to the seven risk types. Risk identification is an ongoing process, incorporating input from both front-line units and control functions. To ensure all employees can identify climate-related risks, including emerging risks, we plan to conduct an enterprise-wide awareness effort to inform and educate employees on the various impacts of climate-related risks.

Our Environmental and Social Risk Policy (ESRP) Framework is aligned with our enterprise Risk Framework and provides additional clarity and transparency on our approach to ESG risks, including how we identify, measure, monitor and control these risks consistent with our enterprise Risk Framework. As part of our client due diligence and other onboarding processes, front line units and risk teams determine if a proposed transaction or relationship presents potential ESG risks. Subject matter experts, including GEG members and external consultants, participate in the environmental and social risk management process and help to determine the relative significance of these risks in relation to other risks. Recognizing that certain sectors are of heightened sensitivity, including arctic drilling, coal fired power plants and coal extraction, palm oil and forestry, we outline certain minimum client requirements in our ESRP Framework and we undertake enhanced due diligence for business activities in these sectors to evaluate the associated risks, including physical, regulatory and reputational risks. If due diligence reveals that a business activity presents substantive environmental and/or social risk, that activity may be escalated to the appropriate line of business reputational risk committee for further evaluation prior to the business activity being approved, approved with conditions or declined.

We track and assess opportunities in several ways. Members of the GEG closely monitor research as well as regulatory and market trends which informs the identification of new opportunities for our lines of business to participate in financing the transition to a low carbon economy. We also track relevant initiatives being led by non-governmental organizations and engage in regular discussions with our clients, peers and other stakeholders which assists us in identifying and evaluating market needs and opportunities. GEG members partner closely with our lines of business to evaluate new opportunities and develop new and expanded products and services. In 2020 we established a Global Head of Sustainable Finance position and a Sustainable Markets Committee which will bring additional structure and focus to our efforts to identify and develop new opportunities, products and services to help transition to a low carbon economy.

Our process for prioritizing risks and opportunities includes collecting feedback from internal and external stakeholders such as our National Community Advisory Council (NCAC). The NCAC is a stakeholder group that provides us with important perspectives on consumer policy, social justice, community development and environmental challenges facing the bank, our clients and the communities we serve.

Below are examples of how these processes have been applied to specific risks and opportunities.

Physical Risk example: Within our operations, at the facility level, we conduct Proximity Risk assessments to consider potential shared risk between production and recovery facilities based on probable risks for a given geography and the specific locations of the production and recovery sites. For example, a production and recovery facility located a short distance apart from each other on the Florida south coast may have a shared hurricane risk. Assessments prioritize risk based on scores derived through the analysis of the severity and likelihood of

occurrence for each risk category. The assessment results are reported to business units using the recovery facilities who then remediate the risk (e.g. by using another site) or escalate the risk for senior management review.

Transitional Opportunity example: We assess opportunities to finance the transition to a low carbon economy. We conduct research, discuss with clients and other stakeholders, and incorporate regulatory incentives into our clean energy strategic planning and transactional work. An example opportunity is the tax credit for CO2 sequestration from carbon capture projects provided by Section 45Q of the U.S. Internal Revenue Code. State tax policies complement these federal tax incentives. As a result, we anticipate substantial capital will be deployed to carbon capture technologies, and this creates opportunities for us to provide financing to our clients who are looking at carbon capture applications.

## C2.2a

### (C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	<p>This risk type is relevant and included in our risk assessments because we are both directly exposed to regulation and indirectly exposed to credit and reputational risk related to regulation that affects our clients.</p> <p>This risk type is also relevant and included because our direct operations are subject to climate-related regulations in some jurisdictions. Currently these regulations, such as the U.K. Carbon Reduction Commitment scheme manifest themselves as increased energy and administrative costs. While not deemed substantive for our organization, we are committed to complying with applicable legislation and have processes in place to monitor regulatory requirements and associated risks. We employ an Environmental Management System that relies on a comprehensive compliance database to help the Global Real Estate Services team identify, manage and mitigate risk, and improve performance across our corporate real estate portfolio.</p> <p>Depending on the sector and geographic location, many of our business clients are already subject to climate change regulation, such as California's AB 32 or the European Trading Scheme. If not effectively anticipated and managed, such regulations could adversely impact our clients' profitability and this in turn could have financial implications for our company by impacting their ability to service debts or make new investments.</p>

		<p>We assess risks from current regulation through implementation of our ESRP Framework. Regulatory risk is a standard component of our client onboarding and due diligence processes. Recognizing that certain sectors may be more exposed to climate change related risks than others, for business activities in these sectors we engage in enhanced client and transactional review and due diligence, involving subject matter experts as needed to evaluate the associated risks, including identification of physical, regulatory and reputational risks.</p> <p>Finally, this risk type is relevant to our tax equity investments in utility scale wind and solar projects, which are enabled by federal renewable energy tax credits. As the tax credits are set to step down, we are shifting our business to focus on other types of financing products for renewable energy.</p>
Emerging regulation	Relevant, always included	<p>This risk type is relevant and included in our risk assessments because we are both directly exposed to emerging regulation and indirectly exposed to credit and reputational risk related to emerging regulation that affects our clients. We are directly exposed to increased disclosure requirements for financial institutions related to climate risk. Our CEO has been supportive of increased disclosure of climate-related risks; we have been issuing climate-related disclosures for over a decade and recently issued our first TCFD report. We face risk if our systems or data capabilities are not sufficient to measure, model and disclose climate risks in a way consistent with potential future disclosure requirements. In the UK, we have established a steering group focused on identifying and assessing climate-related risks in response to new requirements introduced by the Prudential Regulatory Authority Regulation.</p> <p>In addition, our direct operations are subject to climate-related regulations in some jurisdictions, which manifest themselves as increased energy and administrative costs.</p> <p>As jurisdictions move to introduce regulations designed to promote a transition to a low-carbon economy, these new regulations could have a negative impact on our clients, and in turn on our business, if clients do not effectively anticipate and plan for them. Clients in the power sector, for example, are potentially exposed to emerging regulations that put a price on GHG emissions. It is important that the future costs of complying with such regulation are factored into decisions about new long-term investments in this sector.</p>

		<p>We are closely monitoring the development of the EU Taxonomy which will set performance thresholds for economic activities which make a substantive contribution to climate change and other environmental objectives. The EU Taxonomy is a significant development in sustainable finance and will have wide-ranging implications for investors and issuers working in the EU and beyond.</p> <p>We assess risks from emerging regulation through our ESRP Framework. Regulatory risk is a standard component of our client onboarding and due diligence processes. For business activities in sectors more exposed to climate risk, we engage in enhanced client and transactional due diligence, involving experts to evaluate the associated risks, including identification of physical, regulatory and reputational risks.</p>
Technology	Relevant, sometimes included	<p>This risk type is relevant and included where we provide financing for companies that are bringing new low-carbon technologies to market. We are exposed to client risk should such companies and their technologies fail to be successful.</p> <p>These risks are evaluated as part of our credit risk management and due diligence process. We manage credit risk of a borrower or counterparty based on their risk profile, which includes assessing repayment sources, underlying collateral (if any), and the expected impacts of the current and forward-looking economic environment on the borrowers or counterparties.</p>
Legal	Relevant, always included	<p>This risk type is relevant in the form of exposure to lawsuits related to our climate-related performance and/or disclosures. We consider this risk to be closely linked to reputational risk. As we document in our enterprise Risk Framework, 'reputational risk may arise from negative perception on the part of key stakeholders (e.g., clients, counterparties, investors, regulators, rating agencies), scrutiny from external parties (e.g., politicians, consumer groups, NGOs, media organizations) and the ongoing threat of litigation.'</p> <p>One way in which we evaluate and address legal risks therefore is through our reputational risk processes, including through implementation of our ESRP Framework. For example, recognizing that certain client sectors may be more exposed to climate change related risks than others, for business activities in these sectors we engage in enhanced client and transactional review and due diligence, involving subject matter experts and the appropriate line of business reputational risk committee as needed to evaluate and escalate the associated risks.</p>



Market	Relevant, sometimes included	<p>Changes in market conditions may adversely impact the value of assets or liabilities, as well as liquidity, which can negatively impact earnings.</p> <p>As an example of how this risk type is relevant, market conditions could impact demand for our low-carbon financing products and services and this in turn could adversely affect our earnings and our ability to realize our significant Environmental Business Initiative. We also face competition in the market from other financial institutions investing in low-carbon financing products and services.</p> <p>Physical climate changes may also create market risk. For example, weather related events can impact asset valuations which in turn could negatively impact mortgage-backed securitizations and other items that are traded in the market. In another example, if entire states or cities are negatively impacted by physical climate change, this could impact their ability to repay municipal bonds and therefore impact the market value of these instruments, and our ability to either liquidate those instruments or get repaid if we hold them.</p>
Reputation	Relevant, always included	<p>In our Risk Framework, we recognize seven key risk types of relevance to our business (strategic, credit, market, liquidity, operational, compliance and reputational). Environmental and social issues often present reputational risk, and reputational risk is a key part of our risk assessment process.</p> <p>We are subject to reputational risk directly, for example if we are not considered to be making meaningful public commitments on how we are addressing climate-related issues or if we do not make substantial progress towards meeting our commitments. We are subject to reputational risk indirectly through our lending and other financial services if we are not perceived to be adequately evaluating and mitigating environmental and social risks associated with client transactions.</p> <p>We assess reputational risk related to client relationships through implementation of our ESRP Framework. Recognizing that certain sectors may be more exposed to climate-related risks than others, for business activities in these sectors we engage in enhanced client and transactional review and due diligence, involving subject matter experts and the appropriate line of business reputational risk committee as needed to evaluate and escalate the associated risks.</p>

Acute physical	Relevant, sometimes included	<p>This risk type is relevant, and we assess it as an operational risk because we have locations in regions that are vulnerable to an increase in the severity, duration and/or frequency of tropical storms. We also have operations in regions which are experiencing an increase in extreme heat events and prolonged dry periods increasing the frequency and severity of wildfires. We conduct an annual assessment of physical risks to our facilities from factors including severe weather, wildfires and flooding. Our Business Continuity group assesses risks associated with our operations and has planned recovery facilities for our major locations. The assessment results are reported to business units who then remediate the risk (e.g., by using another site) or escalate the risk for senior management review.</p> <p>Our clients' operations in such regions could also be adversely impacted which in turn could expose us to credit risk. Impacts to our clients' assets and businesses from climate driven events could include increasing operational, capital maintenance and insurance costs and reduced staff health, safety and productivity. If the profitability or viability of a client or a group of clients is adversely affected, this could have a negative effect on their repayment capacity. To build on our existing risk identification process, in 2019 we engaged the climate risk team at Willis Towers Watson to complete a preliminary acute physical risk analysis on a sample portfolio of Bank of America residential mortgages across the U.S.</p>
Chronic physical	Relevant, sometimes included	<p>This risk type is relevant and included as an operational risk because physical changes arising from sustained temperature increases, such as sea level rise and coastal erosion, storm surges and flooding effects could directly impact our own operations, for example, where we have facilities in low-lying, coastal regions.</p> <p>Annual assessments by our business continuity team consider physical risks to our facilities from factors including severe weather, wildfires and flooding. Our Business Continuity group manages planned recovery facilities for our major locations prone to physical risk. The assessment results are reported to business units who then remediate the risk (e.g., by using another site) or escalate the risk for senior management review.</p> <p>Our client's operations in such regions could also be adversely impacted which in turn could expose us to credit risk. Impacts to our clients' assets and businesses from climate driven events could include increasing operational, capital maintenance and insurance costs and reduced staff health, safety and productivity. If the profitability or viability of a client or a group of clients is adversely affected, this could have a negative effect on their repayment capacity.</p>

## C-FS2.2b

### (C-FS2.2b) Do you assess your portfolio's exposure to climate-related risks and opportunities?

	We assess the portfolio's exposure	Please explain
Bank lending (Bank)	Yes	<p>With oversight from our Financial Risks of Climate Change (FRCC) Steering Committee, our FRCC Forum which includes teammates representing risk management across all seven risk types, as well as Treasury, Global Research and ESG, is leading our work to assess our portfolio's exposure to climate-related risk.</p> <p>The goal is to rebalance our portfolios away from more carbon emission intensive fossil fuel extraction, power generation, transportation and other consumption through engaging with clients and accelerating their progress toward low-carbon business models. We monitor and report our exposure to industries with a moderate and high level of exposure to climate-related risks, including through the use of financial metrics. As of December 31, 2019, these sectors represented approximately 22% of our total committed commercial credit exposure of \$1.062 billion. Energy and Power Utilities, which are generally viewed as particularly susceptible to transition risk made up less than 7% of the total committed commercial credit exposure. We also measure our low-carbon exposure. An internal analysis of the generation fuel mix associated with our power utilities portfolio indicates approximately a third of our exposure is low-carbon, not inclusive of our \$9.4 billion portfolio of tax equity investments in wind and solar projects throughout the U.S.</p> <p>We use a range of methods to evaluate our portfolio's exposure to climate related risks and opportunities. Our evaluations draw from the leading assessments in the scientific community, as well as from Bank of America Global Research on how global temperature rises will drive a range of economic, physical and ecological changes by the end of this century. We engage in regular discussions with our clients and other stakeholders and we use tools such as scenario analysis, are planning stress testing and enhanced due diligence in line with our ESRP Framework.</p>

Other products and services, please specify	Not applicable	The other products or services category does not apply for our business.
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## C-FS2.2c

**(C-FS2.2c) Describe how you assess your portfolio's exposure to climate-related risks and opportunities.**

	Portfolio coverage	Assessment type	Description
Bank lending (Bank)	All of the portfolio	Qualitative and quantitative	<p>We have selected all of the portfolio because we have reviewed our entire portfolio to identify the sectors that are likely most exposed to climate-related risks based on transitional and physical risk attributes such as material contributors to greenhouse gas emissions, revenue streams highly sensitive to physical impacts, investment in technology and/or operations needed, and insurance availability. We are prioritizing further analysis on the most vulnerable sectors; such as Real Estate and Energy. As of December 31, 2019, the most vulnerable sectors represented approximately 22% of our total committed commercial credit exposure of \$1.062 billion. For opportunities, while high-emitting sectors of the economy (such as energy and power) present significant near-term opportunities, all sectors of the economy ultimately will have to evolve their business models and operations to address climate change. So, we look across our entire portfolio for opportunities to increase our low carbon exposure and deliver our Environmental Business Initiative.</p> <p>We use a range of qualitative and quantitative tools to evaluate our portfolio's exposure to climate-related risks and opportunities. Our evaluations draw from the leading assessments in the scientific community, as well as Bank of America Global Research, on how global temperature rises will drive a range of economic, physical and ecological changes by the end of this century. We engage in regular discussions with our clients and other stakeholders and we use tools such as scenario analysis, are planning stress testing and enhanced due diligence in line with our ESRP Framework. We also use financial metrics to track our exposure to high risk sectors and our low carbon financing activity.</p> <p>To understand how acute physical risks may impact Bank of America, in 2019 we engaged the climate risk</p>

		<p>team at Willis Towers Watson on a pilot project to assess the potential exposure of select residential mortgage portfolios. Willis Towers Watson completed a preliminary acute physical risk analysis on a sample portfolio of Bank of America residential mortgages across the U.S. Each property was given a score based on the level of risk associated with 12 potential hazards: tornado, earthquake, tropical cyclone, hailstorm, wildfire, river flood, flash flood, coastal flood, lightning, tsunami, volcano, and winter storm. The score is an attempt to have a single scale of severity across hazards. Heatmaps of the outstanding mortgage balances exposed to the most relevant hazards for acute physical climate risk were developed. With increased frequency and severity of extreme weather events likely over time, these heatmaps serve as a baseline assessment of our potential risk exposure.</p> <p>To analyze how transition risk could impact our clients, we tested two hypothetical event-based scenarios, one policy-based and one market-based, to see how each could impact companies in one of the sectors most exposed to climate-related risks – oil and gas. We worked with peer institutions in the financial services sector and in collaboration with the management consultancy Oliver Wyman to examine this transition risk with the intent to better understand the sensitivity of the creditworthiness of oil and gas companies to policies and market changes linked to the transition to a low-carbon economy. The analysis was run under two different potential scenarios, on a sample of our oil and gas portfolio:</p> <ul style="list-style-type: none"> <li>• The policy implementation of an economy-wide carbon tax</li> <li>• The market's sudden widespread adoption of electric vehicles (EVs)</li> </ul> <p>The conclusions from our transition and physical risk analyses are informing future strategic decisions regarding financial exposure to climate-related risks and accordingly, how related analytical tools (such as scenario analysis and information on extreme weather events) may be embedded within business planning and decision-making processes. For instance, we are incorporating an evaluation of transition risk into underwriting and credit risk management practices. Considering the physical risk analysis, we incorporated a physical risk scenario into our stress testing processes, assuming two Category 5 hurricanes struck the Miami-Dade area within two weeks of each other. We are evaluating results of that stress test in accordance with our risk management framework. Additionally, we will pilot an enterprise-wide climate change scenario in our stress testing process in the near future looking at both physical and transition risk, to further inform our strategy.</p>
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## C-FS2.2d

### (C-FS2.2d) Do you assess your portfolio's exposure to water-related risks and opportunities?

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	Yes	Minority of the portfolio	<p>The parts of our portfolio that we assess for water-related risks and opportunities represent less than 50% of our overall portfolio. Therefore, we selected minority of the portfolio.</p> <p>Working with Willis Towers Watson, we completed a preliminary acute physical risk analysis on a sample portfolio of Bank of America residential mortgages across the U.S. Each property was given a score based on the level of risk associated with 12 potential hazards. These included water-related hazards such as river flood, flash flood and coastal flood.</p> <p>Our business lines that work with clients in sectors such as agriculture located in water-constrained regions have expertise in the local water context and consider related issues as part of the Know Your Customer process. If concerns are identified through this process, enhanced due diligence may be completed to further evaluate water-related risks.</p> <p>Bank of America has the only dedicated team of U.S. municipal water and wastewater finance professionals amongst its peers. For opportunities, this top-ranked, specialty water financing team evaluates the market for water-related financing opportunities and tracks trends and any emerging risks in this market. According to the American Water Works Association, an estimated \$1 trillion is necessary to maintain and expand service to meet water demands, including through upgraded transport and treatment infrastructure, over the next 25 years. Related investments are generally considered lower risk due to factors including the high credit quality of the sector, stable demand, strong contractual frameworks and considerable pricing flexibility provided through the sector's largely autonomous rate-setting authority.</p>

Other products and services, please specify	Not applicable		The other products or services category does not apply for our business.
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## C-FS2.2e

### (C-FS2.2e) Do you assess your portfolio's exposure to forests-related risks and opportunities?

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	Yes	Minority of the portfolio	<p>The parts of our portfolio that we assess for forest-related risks and opportunities represent less than 50% of our overall portfolio. Therefore, we selected minority of the portfolio.</p> <p>A forestry management team in our Global Wealth and Investment Management group provides focused products and advisory services for long-term timber assets. This is a very small part of our overall business, but it is the area where we have the most direct exposure to forest-related risk. We have established specific policies that outline risk tolerances and due diligence processes for clients in the sector.</p> <p>In our ESRP Framework we describe our position on forest-related risks as well as opportunities (e.g., financing of reforestation). We have established a Forest Practices Policy which describes due diligence measures we take to ensure that lending proceeds are not used to finance commercial operations that result in deforestation of high value forests, illegal logging and/or negative impacts on indigenous communities.</p> <p>We also describe in our ESRFP Framework our specific requirements for clients focused on ownership and management of palm oil plantations. Transactions where the majority use of proceeds supports palm oil production are subject to enhanced due diligence. This consists of a formal review by a subject matter expert on risks attributed to palm oil. The reviewer discusses environmental and social risks with</p>

			the client, reviews client disclosures, completes a media search and has the client complete a Palm Oil Client Questionnaire. We require that clients whose business is focused on ownership and management of palm oil plantations have their operations certified to the Roundtable on Sustainable Palm Oil standards or equivalent, or have in place an outlined action plan and schedule for certification. Incorporation of these requirements in our ESRP Framework helps to mitigate risks associated with potential client exposure to current and future regulatory requirements in this sector.
Other products and services, please specify	Not applicable		The other products or services category does not apply for our business.

## C-FS2.2f

**(C-FS2.2f) Do you request climate-related information from your clients/investees as part of your due diligence and/or risk assessment practices?**

	We request climate-related information	Please explain
Bank lending (Bank)	Yes, for some	<p>We take a risk-based approach to determining which clients we should request climate-related information from. As part of our Know Your Customer Policy, due diligence, and other onboarding processes, front line units and risk teams will determine if a proposed transaction or relationship presents any potential environmental or social risks, including climate risks. This determination is driven by a number of factors, including cross-referencing our prohibition list and any areas of heightened sensitivity, which are both part of our ESRP Framework; understanding our clients' business, industry, management and reputation; application of our policies; adherence to regulation; and consultation with subject matter experts (SMEs) and teams focused on client screening and onboarding.</p> <p>Standard due diligence is conducted when environmental and social risks are well understood or expected to be relatively low for the client, business activity, industry or geography. Due diligence begins with the front-line unit,</p>



		<p>and this process may include, but is not limited to, client engagement, media searches and other screening tools. This standard review may result in a client relationship or transaction being approved, conditionally approved subject to specific mitigating actions, or declined in line with the line of business approval process. If, during this due diligence process, the client, business activity, industry or geography is identified as posing heightened risk, then enhanced due diligence is conducted.</p> <p>A client relationship or transaction may require enhanced due diligence related to climate due to a policy or standard; because a front-line unit or risk manager made a referral after standard due diligence; or if the client, business activity, industry or geography is deemed sufficiently sensitive. In these instances, enhanced due diligence is conducted before the relationship or transaction can proceed toward approval. Enhanced due diligence includes a deeper analysis of issues related to client transactions and associated stakeholders and is conducted by individuals with subject matter expertise (SME) and an understanding of a range of stakeholder perspectives. The enhanced due diligence process may include, but is not limited to, direct client discussion on relevant risks, review of client disclosures, a comparison of the client's practices to industry peers, and consultation with and assessment by additional SMEs. Reviewed material may include regulatory filings, environmental and social impact reports and assessments, TCFD reporting, ESG and Corporate Social Responsibility (CSR) reports, and a media search that is focused on environmental and social reputation risk.</p> <p>As one of the world's largest financial institutions we serve approximately 66 million consumer and small business clients and count most of the Fortune Global 500 companies among our clients. We estimate that we engage with approximately 5% of our Global Banking and Markets commercial clients, in terms of number of clients and in terms of the proportion of the associated portfolio value chain.</p>
Other products and services, please specify	Not applicable	The other products or services category does not apply for our business.

## C2.3

**(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes

## C2.3a

**(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.**

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**Identifier**

Risk 1

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type & Primary climate-related risk driver**

Current regulation

Mandates on and regulation of existing products and services

**Primary potential financial impact**

Other, please specify

Increased risk profile for financing

**Climate risk type mapped to traditional financial services industry risk classification**

Strategic risk

**Company-specific description**

We have made significant progress towards financing the transition to a low-carbon economy through lending, investing, capital raising, advisory services and developing financing solutions for our clients. Certain regulatory developments and regulatory uncertainty could

negatively impact our business due to increased risks, reduced revenues and fewer opportunities to finance low-carbon business.

We are directing capital towards renewable energy through products and services offered across multiple lines of business. As part of our U.S. renewable energy sustainable finance activity, we make significant tax equity investments in utility scale wind and solar projects. We are the top tax equity investor in the U.S., a position we've held since 2015 according to the BloombergNEF league tables. These investments are enabled by the investment tax credit and production tax credit which are federal incentives for solar and wind power. These incentives are set to expire following a multi-year phase down. As the tax credits expire, we are preparing for this change by shifting our business to other types of financing products (with different risk/return characteristics) to continue to meet the capital needs of renewable projects.

We play a critical role in the residential solar industry by helping solar companies raise capital to scale up their business in deploying residential solar systems across the U.S. Through our Global Investment Banking, Global Markets and Global Leasing businesses, we are a leading financier (advisory, debt and tax equity) for residential solar companies. Net metering allows customers who generate their own electricity to feed electricity back into the grid. Net metering rules face opposition in some U.S. states. For example, there is an effort underway by the New England Rate Payers Association to have the Federal Energy Regulatory Commission regulate net metering rates and lower the price customers receive for net metering impacts. This is currently under review but if passed we anticipate it would have a negative impact on the residential solar industry.

The above are examples of regulatory conditions that can have a negative impact on our renewable energy business if we do not effectively anticipate, monitor and respond to them.

**Time horizon**

Short-term

**Likelihood**

Very likely

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

10,000,000

**Explanation of financial impact figure**

Given our commitment to developing a leading low-carbon banking business, legislative developments that create uncertainty about or undermine the market for renewables and other low-carbon investments present a potential loss for us and serve to increase the risk profile for certain low-carbon transactions. While it is difficult to accurately quantify the financial implications, we estimate the potential delayed or unrealized revenue resulting from such legislative developments to be more than \$10 million annually. We arrived at this figure by considering whether we expected the potential financial impact to exceed our \$10 million threshold for 'substantive' for CDP reporting. This estimate is based on professional judgment by our subject matter experts within the business.

**Cost of response to risk**

220,000

**Description of response and explanation of cost calculation**

We advocate for stable, predictable regulation and partner with others to raise understanding of policy conditions needed to support the transition to a low-carbon economy. The following are specific examples of our advocacy. We participate in the U.S. Partnership for Renewable Energy Finance (PREF), a coalition of senior level financiers who invest in all sectors of the energy industry, led by the American Council on Renewable Energy (ACORE). Our aim is to provide expert input to policy makers on renewable energy finance markets with a focus on impacting renewable energy policies that support continued expansion of the renewables market in an efficient and effective way. Our Global Head of Power and Renewables in our Investment Banking group is on the board of ACORE and participates in PREF speaking events and other meetings with members of the legislative and executive branches of the U.S. government. We also participate in the American Wind Energy Association and the Solar Energy Industry Association.

In addition, we are developing new products and diversifying our low-carbon business both geographically and in terms of services to mitigate the impact of regulatory developments that could have negative implications for our low-carbon financing activities.

We calculated the cost of response to risk by summing the annual costs of three trade association memberships and one sponsorship fee. These costs are tracked by our Finance team.

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**Identifier**

Risk 2

**Where in the value chain does the risk driver occur?**

Downstream

**Risk type & Primary climate-related risk driver**

Current regulation

Other, please specify

a variety of climate change regulations

**Primary potential financial impact**

Increased credit risk

**Climate risk type mapped to traditional financial services industry risk classification**

Credit risk

**Company-specific description**

We have indirect exposure to legislation through clients. We have relationships with most of the U.S. Fortune 100 companies and the Fortune Global 500, as we are among the world's largest global commercial, corporate, investment banking and markets financial institutions. We are indirectly exposed to credit and market risk because of the potential direct impacts of climate-related regulation on our clients' profitability and their ability to service debts or make new investments, which in turn could have financial implications for our company.

Many of our clients are already subject to climate change regulation, such as the EU Emissions Trading Scheme. Others face new regulatory requirements such as the European Green Deal, which commits to achieve net zero emissions in the EU by 2050 through actions such as decarbonizing the energy sector. The emissions trading regime under development in China is another example.

As of December 31, 2019, we had \$71.25 billion of committed credit exposure to Energy and Power Utilities sectors – less than 7% of our

overall committed commercial credit exposure. These sectors are generally viewed as more carbon emission intensive and therefore particularly susceptible to transition risk from regulation and other factors. As countries and states declare emission reduction targets, regulation will follow to require utility companies to reduce their emissions so the targets can be met. For instance, the EU is looking at tighter 2030 climate targets, to cut GHG emissions by 50 to 55% instead of the current 40%. This could require utility companies in the EU to spend significant funds to invest in new technologies to comply with the requirements. If companies do not have the funds and do not have access to the capital markets to raise funds, it could create a credit risk to the Bank. We are evaluating this potential credit risk and how to assess and mitigate it.

**Time horizon**

Medium-term

**Likelihood**

About as likely as not

**Magnitude of impact**

Medium-high

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

10,000,000

**Explanation of financial impact figure**

Our clients' profitability could be affected if they do not prepare for new legislation, if they face a proliferation of regional legislation or if legislation is poorly designed. This in turn could impact their ability to service debts or make new investments, with potential negative financial implications for our business of greater than \$10 million annually. We arrived at this figure by considering whether we expected the potential financial impact to exceed our \$10 million threshold for 'substantive' for CDP reporting. This estimate is based on professional judgment by our subject matter experts within the business.

**Cost of response to risk**

13,000,000

### **Description of response and explanation of cost calculation**

We recognize there are a range of risks associated with our current levels of fossil fuel financing. Our goal is to rebalance our portfolios away from more carbon emission intensive fossil fuel extraction, power generation, transportation and other consumption through engaging with clients and accelerating their progress toward low-carbon business models. In addition to monitoring our exposures to industries exposed to climate-related risks and actively engaging with our clients in this effort, we are exploring new, innovative products such as facilities that are structured to link pricing to a client's carbon reduction efforts.

Energy companies focused on coal face significant challenges including greater regulatory scrutiny related to both extraction and combustion as well as economic factors. In our published Coal Policy, we outline our approach to the financing of coal and other energy sources while balancing the risks and opportunities to our shareholders and the communities we serve. We have reduced exposure to companies focused on coal extraction nearly 80% from 2015. Going forward, we will maintain our significantly reduced credit exposure to these companies

To analyze how transition risk could impact our clients, we tested two hypothetical event-based scenarios, one policy-based and one market-based, to see how each could impact companies in one of the sectors most exposed to climate-related risks – oil and gas. Bank of America worked with peer institutions in the financial services sector and in collaboration with the management consultancy Oliver Wyman, to examine this transition risk with the intent to better understand the sensitivity of the creditworthiness of oil and gas companies to policies and market changes linked to the transition to a low-carbon economy. The analysis considered the potential impact of an economy-wide carbon tax and the market's sudden widespread adoption of electric vehicles (EVs). The conclusions from our transition risk analysis are informing future strategic decisions regarding financial exposure to climate-related risks and accordingly, how related analytical tools may be embedded within business planning and decision-making processes.

By supporting the effective integration of climate and environmental risks across our business our Global Environmental Group (GEG) is central to our management of this risk. We calculated the cost of response to risk based on the GEG's total annual operating cost.

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### **Identifier**

Risk 3

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type & Primary climate-related risk driver**

Acute physical

Increased severity and frequency of extreme weather events such as cyclones and floods

**Primary potential financial impact**

Other, please specify

Business disruption, employee health

**Climate risk type mapped to traditional financial services industry risk classification**

Operational risk

**Company-specific description**

Our operations in the southern and eastern United States, including our headquarters in Charlotte, North Carolina, are vulnerable to an increase in the severity, duration and frequency of seasonal storms and potential for severe weather conditions. We operate 4,000+ U.S. retail financial centers, some of which are vulnerable to the physical impacts of climate risk with the potential to disrupt the accessibility of our retail outlets to our customers. Physical risks in the U.S. take the form of increased frequency and severity of storms with related flooding, particularly affecting the coastal southern and eastern states, and extreme heat events resulting in drought conditions and numerous wildfires across the West, Central and Southeast regions. This could lead to temporary or, in the event of severe damage, permanent closure of one of our financial centers. Physical climate risks in the U.S. are compounded by aging infrastructure, critical infrastructure dependencies, expanding urban areas in tornado zones, coastal population expansion, rising temperatures, precipitation and sea level rise, and a lack of associated forward investment as highlighted in a November 2018 report by National Climate Assessment. Our U.S. operations experienced 69 natural disaster events related to hurricanes, tropical storms, flooding, wildfires, heavy snow and earthquakes in 2019.

Our operations in Asia Pacific, Europe, Latin America, the Middle East and Africa are also vulnerable to climate change impacts. For example, with offices in Hong Kong, Japan, the Philippines, Taiwan and China our Asian operations are vulnerable to an increase in the severity, duration and/or frequency of tropical storms experienced in these regions. . There were 17 natural disaster events (tropical storms, typhoons, flooding, and earthquakes) in non-US geographies in 2019.



Climate change may contribute to less predictability regarding the types, timing and location of severe weather events, and we account for this in our business continuity planning.

**Time horizon**

Short-term

**Likelihood**

About as likely as not

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

33,000,000

**Explanation of financial impact figure**

Implications include retail outlet and/or office closures, facility repair costs, lost work time, increased utility costs, lost revenue, and increased insurance premiums. The financial impacts are driven in part by the number and severity of events in a given year. . We arrived at this figure based on the total operational losses from the direct impacts on our facilities of approximately \$33 million from Superstorm Sandy. This illustrates the potential financial implications of a single, high magnitude event for our business. Total operational losses in 2019 were approximately \$600,000 as a result of hurricanes, winter storms and wildfires occurring in the U.S. in 2019. These costs are based on natural disaster tracking records from our real estate and business continuity teams. We track work order costs of repairs after severe weather events and as the dataset develops over time, we will use it to understand trends associated with climate risk.

**Cost of response to risk**

1,000,000

**Description of response and explanation of cost calculation**

Our Building Disaster Recovery Planning (BDRP) team prepares our facilities for natural disasters. During 2019, the team managed response and recovery for 206 global events, 86 of which were natural disasters. In partnership with vendors, the team delivers preparedness and response training for natural disasters, including hurricanes. Through the provision of laptop, tablets and fobs, many employees can work remotely and are able to support operations should an impact occur. In such an event, clients are encouraged to use online banking, mobile telephone banking, and contact centers. We have a large, distributed ATM network and reciprocal agreements for our clients to use ATMs operated by other banks. We have a fleet of mobile financial centers and mobile ATMs strategically located within the U.S. for immediate deployment to areas impacted by natural disasters. In 2019, our U.S. Regional Support team successfully prepared for significant natural disasters—multiple hurricanes, winter storms, wildfires and flooding, driving broader awareness of the threats and enabling central coordination of continuity plans for business lines. During the natural disasters, our systems, platforms, and applications all performed without interruption, despite record-setting hurricane force winds, driving rains, substantial flooding, devastating wildfires and widespread power outages.

We calculated the cost of response to risk by summing the estimated additional annual costs of 1) business continuity planning and 2) recovery due to climate-induced changes. The annual cost of the response is greater than \$1 million.

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**Identifier**

Risk 4

**Where in the value chain does the risk driver occur?**

Downstream

**Risk type & Primary climate-related risk driver**

Acute physical

Increased severity and frequency of extreme weather events such as cyclones and floods

**Primary potential financial impact**

Increased credit risk

**Climate risk type mapped to traditional financial services industry risk classification**

Credit risk

**Company-specific description**

We are exposed to the impacts our clients face from physical climate changes, such as extreme weather events and flooding. Impacts to our clients' assets and businesses could include increasing operational, capital maintenance and insurance costs; reduced staff health, safety and productivity; and increased asset depreciation rates. If the profitability or viability of a client or a group of clients is adversely affected, this could result in potential credit defaults as well as having a negative economic effect on our business of providing financing services to these clients.

This risk applies to our corporate clients and our mortgage customers. For our corporate clients, climate change risk can have an impact at the level of individual assets or entire sectors. Industries at greatest long-term risk include agriculture, insurance, and travel and tourism all of which are vulnerable to the physical effects of climate change. Flooding is an area of potential exposure for the bank as it relates to our mortgage business. There is scientific consensus that flood risks are increasing in many regions due to climate change. Increased flood incidence and severity could lead to our customers defaulting on their mortgage payments if, for example, flood insurance premiums become unaffordable. Customers may also find themselves in a negative equity situation due to housing values being impacted when insurance costs rise due to expanding flood hazard zones and increased flood incidence and severity.

**Time horizon**

Short-term

**Likelihood**

Likely

**Magnitude of impact**

Medium-high

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

10,000,000

### **Explanation of financial impact figure**

Physical climate change could impose a financial cost on our clients, for example through direct damage to their facilities, increased insurance premiums, and lost revenue due to facility closures, lost work time and production or distribution delays. This in turn could impact their ability to service debts or make new investments, with potential negative financial implications for our business of greater than \$10 million annually. We arrived at this figure by considering whether we expected the potential financial impact to exceed our \$10 million threshold for 'substantive' for CDP reporting. This estimate is based on professional judgment by our subject matter experts within the business.

### **Cost of response to risk**

13,000,000

### **Description of response and explanation of cost calculation**

To understand how physical risks may impact Bank of America, in 2019 we engaged the climate risk team at Willis Towers Watson on a pilot project to assess the potential exposure of select residential mortgage portfolios.

Willis Towers Watson completed a preliminary acute physical risk analysis on a sample portfolio of Bank of America residential mortgages across the U.S. Each property was given a score based on the level of risk associated with 12 potential hazards: tornado, earthquake, tropical cyclone, hailstorm, wildfire, river flood, flash flood, coastal flood, lightning, tsunami, volcano, and winter storm. The score is an attempt to have a single scale of severity across hazards. Heatmaps of the outstanding mortgage balances exposed to the most relevant hazards for acute physical climate risk were developed. With increased frequency and severity of extreme weather events likely over time, these heatmaps serve as a baseline assessment of our potential risk exposure.

Our credit risk is partially mitigated by insurance and borrower equity, both of which insulate the bank from potential losses and have historically resulted in de minimis losses for extreme weather events. As climate events are more widely felt, we continue to assess risk mitigation factors. This analysis builds upon our existing risk identification process, which includes climate-related risks, as well as our disaster response systems, both of which factor in the severity and potential impact of events.

By supporting the effective integration of environmental risk management activities across our business and by coordinating our TCFD work, our GEG is central to our management of this risk. We calculated the cost of response to risk based on the GEG's total annual operating cost.

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**Identifier**

Risk 5

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type & Primary climate-related risk driver**

Reputation

Increased stakeholder concern or negative stakeholder feedback

**Primary potential financial impact**

Decreased revenues due to reduced demand for products and services

**Climate risk type mapped to traditional financial services industry risk classification**

Reputational risk

**Company-specific description**

As one of the world's largest financial institutions, protecting our brand among stakeholders, including clients, employees, shareholders, regulators and NGOs, is of vital importance.

We are subject to reputational risk directly, for example if we are not considered to be making meaningful public commitments on climate change or if we do not make substantial progress towards meeting our commitments. Having made significant public commitments, including our \$300 billion Environmental Business Initiative and 2020 operational goals, the credibility and associated business value of these initiatives to our company could be undermined by perceptions that seem to counter our commitments.

We recognize there are risks associated with our current levels of fossil fuel financing, including reputational risk as negative stakeholder perceptions of our financing could adversely impact our company. Our goal is to rebalance our portfolios away from more carbon emission intensive fossil fuel extraction, power generation, transportation and other consumption through engaging with clients and accelerating their progress toward low-carbon business models.

Shareholders are increasingly interested in our environmental performance, as investor understanding of the relationship between the effects of climate change and business performance grows. If we are perceived to fall behind on our commitments, this could affect our standing in ratings and indices that highlight environmental credentials and could potentially lead to clients switching their business to other financial institutions. In addition to direct client engagement we also receive a significant number of requests for proposals for banking services that include queries on our policies and practices, and how they align with those of our clients.

We are subject to reputational risk indirectly through our lending and other financial services if we are not perceived to be adequately evaluating and mitigating environmental and social risks associated with client transactions. As stated in our ESRP Framework, environmental and social issues can cross many risk types, and we recognize that certain sectors and topics, such as palm oil, forestry, arctic drilling and coal, are of heightened sensitivity and importance to us and our stakeholders. In our ESRP Framework, we have developed position statements on how we evaluate and mitigate the ESG risks associated with client relationships and transactions in these sectors.

**Time horizon**

Short-term

**Likelihood**

Likely

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

10,000,000

**Explanation of financial impact figure**

There are possible financial implications to our company if we are unable to fulfill our commitments to direct capital to low-carbon technologies/activities and reduce our operational environmental impacts; effectively integrate climate change considerations into our lending

and investment activity; or do not provide transparency into our areas of action. These implications could include loss of client relationships/business, failure to secure new business and/or reduced shareholder value. We arrived at the figure by considering, with regards to new business specifically, the typical revenue value of RFPs we receive each year that incorporate environmental, social and governance requirements, and this is above \$10 million. We consider this value to be one measure of the financial implications to our business of maintaining and enhancing our strong ESG practices.

**Cost of response to risk**

13,000,000

**Description of response and explanation of cost calculation**

We act in many ways to ensure that we set, achieve, and communicate impactful climate change commitments. Metrics linked to our Environmental Business Initiative are included in performance dashboards for our Executive Management team. Our lines of business have specific and measurable climate-related goals and metrics. We ensure senior oversight of our programs through our Global ESG Committee and supporting governance structure. We communicate our efforts to stakeholders by reporting on commitments and progress through our Annual Report to Shareholders, ESG Performance Data Summary, CDP and TCFD.

In relation to reputational risks associated with fossil fuel financing, we monitor and have publicly disclosed our exposure to carbon emission intensive fossil fuel extraction, power generation, transportation and other consumption and we are working to rebalance our portfolios. For example, we have dramatically reduced exposure to companies focused on coal extraction with pure play coal extraction now representing 0.4% of our energy sector exposure, down 80% since 2015. We are significant investors and financiers in the expansion of renewable and other low-carbon energy, and we are exploring new, innovative products such as facilities that are structured to link pricing to a client's carbon reduction efforts. An internal analysis of the generation fuel mix associated with our power utilities portfolio indicates approximately a third of our exposure is low-carbon, not inclusive of our \$9.4 billion portfolio of tax equity investments in wind and solar projects throughout the U.S.

In line with our ESRP Framework, if due diligence reveals that a business activity presents significant environmental or social risk, that activity may be escalated to a line of business reputational risk committee which can approve, conditionally approve, or decline the activity. We track and externally report on ESRP Framework-related items discussed by these committees. Nine items were referred to a line of business reputational risk committee in 2019 due to environmental considerations.

By supporting the effective integration of sustainable finance, environmental risk management across our business, spearheading our My

Environment employee engagement program and working with many external stakeholders our GEG helps to protect our environmental reputation both internally and externally. We calculated the cost of response to risk based on the GEG's total annual operating cost.

## C2.4

**(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes

### C2.4a

**(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.**

---

**Identifier**

Opp1

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Products and services

**Primary climate-related opportunity driver**

Development and/or expansion of low emission goods and services

**Primary potential financial impact**

Increased revenues resulting from increased demand for products and services



### **Company-specific description**

The agreement made at the U.N. Conference on Climate Change (COP21) in Paris provides a framework to drive international action on climate change and is generating significant opportunities to increase our business. The Paris Agreement provides for international mechanisms to promote climate-friendly finance, carbon trading, technology transfer and adaptation to climate change impacts. It is giving momentum to national emission reduction plans and targets, and the related actions of international, sub-national and private sector organizations. Many governments around the globe have made commitments Nationally Determined Contributions (NDCs) to support and implement the Paris Agreement. Despite the U.S. government having announced their withdrawal from the Paris Agreement, many sub-national and corporate entities (including Bank of America) have committed to working to meet the spirit of the original U.S. commitment. These commitments have generated many opportunities; including; our Blended Finance Catalyst Pool increasing investment in developing and emerging markets, green bonds as organizations invest in environmental programs and the transition to renewables in the U.S. and beyond.

These opportunities will be driven by ramping up investment in climate change mitigation measures such as renewable energy technologies, smart grids and energy storage. A 2018 study by the International Institute for Applied Systems Analysis shows that low-carbon investments will need to markedly increase if the world is to achieve the Paris Agreement aim of keeping global warming well below 2°C. To meet countries' NDCs, the study found that an additional \$130 billion of investment annually will be needed by 2030, while to achieve the 2°C target the gap is \$320 billion and for 1.5°C it is \$480 billion per year.

Achieving the goals of COP21 will mean transforming the global economy, and the kind of lending and investing that will be needed for this transformation requires financial services firms, such as ours, with the scale, expertise and influence to make a real difference and capitalize on new markets. Our Environmental Business Initiative, along with the other financial commitments made by our peers, is helping to mobilize the capital needed for this transition to a low-carbon economy through sustainable and environmental business activities.

### **Time horizon**

Short-term

### **Likelihood**

Virtually certain

### **Magnitude of impact**

Medium-high

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

10,000,000

**Explanation of financial impact figure**

By generating opportunities for our climate finance business, we anticipate that implementation of the Paris Agreement will result in well over \$10 million of additional business annually for us. We arrived at this figure by considering whether we expected the potential financial impact to exceed our \$10 million threshold for 'substantive' for CDP reporting. This estimate is based on professional judgment by our subject matter experts within the business. This will manifest from our Environmental Business Initiative and specific programs and initiatives including our Blended Finance Catalyst Pool.

**Cost to realize opportunity**

13,000,000

**Strategy to realize opportunity and explanation of cost calculation**

In response to the opportunity created by the NDCs developed in conjunction with the Paris Agreement, we have developed and expanded innovative financing structures and new partnerships. For example, our Blended Finance Catalyst Pool was launched in late 2018 with an initial allotment of \$60 million and the opportunity to stimulate additional private capital to finance sustainable development in emerging and developing markets. The program is designed as a revolving pool to mobilize additional private capital toward the United Nations Sustainable Development Goals (SDGs). The financing pool specifically focuses on energy access (SDG7), affordable housing (SDG11), water and sanitation access (SDG6), and climate resiliency (SDG13). It prioritizes emerging markets, but is also funding select opportunities in developed markets. The initiative aims to support economic growth and result in more sustainable jobs, development and projects as well as drive innovation.

As part of our Blended Finance Catalyst Pool initiative, in 2019, we worked with Swiss Asset Manager responsAbility and several other partners on a new \$200 million Access to Clean Power Fund which was announced in early 2020. The private debt fund addresses the lack of access to clean power globally with a strong focus on sub-Saharan Africa and South and Southeast Asia. The Fund targets companies that provide solutions to households without access to electricity and to businesses looking for cleaner, cheaper and more reliable energy. Beyond the

financing of the dynamic off-grid energy sector, it is the first investment fund of this scope to actively address the solar potential for the commercial and industrial (C&I) sector in these markets. Over the lifetime of the fund, portfolio companies are expected to provide clean power to more than 150 million people, add 2,000 MW of clean energy generation capacity and reduce CO2 emissions by 6 million metric tons.

By closely monitoring developments associated with the Paris Agreement and the NDCs, working with our lines of business on our Environmental Business Initiative and leading our Blended Finance Catalyst Pool, our Global Environmental Group (GEG) is spearheading our efforts to realize related opportunities for increasing our climate finance business. We calculated the cost to realize opportunity based on the GEG's total annual operating cost.

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**Identifier**

Opp2

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Products and services

**Primary climate-related opportunity driver**

Development and/or expansion of low emission goods and services

**Primary potential financial impact**

Increased revenues resulting from increased demand for products and services

**Company-specific description**

Policies that place a price on carbon, require emission reductions, and incentivize clean energy, energy efficiency and carbon sequestration, are important for enabling the growth needed to deliver the Paris Agreement goals, and they create a framework that supports our low carbon financing.

Our renewable energy financing business lines benefit from tax incentives such as the U.S. federal investment tax credit and production tax credit and policies such as renewables portfolio standards, interconnection standards and net metering rules. With these regulatory drivers and market dynamics, including falling technology costs and increased demand for renewables, our deployment of capital towards renewables projects has grown substantially. Our Renewable Energy Finance team provides tax equity investments enabled by the U.S. federal tax credits. Our portfolio at the end of 2019 was approximately \$9.4 billion of tax equity renewable energy investment. In addition to tax equity, we provide a full range of services to support the renewable energy sector – including lending, capital markets and advisory services. Additionally, according to Dealogic's league tables, we were the top advisor globally to renewables mergers and acquisitions deals between 2013 and the end of 2019.

Policy incentives that promote and support carbon capture technologies also create opportunities for us. Section 45Q of the U.S. Internal Revenue Code provides a tax credit for CO<sub>2</sub> sequestration. From 2008–2018, an incentive of \$20 per metric ton for CO<sub>2</sub> geologic storage and \$10 per metric ton for CO<sub>2</sub> used for enhanced oil recovery (EOR) or enhanced natural gas recovery (EGR) was available. Updates made in 2018 to Section 45Q will increase the tax credit to \$35 per metric ton for EOR and \$50 per metric ton for geologic storage by 2026. The tax credit is also available for non-EOR CO<sub>2</sub> utilization and direct air capture projects. This tax measure now provides a 12-year stream of credits to carbon capture projects, based on volumes of CO<sub>2</sub> sequestered. Tax policies adopted by numerous state governments complement these federal tax incentives. Given this tax reform, we anticipate substantial capital will be deployed to carbon capture technologies, and this will require significant third-party financing. Our client base is actively looking at applications for carbon capture and this creates opportunities for us to provide related financing solutions.

**Time horizon**

Short-term

**Likelihood**

Likely

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

15,000,000,000

**Explanation of financial impact figure**

We expect regulatory incentives to influence the viability of renewable energy projects and large-scale capital energy efficiency projects. We estimate the possibility of approximately \$15 billion in additional business towards our Environmental Business Initiative over the next three years from this opportunity. This is based on the sum of projected business in tax equity, debt financing, and energy efficiency financing.

**Cost to realize opportunity**

12,000,000

**Strategy to realize opportunity and explanation of cost calculation**

We track and incorporate regulatory incentives into our clean energy strategic planning and transactional work. We tailor development of this business in response to evolving regulation. As an example of how we actively manage this opportunity, in 2019 we worked on several tax equity deals in the U.S. that were announced in early 2020.

We provided tax equity financing to ENGIE North America for 2 gigawatts of renewables, including 1.5 GW of onshore wind and 500 megawatts of utility-scale solar, with projects located in markets including the Electric Reliability Council Of Texas Inc., Southwest Power Pool and PJM Interconnection. As part of this transaction, ENGIE North America received proceeds for two wind farms, the 196-MW East Fork in Thomas County, Kansas, and the 161-MW Jumbo Hill in Andrews County, Texas, on which the company began construction in April 2019. This deal is said to be the largest tax equity deal of its kind in the United States.

In another example, we provided tax equity financing to RWE Renewables for its 151-MW Peyton Creek Wind Farm in Matagorda County, Texas. Commercial operation of the project commenced in the first quarter of 2020. The facility hosts 48 wind turbines and can produce enough electricity to power more than 45,000 homes.

In recognition of our contribution to the U.S. renewable energy sector, we received a Renewable Energy Leadership Award in 2019 from the American Council on Renewable Energy (ACORE). ACORE is a national nonprofit organization that unites finance, policy and technology to accelerate the transition to a renewable energy economy. ACORE's Renewable Energy Leadership Award honors companies that have made outstanding contributions to growing the renewable energy economy.

We calculated the cost to realize opportunity by summing the total annual operating costs of our Renewable Energy Finance and Energy Services groups, which provide financing to renewable energy projects and capital energy efficiency projects.

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**Identifier**

Opp3

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Products and services

**Primary climate-related opportunity driver**

Shift in consumer preferences

**Primary potential financial impact**

Increased revenues resulting from increased demand for products and services

**Company-specific description**

Factors including increased understanding and awareness about climate change and the associated impacts, as well as policy, reputational and financial factors are driving increased client demand for our low-carbon products and services. In 2019 our Commercial Real Estate and Community Development Banking business provided \$1.96B towards financing of LEED and ENERGY STAR certified buildings while our Global Leasing business provided \$3.9B in equipment and tax equity financing for energy-efficiency projects and renewable-energy projects. Our Global Investment Banking and Debt Capital Markets groups provide equity and debt capital and advisory services to low-carbon clients (\$7.4B in 2019). Last year, our Consumer Vehicle lending group lent clients \$850M to help them purchase low-carbon vehicles.

In 2019 our Global Research team published the report “ESG – from A to Z,” the latest in a series of research focused on why investors should pay attention to environmental, social and governance factors to both enhance returns and reduce risk. We estimate that in Europe, ESG-oriented EU funds could rise by EUR800- 1,100 billion by 2030, with one in three funds being ESG-focused by then while trends in the U.S.

investment landscape indicate that trillions of dollars could be allocated to ESG-oriented equity investments, and thus to stocks that are attractive on ESG metrics. These trends create opportunities for our Wealth Management businesses to support clients in considering ESG factors in their investing decisions. At the end of 2019, Wealth Management clients had \$25 billion in assets with a clearly defined ESG approach.

We are also seeing significant growth in our green bonds business. Green bonds are fixed income, liquid financial instruments for raising debt capital, enabling investors to direct capital towards climate and other environmental protection initiatives. The green bond market is growing rapidly, as evidenced by a 51% growth in issuances in 2019 compared to 2018 (according to the Climate Bonds Initiative). We actively engage in industry level initiatives to ensure a robust and credible green bond market. Bank of America was a founding member of the Green Bond Principles and Social Bond Principles Executive Committee and we were re-elected for a new 2-year term in 2019. Under the International Capital Market Association we are also a member of the Climate Transition Finance and Sustainability-Linked and Green Bond Working Groups.

**Time horizon**

Short-term

**Likelihood**

Likely

**Magnitude of impact**

Medium-high

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

445,000,000,000

**Explanation of financial impact figure**

We estimate that increasing client demand for low-carbon financing represents an opportunity for \$445 billion in additional business for us from 2007 to 2030. We arrived at this figure by taking the sum of our \$20 billion and \$125 billion environmental business commitments achieved

between 2007 and 2019 and our new \$300 billion commitment through 2030. As an illustration of this opportunity, increasing client demand helped us deliver \$26.4 billion towards our Environmental Business Initiative in 2019, a 144% increase in our annual activity compared with 2013, the first year for our \$125 billion commitment.

**Cost to realize opportunity**

13,000,000

**Strategy to realize opportunity and explanation of cost calculation**

Our GEG identifies and helps to leverage trends that present business opportunities for the bank. Leaders from across our business work alongside GEG members to gather and report market data and other information to influence our transformational financing activities. In 2020 we established a Global Head of Sustainable Finance position and a Sustainable Markets Committee to expand our offerings in this space.

Two examples of how our lines of business are realizing opportunities to incorporate ESG, including climate change considerations into their products and service offerings are provided below.

In response to growing client demand, our Wealth Management business has enhanced our sustainable investing process, platform, investment guidance and resources to help our advisors gain a deeper understanding of this area, including how to address the needs of a growing number of clients. We are increasing the number of available strategies, and now have over 140 total sustainable and impact investment options on our platform. As of March 31, 2020, over 50% of our advisors use five or more sustainable and impact investing solutions – 33% more advisors than 3 years ago. All advisors have access to training modules created in collaboration with the Money Management Institute and the firm also supports the Chartered SRI Counselor certification from the College of Financial Planning.

Our ESG Capital Markets team leads our strategy to realize opportunities in the green bond market by educating our relationship bankers across corporate and investment banking and public finance to offer this financing tool to clients. Examples of our 2019 activity include the first ever sustainability-linked bond by Italian energy company Enel, which we structured and led, and Europe's first climate bond issued by Snam S.p.A. Proceeds from this bond will be used to fund Snam's green investments in biomethane and energy efficiency and other investments towards Snam's target of reducing methane emissions by 2025. Since 2007, we have been the leading underwriter of green bonds (according to Bloomberg NEF and the Environmental Finance Bond database).



The activities of our GEG support the efforts of our lines of business to anticipate and respond to changing client demands. We calculated the cost to realize opportunity based on the GEG's total annual operating cost.

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**Identifier**

Opp4

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Products and services

**Primary climate-related opportunity driver**

Reputational benefits resulting in increased demand for goods/services

**Primary potential financial impact**

Increased revenues resulting from increased demand for products and services

**Company-specific description**

As one of the world's largest financial institutions, we are experiencing increasing interest from our stakeholders including employees, investors, clients, NGOs and policymakers in our environmental performance and initiatives. To the extent that we can positively differentiate ourselves, for example through operational goals and initiatives, innovative financing solutions and partnerships, and environmental risk policies, we have an opportunity to enhance our brand, attract new employees, investors and clients and increase employee retention rates.

As our clients and other stakeholders seek to address environmental challenges and opportunities in key growth markets, they are looking to work with and learn from financial services partners with a reputation for building a demonstrable track record and body of expertise on these topics. For example, we are the leading underwriter of green bonds globally since 2007 (according to BloombergNEF and the Environmental Finance Bond database) and this has positioned us well to participate in the rapidly growing green bonds market in the Asia-Pacific region. In this region, we are the third ranked underwriter of ESG bonds of all-time, having led 58 ESG bond transactions since 2015. In 2019, we were

recognized as the Best ESG Bank in Asia in the Asset Magazine Triple 'A' Regional Awards for three years in a row and we were recognized for the second year in a row by Euromoney as Asia's Best Bank for Corporate Responsibility. This external recognition helps to build our reputation for low carbon financing in the marketplace.

Our environmental commitments are of interest to, and a source of pride for, many of our employees. Our employees are important ambassadors for our environmental leadership both internally with their colleagues and externally with our customers and in their communities. Our My Environment program drives positive change by helping employees act as better environmental stewards at work, at home and in the community and has more than 24,000 members across 30 countries – making it the second largest employee group at the bank.

**Time horizon**

Short-term

**Likelihood**

Likely

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

10,000,000

**Explanation of financial impact figure**

Reputational opportunities have possible financial implications for our company through the potential to attract new clients, recruit talent, drive additional revenue, improve shareholder value, and reduce costs associated with employee turnover. While it is very difficult to comprehensively quantify the positive financial implications, we estimate the potential for over \$10 million of additional revenue per year to result from a reputation for leadership in the environmental financing field. We arrived at this figure by considering whether we expected the potential financial impact to exceed our \$10 million threshold for 'substantive' for CDP reporting. This estimate is based on professional judgment by our subject matter experts within the business.

**Cost to realize opportunity**

13,000,000

**Strategy to realize opportunity and explanation of cost calculation**

We build our reputation in many ways, including setting and delivering ambitious operational goals, following through on our low carbon financing commitments and participating in external programs and partnerships.

In 2019, we reached our goal of becoming carbon neutral for Scope 1 and 2 emissions, one year ahead of our plan. To reach this goal, we reduced our location-based emissions by 56%, purchased electricity from renewable sources, and purchased a small number of carbon offsets for our unavoidable emissions. In support of our commitment to purchase 100% renewable electricity, we have been members of the U.S. EPA Green Power Partnership since 2017, we are recognized by EPA as a top five green power purchaser and in 2019 we received an EPA Excellence in Green Power award for our efforts to purchase and use renewable power, including our planned installation of solar panels on more than 60 financial centers, ATMs, and bank offices over the next three years and beyond. This program is expected to generate more than 25 megawatts of renewable electricity. Quarterly newsletters, which we issue to our over 24,000 My Environment members provide progress updates on our operational and financing commitments, and share information about My Environment group-wide initiatives and local chapter activities aimed at building environmental awareness and promoting sustainable behaviors.

Another way that we build our reputation is through external partnerships aimed at developing innovative and impactful climate solutions. In 2019, we won an Innovative Partnerships Climate Leadership Award for our Community ReLeaf partnership with American Forests to bring more trees to urban areas, thereby improving the environment, revitalizing neighborhoods and creating jobs.

By supporting the integration of environmental risks and opportunities to our business, spearheading our My Environment program, working with external stakeholders, and leading our participation in events, rating surveys and recognition programs our GEG helps to build our environmental reputation both internally and externally. We calculated the cost to realize opportunity based on the GEG's total annual operating cost.

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**Identifier**

Opp5

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Energy source

**Primary climate-related opportunity driver**

Use of supportive policy incentives

**Primary potential financial impact**

Returns on investment in low-emission technology

**Company-specific description**

Regulations and incentives present an opportunity for us as we implement our renewable energy strategy in our operations. We have set a goal to purchase 100 percent of electricity from renewable sources by the end of 2020. We reached that goal in 2019, one year ahead of our plan. The U.S. federal investment tax credit is a climate-related regulation that significantly reduces the net capital cost for onsite renewable energy installations at our facilities in the U.S. By making the financial return on investment more attractive, this tax credit has significantly improved our ability to implement onsite solar PV technology at our facilities, which is one of the strategies we are employing to achieve our renewable energy goal. We will also apply any state and local renewable energy incentives applicable to the solar projects we install at our facilities.

**Time horizon**

Short-term

**Likelihood**

Very likely

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure – minimum (currency)**

6,000,000

**Potential financial impact figure – maximum (currency)**

11,000,000

**Explanation of financial impact figure**

By reducing our total tax burden, we estimate that the investment tax credit creates the opportunity to reduce the net capital cost of onsite renewable energy projects at our facilities by potentially \$6 to 11 million over three years. This is based on the expected gross capital costs of potential projects multiplied by the tax credit percentage.

**Cost to realize opportunity**

13,000,000

**Strategy to realize opportunity and explanation of cost calculation**

We plan to realize this opportunity to capture the investment tax credit by implementing onsite solar PV projects at our U.S. facilities over the next few years. This is an important component of our strategy in achieving our goal to purchase 100 percent of electricity from renewable sources. To secure the needed funding, in presentations to decision-makers we have factored the tax credit into the financial performance of the initiative, and we have explained the positive impact of this tax credit. As an example, the tax credit was an important reason that we received approval to install solar PV at a financial center in Pittsburgh in 2019 and to install onsite solar PV across multiple locations over the next few years.

The GEG leads our efforts to achieve our environmental operations goals, including the 100 percent renewable electricity goal, and the development and implementation of our renewable energy strategy. We calculated the cost to realize opportunity based on the GEG's total annual operating cost.

## C3. Business Strategy

### C3.1

**(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?**

Yes

#### C3.1a

**(C3.1a) Does your organization use climate-related scenario analysis to inform its strategy?**

Yes, qualitative and quantitative

#### C3.1b

**(C3.1b) Provide details of your organization's use of climate-related scenario analysis.**

Climate-related scenarios and models applied	Details
Other, please specify Scenarios with sudden shocks that may affect our company over a relatively short time horizon (2 to 4 years), but would be generally consistent with a 2-degree pathway	<p>To analyze how transition risk could impact our clients, we tested two hypothetical event-based scenarios to see how each could impact companies in one of the sectors most exposed to climate-related risks – oil and gas. We worked with peer institutions in the financial services sector and in collaboration with the management consultancy Oliver Wyman, to examine this transition risk with the intent to better understand the sensitivity of the creditworthiness of oil and gas companies to policies and market changes linked to the transition to a low-carbon economy.</p> <p>The analysis was run under two different potential scenarios, both compatible with a 2°C or lower pathway, on a sample of our oil and gas portfolio:</p> <ul style="list-style-type: none"> <li>- The policy implementation of an economy-wide carbon tax</li> <li>- The market's sudden widespread adoption of electric vehicles (EVs)</li> </ul>

	<p>The carbon tax scenario assumed that a global carbon tax of \$50 and \$100 per metric ton of carbon dioxide was adopted over a three-year period and applied to upstream producers who then passed on part of the additional costs to customers. The scenario also assumed that as a result of the carbon tax, production decreased resulting in a supply curve shift.</p> <p>The electric vehicle scenario assumed a widespread increase in EV sales over a three year period with 20% of new vehicle sales being EVs versus ~2% for 2019. A 15-year turnover rate was applied to existing vehicles and the scenario assumed 30% of additional electricity (generated by gas) would be required to support the increase in EVs.</p> <p>Oliver Wyman created a tool to identify and assess key drivers of operating economics such as volume, cost, price, and capital expenditures, then looked at how each could be impacted by the scenario and further result in impact to the borrower's financial statements based on scenario adjustments.</p> <p>Results:</p> <p>This tool was useful in informing us of how oil and gas companies may be impacted differently based on the policy or market change and their business mix. Depending on the company, the carbon tax may negatively impact operating economics, which could lead to a weaker credit profile. However, the EV scenario indicated a longer timetable (beyond three years) for any potential material impact on the credit profiles of oil and gas companies.</p> <p>We learned that to fully analyze the impact of a policy change, it is necessary to assess a counterparty's operating economics and supply and demand implications. There is a wide variation in how the creditworthiness of oil and gas companies may be affected by a \$50 carbon tax scenario. For some companies there was little impact while for others it was more significant. As we improve the efficacy of transition scenario analysis, it will become one of the array of tools used to continuously monitor the ability of a borrower or counterparty to perform under its obligations.</p>
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	<p>Influencing strategy:</p> <p>The conclusions from our analyses are intended to assist in informing future strategic decisions regarding financial exposure to climate-related risks and accordingly, how related analytical tools (such as scenario analysis and information on extreme weather events) may be embedded within business planning and decision-making processes. For instance, given the need to assess transition risk at the individual counterparty level, we are incorporating an evaluation of transition risk into underwriting and credit risk management practices. We incorporated a physical risk scenario into our stress testing processes, assuming two Category 5 hurricanes struck the Miami-Dade area within two weeks of each other. We are evaluating results of that stress test in accordance with our risk management framework. We continue to evaluate different scenarios to help ensure that we effectively manage climate-related risk. For example, we expect to pilot an enterprise-wide climate change scenario in our stress testing process in 2020 to further inform our strategy.</p>
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### C3.1d

**(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.**

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	<p>How strategy has been influenced:</p> <p>Increased awareness of climate change and its causes and effects, climate-related policy, reputational considerations and financial factors are driving increased client demand for our low-carbon products and services. The deployment and mobilization of capital is one of our biggest opportunities to have a positive environmental impact. Under our Environmental Business Initiative, our businesses have developed a full suite of products and services to work with our clients to direct capital to low-carbon and sustainable business to address climate change and other demands on natural resources. An example is green bonds, which are fixed income, liquid financial instruments for raising debt capital for climate mitigation and adaptation initiatives. We have been a leader in developing the green bond market since it began a decade ago and we have a team dedicated to our work in this space. We</p>



		<p>worked with peers to develop the Green Bond Principles to ensure the credibility of the market, we were the first corporation to issue a benchmark sized green bond, and have led the market in underwriting.</p> <p>Our Global Environmental Group (GEG) supports bankers dedicated to this space by identifying and helping to capitalize on emerging trends that present new business opportunities. The GEG includes subject matter experts dedicated to working with teams across our lines of business to evaluate opportunities and to develop and bring to market low-carbon financing products and services.</p> <p>Time horizon of strategy: Our strategy considers the short, medium and long time horizons (0 to 10 years).</p> <p>Case study of strategic decision: The establishment and expansion of our Environmental Business Initiative is a substantial strategic decision influenced by climate-related risks and opportunities. In 2007, we announced a 10-year, \$20 billion Environmental Business Initiative to address climate change and natural resource demands, which we achieved early. In 2013 we began a new target of \$50 billion over 10 years, which then increased to \$125 billion in 2015. In 2019, we met that target six years ahead of schedule. Since 2007 we have deployed \$158 billion in support of environmental business efforts globally. In 2019 we established a new target of \$300 billion in low-carbon financing by 2030, bringing our total commitment to more than \$445 billion.</p>
Supply chain and/or value chain	Yes	<p>How strategy has been influenced: We are indirectly exposed to the impacts of climate risks on our suppliers. This has influenced our strategy in a number of ways. We integrate environmental sustainability criteria into our supplier sourcing processes by providing our sourcing managers with specific questions regarding supplier sustainability practices and scoring criteria for incorporation into Requests for Proposals and Requests for Information. In addition, our Responsible Sourcing and Supplier Diversity team is continually reviewing ESG issues and opportunities relevant to our supply chain and leading efforts to integrate them into our procurement approach.</p>

		<p>We also face risk if our clients' businesses are adversely impacted because they do not effectively anticipate and manage new climate-related regulatory requirements or by physical climate changes. We recognize there are a range of risks associated with our current levels of fossil fuel financing. Our goal is to rebalance our portfolios away from more carbon emission intensive fossil fuel extraction, power generation, transportation and other consumption through engaging with clients and accelerating their progress toward low-carbon business models. We have reduced exposure to companies focused on coal extraction nearly 80% from 2015.</p> <p>Time horizon of strategy: Our strategy considers the short, medium and long time horizons (0 to 10 years).</p> <p>Case study of strategic decision: Among our most significant decisions have included continuing participation in CDP Supply Chain and setting supply chain targets. Since 2009, we have invited suppliers to respond to the CDP questionnaire, which helps us track climate change impacts and associated risks related to our global supply chain. Following the survey, we provide individualized feedback regarding each vendor's level of transparency and performance to the participating vendors and their vendor managers. This has facilitated ongoing dialogue between the bank and supplier which promotes collaboration. In 2016, we set our first-ever goals to address climate change within our supply chain with two vendor engagement goals: to maintain a response rate to the CDP supply chain questionnaire of at least 90%, and for 90% of CDP supply chain responding vendors to disclose GHG emissions.</p>
Investment in R&D	Yes	<p>How strategy has been influenced: The global transition to a low-carbon economy will require new and innovative forms of finance. This creates opportunities for us to develop and bring to market additional products and services, which has influenced our business strategy. For example, through partnerships such as the Global Innovation Lab, we are participating in efforts to pilot new forms of innovative climate finance solutions which will be needed to broaden investment opportunities both generally, and for our company specifically, in climate mitigation and adaptation. We are exploring new, innovative products such as facilities that are structured to link pricing to a client's carbon reduction efforts. We are incorporating a discussion of ESG</p>

		<p>factors into our regular client engagement routines with clients in the energy and power sector to encourage their transition to low-carbon energy sources and discuss new innovative ways to finance their investment in this transition.</p> <p>Time horizon of strategy: Our strategy considers the short, medium and long-time horizons (0 to 10 years).</p> <p>Case study of decision: One significant decision has been our partnership with the Global Innovation Lab for Climate Finance. We are one of 20 principals in the Global Innovation Lab which identifies, develops, and pilots transformative climate finance instruments and aims to drive billions of dollars of private investment into climate change mitigation and adaptation in developing countries. As a principal, we review submissions to the Lab, discuss the merits of each proposal, help improve the structure to make each idea more investable, and participate in working groups to help bring the finalist instruments to market.</p> <p>Another key decision has been the development of our Blended Finance Catalyst Pool with an initial allotment of \$60 million to mobilize additional private capital toward the SDGs, with a specific focus on energy access (SDG7), affordable housing (SDG11), water and sanitation access (SDG6), and climate resiliency (SDG13). A working group comprised of several senior executives from across the bank is responsible for guiding our deployment of capital under this program. Additionally, in 2019, we worked with Swiss Asset Manager responsAbility and several other partners on a new \$200 million Access to Clean Power Fund which was announced in early 2020.</p>
Operations	Yes	<p>How strategy has been influenced:</p> <p>Climate-related risks and opportunities have influenced our operations strategy in several ways. In response to physical climate risks, our Building Disaster Recovery Planning (BDRP) team implements a robust business continuity program to prepare our facilities for climate-related severe weather events. We are increasingly incorporating climate change considerations into our resilience and operational scenario planning. As part of our efforts to support innovation that can help us rethink how we use energy and transportation today, we have more than 200 EV charging ports installed at office locations</p>

		<p>for employee use; over 50,000 bank employees work at buildings with EV charging stations, with more installations planned in 2020. We have established a dedicated internal team that works full-time on our environmental initiatives, including those in operations. The GEG establishes and has accountability for environmental goals for the company and develops strategies and implements initiatives to ensure that resources across the company are mobilized to meet these goals.</p> <p>Time horizon of strategy: Our strategy considers the short, medium and long time horizons (0 to 10 years).</p> <p>Case study of decision: In one of our significant operational strategy decisions, we have set a wide range of public business and operational targets to minimize our direct impact on the climate. These targets are continually assessed through the appropriate governance routines and recalibrated as we respond to the urgency of the climate change challenge. Our ultimate goal is to align our business with the scientific consensus of what is needed to prevent global temperatures from rising more than 1.5–2°C, as outlined in the Paris Climate Agreement. On the operational side, we have a suite of public goals we are working to achieve by the end of 2020 that aim to reduce our direct impacts on the environment. This includes reducing greenhouse gas (GHG) emissions, consumption of energy, water and paper, and waste. In 2019, we reached our goal of becoming carbon neutral for Scope 1 and 2 emissions, one year ahead of our plan. To reach this goal, we reduced our location-based emissions by 56%, purchased electricity from renewable sources, and purchased a small number of carbon offsets for our unavoidable emissions.</p>
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### C3.1e

**(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.**

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Capital expenditures	<p>Capital expenditures and revenues: The deployment of financial capital is one of our biggest opportunities to have a positive environmental impact. Through implementation of strategies to realize our Environmental Business Initiative we are directing capital to low-carbon and sustainable business to address climate change and other demands on natural resources. This initiative also benefits our revenues. The establishment and expansion of this initiative is an example of financial planning influenced by climate-related risks and opportunities. In 2007, we announced a 10-year, \$20 billion Environmental Business Initiative to address climate change and natural resource demands, which we achieved early. In 2013 we began a new target of \$50 billion over 10 years, which then increased to \$125 billion in 2015. In 2019, we also met that target six years ahead of schedule. Since 2007 we have deployed \$158 billion in support of environmental business efforts across the globe. In 2019 we established a new target of \$300 billion in clean energy finance by 2030, which brings our total commitment to more than \$445 billion since 2007. The significant growth in our commitment and performance under the commitment demonstrates how integral this opportunity is to our strategy. This planning considers the short, medium and long-time horizons (0 to 10 years), as this initiative will be implemented across those time spans.</p> <p>Direct costs: In order to effectively manage the risks and opportunities presented to our business by climate change we are investing direct operating costs toward internal resources including our Global Environmental Group.</p>

### C3.1f

**(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).**

## C-FS3.2

### (C-FS3.2) Are climate-related issues considered in the policy framework of your organization?

Yes, both of the above

## C-FS3.2a

### (C-FS3.2a) In which policies are climate-related issues integrated?

	Type of policy	Portfolio coverage of policy	Description
Bank lending (Bank)	Credit policy Risk policy Underwriting policy Policy related to other products and services Engagement policy	All of the portfolio	<p>Our Environmental and Social Risk Policy (ESRP) Framework defines our risk management policies and approach and provides for the clear ownership of and accountability for managing risk well across the company. Key to this philosophy is that all employees are accountable for identifying, escalating and debating risks facing the company. The ESRP Framework is applied across our lending, underwriting and other financing products and services. This is the basis for our indication of the portfolio coverage.</p> <p>Our ESRP Framework is aligned with the enterprise Risk Framework and provides additional clarity and transparency on our approach to environmental and social risks, including how we identify, measure, monitor and control these risks consistent with our enterprise Risk Framework.</p> <p>In our ESRP Framework we set out our position on key environmental and social issues, including climate change, and we describe our policies for managing activities with heightened environmental and/or social sensitivity. This includes additional measures we take to identify, evaluate and mitigate environmental and social risks for certain clients, business activities, industries and geographies. Areas that require additional enhanced due diligence include those that carry increased concern related to climate change, such as energy and extractives and forestry.</p>

			Areas of focus for further development of our climate risk management approach over the next two years include integrating ESG metrics into our credit risk management practices and re-evaluating our industry underwriting policies and guidelines.
Other products and services, please specify			The other products or services category does not apply for our business.

## C-FS3.2b

**(C-FS3.2b) Describe your exclusion policies related to industries and/or activities exposed or contributing to climate-related risks.**

Type of exclusion policy	Portfolio	Application	Description
Coal	Bank lending	New business/investment for new projects	<p>A critical part of our strategy is strong engagement with clients in emissions intensive sectors such as energy and power utilities. Through this active client engagement, we share our expertise and perspectives on corporate and financial strategies to help reduce emissions, create positive and constructive dialogues with key stakeholders, and encourage and influence clients to consider their role in the low-carbon transition.</p> <p>Transitioning entire sectors of the economy will take time. Like many companies, we balance the need to support traditional energy sources in the near term with the recognition that their emissions contribute to climate change and exacerbate risk to our business and communities in the longer term. Our engagement strategy for the energy and power sector is reflective of this challenge. We maintain our strong focus on driving capital to critical areas like energy efficiency, renewable energy, electric vehicles and other low-carbon technology adoption while working to progress areas like advanced nuclear and carbon capture and storage/use.</p> <p>With regulatory pressure related to both coal extraction and combustion, changes in economic</p>

		<p>conditions, and increased pricing pressure due to the proliferation of natural gas and new energy technologies, the dynamics around coal are shifting. Companies that are focused on coal are currently the most exposed to these changes. Recognizing this, and in support of our goal to rebalance our portfolios away from more carbon emission intensive fossil fuel activities, we have a Coal Policy which sets out our overall position on coal, and describes circumstances where we will not provide financing. We have significantly reduced exposure to coal extraction companies, and we will maintain a reduced level of credit exposure to coal extraction companies. We will not directly finance the construction of new coal-fired power plants in developed countries, unless those facilities employ technology that is focused on complete or near elimination of atmospheric carbon emissions, such as carbon capture technology. We will only provide financing directly related to the construction of new coal-fired power generation in emerging markets after senior review and approval, based on criteria including energy access and affordability, technological efficiency and emission controls, client commitment to reduce carbon emissions and alignment with host country's commitments to international climate accords.</p>
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## C4. Targets and performance

### C4.1

**(C4.1) Did you have an emissions target that was active in the reporting year?**

Absolute target

### C4.1a

**(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.**



---

**Target reference number**

Abs 1

**Year target was set**

2015

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 1+2 (market-based)

**Base year**

2010

**Covered emissions in base year (metric tons CO<sub>2</sub>e)**

1,750,939

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

100

**Target year**

2020

**Targeted reduction from base year (%)**

100

**Covered emissions in target year (metric tons CO<sub>2</sub>e) [auto-calculated]**

0

**Covered emissions in reporting year (metric tons CO<sub>2</sub>e)**

0

**% of target achieved [auto-calculated]**

100

**Target status in reporting year**

Underway

**Is this a science-based target?**

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

**Please explain (including target coverage)**

In 2019, we reached our goal of becoming carbon neutral for Scope 1 and 2 emissions, one year ahead of our plan. To reach this goal, we started by reducing our location-based emissions by 56% since 2010. Second, we have focused on purchasing renewable electricity in a way that supports new solar and wind. This is being done through installing onsite solar and long-term agreements for tax equity investments and small projects in underserved communities as well as signing power purchase agreements. Finally, for unavoidable emissions we purchased superior carbon offsets in each region in which we operate.

---

**Target reference number**

Abs 2

**Year target was set**

2015

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 1+2 (market-based)

**Base year**

2010

**Covered emissions in base year (metric tons CO<sub>2</sub>e)**

1,750,939

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

100

**Target year**

2040

**Targeted reduction from base year (%)**

100

**Covered emissions in target year (metric tons CO<sub>2</sub>e) [auto-calculated]**

0

**Covered emissions in reporting year (metric tons CO<sub>2</sub>e)**

0

**% of target achieved [auto-calculated]**

100

**Target status in reporting year**

Underway

**Is this a science-based target?**

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

**Please explain (including target coverage)**

We are committing to maintain carbon neutrality through at least 2040.

**Target reference number**

Abs 3

**Year target was set**

2015

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 1+2 (location-based)

**Base year**

2010

**Covered emissions in base year (metric tons CO<sub>2</sub>e)**

1,785,417

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

100

**Target year**

2020

**Targeted reduction from base year (%)**

50

**Covered emissions in target year (metric tons CO<sub>2</sub>e) [auto-calculated]**

892,708.5

**Covered emissions in reporting year (metric tons CO<sub>2</sub>e)**

791,409

**% of target achieved [auto-calculated]**

111.3474331207

**Target status in reporting year**

Underway

**Is this a science-based target?**

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

**Please explain (including target coverage)**

In tandem with the carbon neutrality goal, we are committing to reduce our location-based emissions by 50%.

## C4.2

**(C4.2) Did you have any other climate-related targets that were active in the reporting year?**

Target(s) to increase low-carbon energy consumption or production

Other climate-related target(s)

## C4.2a

**(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.**

---

**Target reference number**

Low 1

**Year target was set**

2015

**Target coverage**

Company-wide

**Target type: absolute or intensity**

Absolute

**Target type: energy carrier**

Electricity

**Target type: activity**

Consumption

**Target type: energy source**

Renewable energy source(s) only

**Metric (target numerator if reporting an intensity target)**

Percentage

**Base year**

2010

**Figure or percentage in base year**

1

**Target year**

2020

**Figure or percentage in target year**

100

**Figure or percentage in reporting year**

100

**% of target achieved [auto-calculated]**

100

**Target status in reporting year**

Underway

**Is this target part of an emissions target?**

**Is this target part of an overarching initiative?**

RE100

**Please explain (including target coverage)**

Our goal is to purchase 100 percent of electricity globally from renewable sources in a way that supports new wind and solar. In 2019 we reached this goal, one year ahead of our plan. This is being done through installing onsite solar, signing power purchase agreements and long-term agreements for renewable energy certificates (RECs) from tax equity investments and small projects in underserved communities. We have executed a variety of deals across the U.S. We partnered with Duke Energy, NRG Energy, 3Degrees, Pine Gate Renewables, NativeEnergy and Birdseye Renewable Energy to support 10 new solar projects across three states, including North Carolina, home to the company's headquarters. The agreements total 200 megawatts (MW) of new solar electricity capacity and will supply over 340,000 megawatt-hours (MWh) of Green-e certified RECs annually. In 2019, we also executed two long-term contracts to purchase Green-e certified RECs from renewable energy installations in Texas. One of the contracts is to purchase 500,000 MWh of RECs per year for five years from the Capricorn Ridge (I and III) Wind Farms in Texas in which the bank has a tax equity ownership stake. These wind farms were repowered in 2017 to improve wind energy production and extend the life of the wind farms, which were installed over 10 years ago. The second contract is to purchase RECs from a new 240-MW wind farm in Texas. Bank of America provided the hedge agreement for this project, which is anticipated to be operational in 2021.

**C4.2b**

**(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.**

---

**Target reference number**

Oth 1

**Year target was set**

2015

**Target coverage**

Company-wide

**Target type: absolute or intensity**

Absolute

**Target type: category & Metric (target numerator if reporting an intensity target)**

Energy consumption or efficiency

GJ

**Base year**

2010

**Figure or percentage in base year**

13,916,433

**Target year**

2020

**Figure or percentage in target year**

8,349,860

**Figure or percentage in reporting year**

8,116,305

**% of target achieved [auto-calculated]**

104.1956694002

**Target status in reporting year**



Underway

**Is this target part of an emissions target?**

**Is this target part of an overarching initiative?**

No, it's not part of an overarching initiative

**Please explain (including target coverage)**

Our goal is to reduce energy use by 40 percent. This target covers all our global operations.

---

**Target reference number**

Oth 2

**Year target was set**

2015

**Target coverage**

Company-wide

**Target type: absolute or intensity**

Absolute

**Target type: category & Metric (target numerator if reporting an intensity target)**

Low-carbon buildings

Percentage of buildings with a green building certificate

**Base year**

2010

**Figure or percentage in base year**

10

**Target year**

2020

**Figure or percentage in target year**

20

**Figure or percentage in reporting year**

25

**% of target achieved [auto-calculated]**

150

**Target status in reporting year**

Underway

**Is this target part of an emissions target?**

**Is this target part of an overarching initiative?**

No, it's not part of an overarching initiative

**Please explain (including target coverage)**

Our goal is to maintain LEED certification in 20 percent of owned and leased space. This target covers all our global operations.

---

**Target reference number**

Oth 3

**Year target was set**

2015

**Target coverage**

Company-wide

**Target type: absolute or intensity**

Absolute

**Target type: category & Metric (target numerator if reporting an intensity target)**

Engagement with suppliers

Other, please specify

Response rate to our CDP supply chain information requests

**Base year**

2010

**Figure or percentage in base year**

84

**Target year**

2020

**Figure or percentage in target year**

90

**Figure or percentage in reporting year**

92

**% of target achieved [auto-calculated]**

133.3333333333

**Target status in reporting year**

Underway

**Is this target part of an emissions target?**

**Is this target part of an overarching initiative?**

No, it's not part of an overarching initiative

**Please explain (including target coverage)**

Our goal is to maintain a 90 percent response rate to our CDP supply chain requests.

---

**Target reference number**

Oth 4

**Year target was set**

2015

**Target coverage**

Company-wide

**Target type: absolute or intensity**

Absolute

**Target type: category & Metric (target numerator if reporting an intensity target)**

Engagement with suppliers

Percentage of suppliers disclosing their GHG emissions

**Base year**

2011

**Figure or percentage in base year**

76

**Target year**

2020

**Figure or percentage in target year**

90

**Figure or percentage in reporting year**

83

**% of target achieved [auto-calculated]**

50

**Target status in reporting year**

Underway

**Is this target part of an emissions target?**

**Is this target part of an overarching initiative?**

No, it's not part of an overarching initiative

**Please explain (including target coverage)**

Our goal is to increase to 90 percent the number of our CDP supply chain responding vendors who report GHG emissions.

## C4.3

**(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.**

Yes

### C4.3a

**(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO<sub>2</sub>e savings.**

	Number of initiatives	Total estimated annual CO <sub>2</sub> e savings in metric tonnes CO <sub>2</sub> e (only for rows marked *)
Under investigation	127	
To be implemented*	7	122
Implementation commenced*	7	122
Implemented*	500	79,458
Not to be implemented	173	

### C4.3b

**(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.**

**Initiative category & Initiative type**

Energy efficiency in buildings

Other, please specify

Varied energy efficiency projects

**Estimated annual CO<sub>2</sub>e savings (metric tonnes CO<sub>2</sub>e)**

2,900

**Scope(s)**

Scope 1

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

980,000

**Investment required (unit currency – as specified in C0.4)**

28,200,000

**Payback period**

>25 years

**Estimated lifetime of the initiative**

3-5 years

**Comment**

Approximately 500 energy efficiency projects were implemented in 2019, including lighting and HVAC equipment and controls upgrades, data center equipment and controls upgrades, and decommissioning unneeded equipment. Since 2004, we have completed more than 16,000 efficiency projects. Since 2010, we've exited over 40 data centers, consolidating our computing operations into significantly fewer buildings, which reduces overall emissions. The annual savings is an estimate.

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**Initiative category & Initiative type**

Low-carbon energy consumption

Wind

**Estimated annual CO2e savings (metric tonnes CO2e)**

76,558

**Scope(s)**

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

0

**Investment required (unit currency – as specified in C0.4)**

149,000

**Payback period**

No payback

**Estimated lifetime of the initiative**

1-2 years

**Comment**

We purchase Green-e certified RECs in the U.S., U.K. REGOs, European GOs, I-RECs, PowerPlus in India, and J-Credits in Japan.

## C4.3c

**(C4.3c) What methods do you use to drive investment in emissions reduction activities?**

Method	Comment
Dedicated budget for other emissions reduction activities	Dedicated budget for renewable energy
Financial optimization calculations	
Internal finance mechanisms	
Employee engagement	



## C4.5

**(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?**

Yes

## C4.5a

**(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.**

---

### Level of aggregation

Group of products

### Description of product/Group of products

Our Environmental Business Initiative includes a range of financial services and products that assist our clients in reducing or avoiding GHG emissions and reducing demands on important natural resources. Since 2007 when it was launched, we have financed \$158 billion of clean energy, energy efficiency, water conservation, sustainable transportation, and other environmentally supportive activities. Our efforts consist of lending, equipment finance, tax equity investments, capital markets and advisory activity, carbon finance, and other advice and investment solutions for clients. Our equipment finance Energy Services team supplies financing for a wide range of energy efficiency and renewable energy assets that meet client needs in municipal, federal, education, institutions, and healthcare markets. The team works directly with established contractors and Energy Services Companies (ESCOs) to provide financing for energy conservation measures (building envelope improvements, central plant retrofits, solar assets, etc.). Our Renewable Energy Finance team provides tax advantaged capital, debt and related financial solutions to clients developing commercial and utility-scale renewable energy (wind and solar) projects. Our Commercial Real Estate Banking group provides financing for projects pursuing and using LEED certification, ENERGY STAR, brownfields redevelopment and the use of renewable energy tax credits. The Global Investment Banking and Debt Capital Markets group facilitates capital flows to clients developing and adopting clean technologies, including through an industry leading green bond platform. Our Consumer Vehicle lending group provides loans for hybrid/electric vehicle purchases while our Global Wealth and Investment Management group offers ESG investment solutions for

clients. Through the provision of such financing and advisory services, we facilitate and enable energy efficiency, renewable energy and other sustainable technologies, which in turn results in reduced and/or avoided GHG emissions. We help our employees and clients reduce paper consumption through statement suppression, electronic payments, and envelope-free deposit image ATMs. Our expanding mobile and online banking capabilities also help reduce clients' travel to and from financial centers.

**Are these low-carbon product(s) or do they enable avoided emissions?**

Avoided emissions

**Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions**

Other, please specify

Sustainability Impact Assessment method

**% revenue from low carbon product(s) in the reporting year**

**% of total portfolio value**

**Asset classes/ product types**

Bank lending

Other, please specify

Corporate Loans, Commercial Loans, Corporate Real Estate, Asset Financing, and Project Finance

---

**Level of aggregation**

Group of products

**Description of product/Group of products**

Green bonds are fixed income, liquid financial instruments for raising debt capital for climate mitigation or adaptation projects or programs and other environmentally beneficial activities. Since green bonds first came onto the market nearly a decade ago, we have been a leader in

developing the market through collaborating with peers and have been the number one green bond underwriter globally from 2013 through end of 2019 according to Environmental Finance Green Bond Database.

We were the first corporate to issue a benchmark-sized green bond and are the first U.S. financial institution to issue five corporate green bonds. In 2019, we issued our fifth corporate green bond for \$2 billion to help finance renewable energy generation, bringing our total to \$6.35 billion in directly issued corporate green bonds. Through our own issuances, we are advancing renewable energy generation by financing new projects— such as a multistate residential solar portfolio and a wind turbine facility in Oklahoma. Examples of our 2019 green bond underwriting activity include the first ever SDG-linked bond by Italian energy company, Enel which we structured and led, and Europe's first Climate Bond issued by Snam S.p.A. Since 2007, we have underwritten \$49 billion in green bonds on behalf of over 100 clients, supporting more than 288 deals and providing critical funding to environmental projects.

**Are these low-carbon product(s) or do they enable avoided emissions?**

Avoided emissions

**Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions**

Green Bond Principles (ICMA)

**% revenue from low carbon product(s) in the reporting year**

**% of total portfolio value**

**Asset classes/ product types**

Investing

Fixed Income

## C5. Emissions methodology

### C5.1

**(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).**

#### Scope 1

---

**Base year start**

January 1, 2010

**Base year end**

December 31, 2010

**Base year emissions (metric tons CO<sub>2</sub>e)**

106,870

#### Scope 2 (location-based)

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**Base year start**

January 1, 2010

**Base year end**

December 31, 2010

**Base year emissions (metric tons CO<sub>2</sub>e)**

1,678,547

## **Scope 2 (market-based)**

### **Base year start**

January 1, 2010

### **Base year end**

December 31, 2010

### **Base year emissions (metric tons CO<sub>2</sub>e)**

1,644,068

## **C5.2**

### **(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.**

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

The Greenhouse Gas Protocol: Scope 2 Guidance

US EPA Center for Corporate Climate Leadership: Direct Fugitive Emissions from Refrigeration, Air Conditioning, Fire Suppression, and Industrial Gases

US EPA Center for Corporate Climate Leadership: Indirect Emissions From Purchased Electricity

US EPA Center for Corporate Climate Leadership: Direct Emissions from Stationary Combustion Sources

US EPA Center for Corporate Climate Leadership: Direct Emissions from Mobile Combustion Sources

## **C6. Emissions data**

### **C6.1**

#### **(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO<sub>2</sub>e?**

**Reporting year**

**Gross global Scope 1 emissions (metric tons CO<sub>2</sub>e)**

62,639

**C6.2**

**(C6.2) Describe your organization's approach to reporting Scope 2 emissions.**

**Row 1**

**Scope 2, location-based**

We are reporting a Scope 2, location-based figure

**Scope 2, market-based**

We are reporting a Scope 2, market-based figure

**C6.3**

**(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO<sub>2</sub>e?**

**Reporting year**

**Scope 2, location-based**

728,771

**Scope 2, market-based (if applicable)**

17,523

**Comment**

Our market-based emissions include the impact of renewable energy certificates (RECs) purchased in the United States, Guarantees of Origin (GOs) in Europe, REGOs in the United Kingdom, I-RECs in various countries, J-Credits in Japan, and PowerPlus in India. All U.S. RECs we purchase are Green-e certified. Emissions reflect supplier-specific emission rates where available, all of which comply with Scope 2 Guidance criteria. Emissions reflect residual mix factors for European facilities. Residual mix factors are not currently available for facilities outside of Europe.

## C6.4

**(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?**

No

## C6.5

**(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.**

### **Purchased goods and services**

---

#### **Evaluation status**

Relevant, calculated

#### **Metric tonnes CO<sub>2</sub>e**

2,329,208

#### **Emissions calculation methodology**

Cradle-to-gate emissions from our purchased goods and services were calculated by aggregating our total spend data into standard vendor sector categories. The spend in each category is multiplied by sector-specific cradle-to-gate emission factors. Emissions factors are from U.K. Defra in Annex 13 of its "2012 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting." GWPs are IPCC Second Assessment Report (SAR - 100 year).

#### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

### **Capital goods**

#### **Evaluation status**

Relevant, calculated

#### **Metric tonnes CO<sub>2</sub>e**

251,336

#### **Emissions calculation methodology**

Cradle-to-gate emissions from our capital goods purchases were calculated by aggregating our total spend data into standard vendor sector categories. The spend in each category is multiplied by sector-specific cradle-to-gate emission factors. Emissions factors are from UK Defra in Annex 13 of its "2012 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting." GWPs are IPCC Second Assessment Report (SAR - 100 year).

#### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

### **Fuel-and-energy-related activities (not included in Scope 1 or 2)**

#### **Evaluation status**

Relevant, calculated

#### **Metric tonnes CO<sub>2</sub>e**

161,151



### Emissions calculation methodology

The activity data used to quantify these activities' emissions are the quantity consumed of each energy type, such as electricity or natural gas. Consumption by fuel type is then multiplied by emission factors for each of the three activities included in this category. Emission factors for upstream emissions of purchased fuels are based on life-cycle analysis software. Emission factors for upstream emissions of purchased electricity are based on life-cycle analysis software for the U.S., and on U.K. Defra Guidelines for other countries. Emission factors for transmission and distribution losses are location-based and taken from EPA's eGRID database for the U.S., and on U.K. Defra Guidelines for other countries. GWPs are IPCC Fourth Assessment Report (AR4 - 100 year).

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

## Upstream transportation and distribution

### Evaluation status

Relevant, calculated

### Metric tonnes CO<sub>2</sub>e

140,215

### Emissions calculation methodology

This figure encompasses emissions from armored cars, check couriers, freight shipments, mail and express shipments, and vehicles owned by our facility management partners that are dedicated to serving our facilities. Activity data for the emission sources are obtained from the internal group that manages this transportation. Emissions were calculated using EPA Emission Factors for Greenhouse Gas Inventories and Climate Leaders Mobile Source Guidance. GWPs are IPCC Fourth Assessment Report (AR4 - 100 year).

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

### Please explain

## Waste generated in operations

---

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

22,386

### Emissions calculation methodology

This figure represents emissions associated with waste disposed of via landfilling, incineration, composting, and recycling. It does not include wastewater treatment. Data on waste quantity, composition, and disposal method are obtained by our waste management providers. Emissions from waste are calculated using methodologies and emission factors from the EPA's Waste Reduction Model (WARM). This model calculates emissions based on a life-cycle analysis, including emissions from the long-term decomposition of waste in a landfill or from upstream sources/sinks. GWPs are IPCC Fourth Assessment Report (AR4 - 100 year).

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

### Please explain

This figure represents emissions associated with waste disposed of via landfilling, incineration, composting, and recycling. It does not include wastewater treatment. Data on waste quantity, composition, and disposal method are obtained by our waste management providers. Emissions from waste are calculated using methodologies and emission factors from the EPA's Waste Reduction Model (WARM). This model calculates emissions based on a life-cycle analysis, including emissions from the long-term decomposition of waste in a landfill or from upstream sources/sinks. GWPs are IPCC Fourth Assessment Report (AR4 - 100 year).

## Business travel

---

### Evaluation status

Relevant, calculated

**Metric tonnes CO2e**

162,457

**Emissions calculation methodology**

Business travel includes air and rail travel, rental cars, contracted black cars, and hotel stays. Air and rail travel activity data were obtained from the bank's travel agency. Rental car and contracted black car activity data is provided by rental car and contracted black car providers. Hotel data are aggregated by bank staff. Emissions were calculated using emission factors and methodologies from the Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting, EPA Emission Factors for Greenhouse Gas Inventories, Climate Leaders Mobile Source Guidance, and Climate Leaders Business Travel and Commuting Guidance. GWPs are IPCC Fourth Assessment Report (AR4 - 100 year).

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

**Please explain**

**Employee commuting**

---

**Evaluation status**

Relevant, calculated

**Metric tonnes CO2e**

378,088

**Emissions calculation methodology**

Commuting emissions include emissions from select employees utilizing shuttles that transport employees to and from work, and emissions based on distances travelled to work for all global employees. Shuttle emissions are calculated based on the miles travelled per shuttle type, amount of fuel consumed, and MPG when the amount of fuel was not available. US commuting distances were based on calculations of distance from employees' homes to primary work location as calculated with mapping software. US commuting modes were based on the 2017 US Census Commuting Survey. International commuting distances and commuting modes were based on publicly available information from government publications. The number of commuting days per year was based on typical patterns for office employees and those on flexible and remote work schedules, and adjusting for time off and travel days. The result was a calculation of annual commuting miles by travel mode. Total

emissions for each mode of transportation, plus the shuttle emissions, were calculated using emission factors and methodologies from EPA Emission Factors for Greenhouse Gas Inventories, Climate Leaders Mobile Source Guidance, Climate Leaders Business Travel and Commuting Guidance, and Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting. GWPs are IPCC Fourth Assessment Report (AR4 - 100 year).

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

**Upstream leased assets**

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**Evaluation status**

Not relevant, explanation provided

**Please explain**

Under the operational control approach of defining our inventory boundary, emissions from all upstream leased assets are included in our Scope 1 and Scope 2 emissions.

**Downstream transportation and distribution**

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**Evaluation status**

Relevant, calculated

**Metric tonnes CO<sub>2</sub>e**

1,400,000

**Emissions calculation methodology**

This figure represents emissions associated with client travel to and from retail financial centers and ATMs. It currently does not include client travel to wealth management facilities or other facilities. Activity data used to quantify these emissions includes measured data on the number of teller and ATM visits and the average distance traveled to financial centers and ATMs. The mode of travel was assumed based on the

availability of parking at facilities. Data were used to calculate total miles and gallons of gasoline consumed. Emissions were calculated using emission factors and methodologies from the EPA Emission Factors for Greenhouse Gas Inventories and Climate Leaders Mobile Source Guidance. GWPs are IPCC Fourth Assessment Report (AR4 - 100 year).

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

**Processing of sold products**

**Evaluation status**

Not relevant, explanation provided

**Please explain**

We have no emissions in this category because we do not sell intermediate products that require processing into final products.

**Use of sold products**

**Evaluation status**

Relevant, calculated

**Metric tonnes CO2e**

4,000

**Emissions calculation methodology**

This figure represents emissions associated with client use of computers and smartphones for online banking. The activity data used to quantify these emissions include tracking data on the number and length of online and mobile banking sessions. Based on research, assumptions were developed for the mix of laptop and desktop computers as well as tablets and smartphones. The total online time is used to calculate the amount of total electricity consumed, which is multiplied by the U.S. average eGRID location-based emission factor for electricity. Computer wattage values are based on data from the EPA and industry sources. GWPs are IPCC Fourth Assessment Report (AR4 - 100 year).

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

**End of life treatment of sold products**

---

**Evaluation status**

Relevant, calculated

**Metric tonnes CO<sub>2</sub>e**

19,000

**Emissions calculation methodology**

This figure represents emissions associated with the disposal of credit and debit cards and client mailings. Activity data used to quantify emissions include the number and weight of cards issued and the total weight and type of paper for mailings. This figure represents emissions associated with waste disposed via landfilling, incineration, and recycling. Emissions from waste are calculated using methodologies and emission factors from the EPA's Waste Reduction Model (WARM). This model calculates emissions based on a life-cycle analysis, including emissions from the long-term decomposition of waste in a landfill or from upstream sources/sinks. GWPs are IPCC Fourth Assessment Report (AR4 - 100 year).

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

**Downstream leased assets**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

Emissions in this category are insignificant, because we have an inconsequential amount of owned spaced that is leased to others.

**Franchises**

**Evaluation status**

Not relevant, explanation provided

**Please explain**

We do not operate any franchises.

**Other (upstream)**

**Evaluation status**

**Please explain**

**Other (downstream)**

**Evaluation status**

**Please explain**

**C6.10**

**(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO<sub>2</sub>e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.**

**Intensity figure**

0.88

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO<sub>2</sub>e)**

80,162

**Metric denominator**

Other, please specify

Total revenue - \$ in millions

**Metric denominator: Unit total**

91,244

**Scope 2 figure used**

Market-based

**% change from previous year**

52

**Direction of change**

Decreased

**Reason for change**

Absolute market-based emissions decreased 59% primarily due to emission reduction activities, including consolidating space, implementing energy-efficiency projects, and purchasing renewable energy. Like others, we have also benefited from a less carbon-intensive utility grid. Total revenue remained nearly constant. The net result is a decrease in emissions per unit revenue.

---

**Intensity figure**

0.39

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO<sub>2</sub>e)**



80,162

**Metric denominator**

full time equivalent (FTE) employee

**Metric denominator: Unit total**

208,000

**Scope 2 figure used**

Market-based

**% change from previous year**

53

**Direction of change**

Decreased

**Reason for change**

Absolute market-based emissions decreased 59% primarily due to emission reduction activities, including consolidating space, implementing energy-efficiency projects, and purchasing renewable energy. Like others, we have also benefited from a less carbon-intensive utility grid. The number of employees increased 2%. The net result is a decrease in emissions per FTE employee.

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**Intensity figure**

0.001

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO<sub>2</sub>e)**

80,162

**Metric denominator**

square foot

**Metric denominator: Unit total**

79,376,132

**Scope 2 figure used**

Market-based

**% change from previous year**

52

**Direction of change**

Decreased

**Reason for change**

Absolute market-based emissions decreased 59% primarily due to emission reduction activities, including consolidating space, implementing energy-efficiency projects, and purchasing renewable energy. Like others, we have also benefited from a less carbon-intensive utility grid. Square feet of facility area decreased 1%. The net result is a decrease in emissions per square foot.

## C7. Emissions breakdowns

### C7.9

**(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?**

Decreased

### C7.9a

**(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.**

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	76,558	Decreased	40	We have reduced market-based emissions across our portfolio by increasing our purchased renewable energy. The resulting market-based emission reduction was 76,558 t CO2e, divided by our total emissions in the previous year of 193,759 t CO2e gives a 40% reduction $(76,558/193,759)*100 = 40\%$ .)
Other emissions reduction activities	11,944	Decreased	6.2	We have reduced market-based emissions across our portfolio by consolidating space and implementing energy-efficiency projects. Like others, we have also benefited from a less carbon-intensive utility grid. The resulting market-based emission reduction was 11,944 t CO2e, divided by our total emissions in the previous year of 193,759 t CO2e gives a 6.2% reduction $(11,944/193,759)*100 = 6.2\%$ .)
Divestment				
Acquisitions				
Mergers				
Change in output				
Change in methodology	25,095	Decreased	13	Improved data quality.
Change in boundary				
Change in physical operating conditions				
Unidentified				
Other				

## C7.9b

**(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?**

Market-based

## C8. Energy

### C8.1

**(C8.1) What percentage of your total operational spend in the reporting year was on energy?**

More than 0% but less than or equal to 5%

### C8.2

**(C8.2) Select which energy-related activities your organization has undertaken.**

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	Yes
Consumption of purchased or acquired cooling	Yes
Generation of electricity, heat, steam, or cooling	Yes

### C8.2a

**(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.**

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	293,383	293,383
Consumption of purchased or acquired electricity		1,918,295	0	1,918,295
Consumption of purchased or acquired steam		0	25,723	25,723
Consumption of purchased or acquired cooling		0	16,820	16,820
Consumption of self-generated non-fuel renewable energy		310		310
Total energy consumption		1,918,605	335,956	2,254,561

## C9. Additional metrics

### C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

#### Description

Energy usage

#### Metric value

8,116,305

**Metric numerator**

Gigajoules of total energy consumption

**Metric denominator (intensity metric only)**

N/A

**% change from previous year**

2

**Direction of change**

Decreased

**Please explain**

## C10. Verification

### C10.1

**(C10.1) Indicate the verification/assurance status that applies to your reported emissions.**

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

### C10.1a

**(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.**

---

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Reasonable assurance

**Attach the statement**

 BAML - CDP Verification Statement 2019\_Final.pdf

**Page/ section reference**

Whole document

**Relevant standard**

ISO14064-3

**Proportion of reported emissions verified (%)**

100

## **C10.1b**

**(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.**

---

**Scope 2 approach**

Scope 2 location-based

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Reasonable assurance

**Attach the statement**

 BAML - CDP Verification Statement 2019\_Final.pdf

**Page/ section reference**

Whole document

**Relevant standard**

ISO14064-3

**Proportion of reported emissions verified (%)**

100

---

**Scope 2 approach**

Scope 2 market-based

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**



Complete

**Type of verification or assurance**

Reasonable assurance

**Attach the statement**

 BAML - CDP Verification Statement 2019\_Final.pdf

**Page/ section reference**

Whole document

**Relevant standard**

ISO14064-3

**Proportion of reported emissions verified (%)**

100

## C10.1c

**(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.**

---

**Scope 3 category**

Scope 3 (upstream & downstream)

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

 BAML - CDP Verification Statement 2019\_Final.pdf

**Page/section reference**

Whole document

**Relevant standard**

ISO14064-3

**Proportion of reported emissions verified (%)**

100

## **C10.2**

**(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**

Yes

## **C10.2a**

**(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?**

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C8. Energy	Renewable energy products	ISAE 3000	We receive an annual verification of sustainability metrics including renewable energy purchases for our Environmental, Social and Governance reporting.
C8. Energy	Energy consumption	ISAE 3000	We receive an annual verification of sustainability metrics including energy consumption for our Environmental, Social and Governance reporting.

## C11. Carbon pricing

### C11.2

**(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?**

Yes

### C11.2a

**(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.**

#### Credit origination or credit purchase

Credit purchase

#### Project type

Forests

#### Project identification

Cordillera Azul protects 1.6 million hectares spanning from the high Peruvian Andes to the lush Amazonian basin. Central to the Cordillera Azul project is the development of 25 sustainable businesses such as a women's textile group that collects natural dyes from the forest and creates

traditional crafts to sell. Fair-Trade and Organic certifications for products such as cacao, coffee, and honey provide a higher paying alternative to illegal deforestation. The sustainable development has led to over 716 jobs, where 30% have been held by women, and has contributed over \$1.43 million to the local economy. Furthermore, recognizing forest health is intimately connected to community health, over 400 subsistent farming communities now have improved access to agroforestry knowledge, education for all ages, and a growing healthcare system. The healthy ecosystem also provides a home to 28 High Conservation Value species including the spectacled bear and jaguar (Project Drawdown; Forest Protection). Cordillera Azul is held to the rigorous VCS and the CCB standards. The credits are “nested” or reported through the Peruvian government for global environmental integrity.

**Verified to which standard**

VCS (Verified Carbon Standard)

**Number of credits (metric tonnes CO2e)**

24,337

**Number of credits (metric tonnes CO2e): Risk adjusted volume**

24,337

**Credits cancelled**

Yes

**Purpose, e.g. compliance**

Voluntary Offsetting

---

**Credit origination or credit purchase**

Credit purchase

**Project type**

Agriculture

**Project identification**

In a project aligned with all 17 UN Sustainable Development Goals, we have invested in the resiliency of small groups of subsistence farmers in Kenya and Uganda. The International Small Group and Tree Planting Program promotes a sustainable future through reforestation, regenerative agriculture training, healthcare and education initiatives. Since 1999, more than 88,000 voluntary participants have planted nearly 17 million trees that are still alive and growing in Eastern Africa. Farmer-owned trees support soil health, productivity of the land, and food security while providing a reliable carbon-based income (Project Drawdown; Farmland Restoration). Integrating technology education with carbon transparency, farmers use hand-held GPS devices to upload real-time tree data to a public database. Eastern Africa is particularly at risk for climate impacts, so many farmers eagerly attend climate change mitigation, adaption, and resiliency trainings. This community lead project is verified by the VCS and CCB standards.

**Verified to which standard**

VCS (Verified Carbon Standard)

**Number of credits (metric tonnes CO2e)**

20,000

**Number of credits (metric tonnes CO2e): Risk adjusted volume**

20,000

**Credits cancelled**

Yes

**Purpose, e.g. compliance**

Voluntary Offsetting

---

**Credit origination or credit purchase**

Credit purchase

**Project type**

Other, please specify  
peatland protection

### **Project identification**

Peatlands only cover 3% of the Earth's surface but store twice as much carbon as the world's forests; therefore defending peatlands is a vital climate solution (Project Drawdown; Peatlands). The Katingan Mentaya project restores and protects one of the largest remaining intact tropical peatland forests in Indonesia. Working with the surrounding 34 communities and employing more than 500 local people, the project regenerates ecosystems and conserves biodiversity, while increasing economic opportunities for the local people of Central Kalimantan. Nearly a thousand microfinance loans and small business trainings have provided an alternative livelihood with income four times that of illegal logging. In particular, the Katingan project empowers women through designated loans programs, leadership training, and provides women-specific healthcare. A team of park rangers, fire fighters, and scientific researchers work to protect and research all aspects of the preserve including the endangered Bornean Orangutan. The Katingan project is backed by independent verification, utilizes advanced remote sensing techniques, has local support, is verified by VCS, and has achieved the high mark of a Triple Gold CCB standard.

### **Verified to which standard**

VCS (Verified Carbon Standard)

### **Number of credits (metric tonnes CO2e)**

20,000

### **Number of credits (metric tonnes CO2e): Risk adjusted volume**

20,000

### **Credits cancelled**

Yes

### **Purpose, e.g. compliance**

Voluntary Offsetting

---

### **Credit origination or credit purchase**

Credit purchase

### **Project type**

## Forests

### Project identification

Trees are a simple and effective climate solution. The bank's investment in roughly 50,000\* trees as part of the GreenTrees U.S. initiative is working to return carbon, top soil, clean water, biodiversity, resiliency and jobs to the lower Mississippi River Delta. Deforestation and land degradation in the America's largest river basin have led to poor quality agricultural lands, crop loss, nutrient imbalance, flooding, and economic uncertainty. To date, GreenTrees has restored nearly 120,000 acres of degraded land, planted 42 million trees, and partnered with over 500 landowners. Tree planting, monitoring, maintenance, and carbon payments provide a reliable source of income to people in vulnerable areas including four of the U.S.'s poorest counties. The restored ecosystems not only provide an alternative income, but also increase habitat for 60% of America's bird species. GreenTrees is the largest restoration project in North America and is verified by the American Carbon Registry.

### Verified to which standard

ACR (American Carbon Registry)

### Number of credits (metric tonnes CO2e)

15,000

### Number of credits (metric tonnes CO2e): Risk adjusted volume

15,000

### Credits cancelled

Yes

### Purpose, e.g. compliance

Voluntary Offsetting

## C11.3

### (C11.3) Does your organization use an internal price on carbon?

No, and we do not currently anticipate doing so in the next two years

## C12. Engagement

### C12.1

**(C12.1) Do you engage with your value chain on climate-related issues?**

Yes, our suppliers

Yes, our customers

### C12.1a

**(C12.1a) Provide details of your climate-related supplier engagement strategy.**

---

**Type of engagement**

Information collection (understanding supplier behavior)

**Details of engagement**

Collect climate change and carbon information at least annually from suppliers

**% of suppliers by number**

1

**% total procurement spend (direct and indirect)**

73

**% of supplier-related Scope 3 emissions as reported in C6.5**

39

**Rationale for the coverage of your engagement**



Since 2009, we have invited suppliers to respond to the CDP supply chain questionnaire, which helps us track climate change impacts and associated risks related to our global supply chain. Our selection process for inviting vendors takes into account a) environmental impact (using sector level U.K. Defra GHG emission intensity factors), b) spend (as a proxy for how much business we do with the vendor), and c) the type of business done with the vendor, such as those providing environmental services. However, if a vendor has been engaged in the past but spend with the vendor has dropped below our threshold, we continue to engage with them. We feel this level of coverage is appropriate because it addresses more than 70% of our total procurement spend.

In addition to engaging our own supply base through CDP, we continue to integrate environmental sustainability criteria into our supplier sourcing processes by providing our sourcing managers with specific questions regarding supplier sustainability practices and scoring criteria for incorporation into Requests for Proposals and Requests for Information.

Finally, our Responsible Sourcing and Supplier Diversity team is continually reviewing ESG issues and opportunities relevant to our supply chain and leading efforts to integrate them into our procurement approach.

#### **Impact of engagement, including measures of success**

In 2019, we requested disclosures from 191 suppliers. Following the survey, we provide individualized feedback regarding each vendor's level of transparency and performance to the participating vendors and their vendor managers. This has facilitated ongoing dialogue between the bank and vendors which promotes collaboration and provides us with the opportunity to recognize leadership among our highest-performing vendors.

In 2016, we set our first-ever goals to address climate change within our supply chain with two vendor engagement goals: to maintain a response rate to CDP supply chain questionnaire of at least 90 percent, and for 90 percent of CDP supply chain responding vendors to disclose GHG emissions. Tracking progress towards these goals is a way we measure our success.

There are several indications of the impact of our engagement. In 2019, we achieved a response rate of 92 percent, and 83 percent of responding vendors reported GHG emissions, up from 83 percent and 76 percent, respectively, since 2011.

We are proud to report that, as of 2019, 113 of our supplier respondents have greenhouse gas emissions reduction or renewable electricity procurement goals. Twelve suppliers that we invited to respond to the CDP supply chain survey are on the 2019 Supplier Climate A List, a ranking based on their survey responses and demonstration of strong and transparent climate strategies and emissions reduction programs.

---

**Type of engagement**

Engagement & incentivization (changing supplier behavior)

**Details of engagement**

Run an engagement campaign to educate suppliers about climate change

**% of suppliers by number**

0.01

**% total procurement spend (direct and indirect)**

0.2

**% of supplier-related Scope 3 emissions as reported in C6.5**

0.1

**Rationale for the coverage of your engagement**

Bank of America engages with food services vendors to reduce red meat consumption, increase vegetarian options, increase the amount of spend on local produce (defined as within 400 miles of a Bank of America café), reduce food waste, and donate food when possible. We believe that these efforts will have a positive impact on the environment and our employees' health.

**Impact of engagement, including measures of success**

In 2019, Bank of America purchased 166,000 pounds of red meat, and 13.5% of produce purchased was local. We hope to decrease the amount of red meat purchases in the future and increase the amount of spend on local produce. We donated over 22,000 pounds of food in 2019.

## **C12.1b**

**(C12.1b) Give details of your climate-related engagement strategy with your customers.**

---

**Type of engagement**

Collaboration & innovation

**Details of engagement**

Other, please specify

See details in "Please explain" section

**% of customers by number**

5

**% of customer - related Scope 3 emissions as reported in C6.5**

**Portfolio coverage (total or outstanding)**

Minority of the portfolio

**Please explain the rationale for selecting this group of customers and scope of engagement**

Here we are considering both clients and investees as customers. We engage with our clients and investees on GHG emissions and climate change strategies in a variety of ways.

A critical part of our strategy is strong engagement and partnership with clients in fossil fuel or emission intensive sectors such as energy and power utilities. Through this active client engagement, we share our expertise and perspectives on corporate and financial strategies to help reduce emissions, create positive and constructive dialogues with key stakeholders, and encourage and influence clients to consider their role in the low-carbon transition. Importantly, we are incorporating a discussion of ESG factors into our regular client engagement routines with individual clients in emission intensive sectors to encourage their transition to low-carbon energy sources and discuss new innovative ways to finance their investment in this transition. Additionally, in 2019, we hosted an event with oil and gas clients, during which members of our Global Environmental Group facilitated discussions on climate-related aspects. We are also actively engaged with clients in other sectors, driving increased investment in low-carbon technologies/activities and the successful delivery of our Environmental Business Initiative. By way of example, we have reached out to numerous commercial, corporate and municipal clients to encourage participation in the burgeoning green

bond market, and we have incorporated ESG/Impact Investing into our regular engagement with individual and institutional investor clients to grow that platform. We have created comprehensive websites about ESG investing and have trained many financial advisors to be equipped to meet the needs of their clients wanting to make impactful investments.

On individual transactions, we engage with clients when our review indicates the need for mitigation to minimize certain environmental impacts associated with the deal in question. We prioritize these types of engagements based on an evaluation of the severity of environmental risks associated with each of these transactions.

We estimate that we engage with approximately 5% of our Global Banking and Markets commercial clients, in terms of number of clients and in terms of the proportion of the associated portfolio value chain.

#### **Impact of engagement, including measures of success**

Measures of success for our client engagement include the growth of our green bond, ESG investing and overall low-carbon business initiatives. As an indication of the impact of this engagement, increasing client demand helped us deliver \$26.4 billion towards our Environmental Business Initiative in 2019.

Other measures of success include the level of engagement by our lines of business - for example the frequency with which our lines of business are escalating issues for discussion, the robustness of dialogue about climate related issues with clients and whether we can come to agreement with clients about appropriate mitigation measures where needed.

---

#### **Type of engagement**

Education/information sharing

#### **Details of engagement**

Run an engagement campaign to education customers about your climate change performance and strategy

#### **% of customers by number**

0.5

#### **% of customer - related Scope 3 emissions as reported in C6.5**

0.5

**Portfolio coverage (total or outstanding)**

Minority of the portfolio

**Please explain the rationale for selecting this group of customers and scope of engagement**

We engage by responding to client requests for information about our GHG emissions and climate change strategies. This includes direct client engagement and responding to numerous client-specific Requests for Proposals that incorporate questions on our climate change commitments and performance. We also respond to the CDP Supply Chain and Ecovadis surveys in response to client requests for us to do so. We do not select a particular group of clients to engage with. Rather we aim to be responsive to all client requests for information about our environmental performance and commitments.

**Impact of engagement, including measures of success**

Measures of success include positive feedback from the clients for which we respond to RFPs and our scores on the CDP Supply Chain and Ecovadis surveys. As an indication of the impact, we were included on the 2019 Supplier Climate A List based on our CDP Supply Chain response.

## C12.3

**(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?**

- Trade associations
- Funding research organizations
- Other

## C12.3b

**(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?**

Yes

## C12.3c

**(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.**

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### **Trade association**

American Council on Renewable Energy

### **Is your position on climate change consistent with theirs?**

Consistent

### **Please explain the trade association's position**

The American Council on Renewable Energy (ACORE) is a non-profit organization dedicated to advancing the renewable energy sector through market development, policy changes, and financial innovation. ACORE works with its members to educate the public and decision makers about effective policies that will promote renewable energy development. The U.S. Partnership for Renewable Energy Finance (U.S. PREF) is managed by ACORE and is a coalition of senior level financiers who invest in all sectors of the energy industry, including renewable energy. U.S. PREF members meet with policymakers to provide their perspectives on how renewable energy finance policies affect the market, and how proposed policies could affect the market. U.S. PREF is not a lobbying organization or an advisory committee to government, rather it is an educational program that provides expert input on how the renewable energy finance market works. U.S. PREF activities include ongoing dialogue with Administration officials, members of Congress and their staffs, and other government officials involved in developing policy. When requested, PREF members provide testimony before a committee or subcommittee of Congress, or submit testimony for inclusion on the public record of a hearing. Members author white papers that provide detailed information on how the renewable energy finance market works and analyze how specific policies affect the market.

### **How have you influenced, or are you attempting to influence their position?**

The Global Head of Power and Renewables of Investment Banking is a member of the ACORE board and participates in ACORE and U.S. PREF speaking events and in organized meetings with members of the legislative and executive branches of the U.S. government. Our goal in participating in U.S. PREF is to provide expert input to policy makers on renewable energy finance. This is with a view to informing renewable energy policies that support continued expansion of the renewable energy market in an efficient and effective way.

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**Trade association**

American Wind Energy Association

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

The American Wind Energy Association (AWEA) focuses on the value of wind energy as an effective, fact-based mechanism to reduce carbon emissions. AWEA is the national trade association for the U.S. wind industry. With thousands of wind industry members and wind policy advocates, AWEA promotes wind energy as a clean source of electricity for American consumers. The AWEA policy team advocates for policies to promote wind energy and educates members of Congress in Washington, DC and officials in state capitals throughout the country about wind power.

**How have you influenced, or are you attempting to influence their position?**

Bank of America has employee representation on the AWEA Board of Directors. The Board has supervision, control, and direction of the affairs and policies of the Association. In that role, Board members hear updates, provide input at their own discretion, and may be asked to vote on various matters.

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**Trade association**

U.S. Chamber of Commerce

**Is your position on climate change consistent with theirs?**

Mixed

**Please explain the trade association's position**

In its recently published climate change position statement, the U.S. Chamber of Commerce states its belief in a policy approach that acknowledges the costs of action and inaction and the competitiveness of the U.S. economy. The position statement calls on "policymakers to

seize on an approach that rises to the challenge of climate change, leveraging business leadership and expertise, America's energy edge and our ability to innovate." It also states "Our climate is changing, and humans are contributing to these changes. Inaction is simply not an option." The Chamber believes that an effective climate policy should leverage the power of business, maintain U.S. leadership on climate science, embrace technology and innovation, aggressively pursue energy efficiency, promote climate resilient infrastructure, support trade in U.S. technologies and products and encourage international cooperation.

**How have you influenced, or are you attempting to influence their position?**

Bank of America has taken a leadership role in bringing together a group of US Chamber members into a Climate Solutions Working Group. While not an official US Chamber entity, this informal group of Chamber members is working to use its collective influence to move the Chamber on climate and energy issues. In 2019, following input from Bank of America and other companies working to align the Chamber's climate positions with their own, the US Chamber issues a statement supporting the US staying in the Paris Climate Accord and created a Task Force on Climate Actions. Bank of America's global environmental executive is a member of the Task Force, which puts us in a key position to influence Chamber positions on climate action.

## C12.3d

**(C12.3d) Do you publicly disclose a list of all research organizations that you fund?**

Yes

## C12.3e

**(C12.3e) Provide details of the other engagement activities that you undertake.**

We are supportive of policies that will help accelerate the transition to a low-carbon economy and have continuously stated our support for a price on carbon as we know voluntary action alone will not be enough to address the climate challenge. Through our membership in trade associations and nonprofit partnerships, we take an active policy stance on climate change issues, advocating for a stable and predictable regulatory environment with a goal to advance clean energy and a low-carbon economy.

We are a member of the American Wind Energy Association, Solar Energy Industries Association and the U.S. Partnership for Renewable Energy Finance, managed by the American Council on Renewable Energy. Our goals are to help unlock capital flows to renewable energy projects, provide



expert input on how renewable energy finance policies affect the market and advocate for policies that promote renewables and other low-carbon energy as a clean source of electricity.

We are a member of the Ceres Network, the Center for Climate and Energy Solutions, the Business Roundtable Climate Working Group and the WRI Corporate Consultative Group. We have been a member of the Ceres network since the late 1990s and we are a key participant in and Clean Trillion Sponsor of the Ceres/UN Investor Summits on Climate Risk and annual Ceres conferences. We played a pivotal role with Ceres in developing the financial sector statement on climate change.

Through our memberships of the Global Financial Markets Association and the Association for Financial Markets in Europe we are engaging in discussions on the EU Action Plan on Sustainable Finance. This is in support of policy-led efforts to develop a clear and detailed taxonomy for sustainable activities and establish EU labels for green financial products to enable investors to easily identify products that comply with sustainability criteria.

Our Managing Director, Climate Finance attended the 2019 COP25 event in Madrid, participating in several speaking events and contributing to discussions on how to engage mainstream capital markets in low-carbon investment opportunities. This individual also co-chairs the International Chamber of Commerce's Sustainable Finance Working Group and sits on the Board of the International Emissions Trading Association, The Climate Group and the Corporate Advisory Board of the We Mean Business coalition.

Our Global Environmental Executive is a principal with the Global Innovation Lab, a group of climate experts from governments, pension funds, investment banks, project developers and development finance institutions providing support to identify and pilot new climate finance instruments with the aim of driving billions of dollars of private investment into climate change mitigation and adaptation in developing countries.

Our Vice Chairman serves as a Commissioner on the High-Level Commission on Carbon Pricing and Competitiveness. The Commission was formed by the World Bank to provide strategic guidance on the issue of competitiveness and carbon pricing and to contribute to the Commission's flagship report on carbon pricing and competitiveness, which was presented at the UN Secretary General's Climate Summit in September 2019. We also participate in the UN Global Investors for Sustainable Development Alliance, working along 29 other institutions to advise on removing impediments and implementing solutions for scaling up long-term investment for sustainable development

We provide intellectual capital and fund research into policy solutions that will support the transition to a low-carbon economy, including promoting financial innovation to increase low-carbon investment and climate resilience.

We are partnering with Stanford University on the Strategic Finance Initiative (SFI). SFI aims to accelerate the scaling-up of financing for an increasingly low-carbon economy, one that is better adapted to emerging technologies and a revival of long-term sustainable growth. SFI is examining risk issues and deal structures and bringing together national and sub-national players to address unique challenges in specific markets.

The Bank of America Charitable Foundation (BACF) provides funding support to the UC Berkeley Center for Law, Energy and the Environment, which educates the next generation of environmental leaders and proposes policy solutions. BACF funds a Climate Change fellow position and co-sponsors the Center's Climate Change and Business Research Initiative which connects leaders from business, government, nonprofits and academia to address pressing environmental needs, serves as a conduit to experts and a clearinghouse for the latest climate change policy research.

Since 2013, BACF has provided financial support to the Clean Air Task Force, whose mission is to catalyze the rapid global development of low-carbon energy and other climate-protecting technologies through research and analysis, policy advocacy and partnerships with the private sector.

## C12.3f

### **(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?**

Our Global ESG Committee oversees our policy engagement activities that relate to climate change and acts as an integration point for various internal working groups with responsibility for environmental and social issues. Each of these groups is comprised of senior leaders from across the bank and has specific responsibilities for our environmental initiatives. In 2019 the ESG, capital deployment and public policy teams were merged under the same group which has led to further integration. Together, these groups ensure the bank has a robust, consistent and integrated platform for governing and executing climate change-related strategies.

Our Global Environmental Group (GEG) is responsible both for coordinating our overall climate change strategy and for leading our company's efforts to engage with policymakers on this issue. This helps to ensure that our policy engagement objectives are in alignment with our overall climate change strategy. GEG and members of our public policy and risk management groups actively communicate and work with business lines engaged with clients in low-carbon sectors as well as those that are engaged with more carbon intensive sectors to ensure that they are aware of our position on climate change and operate in accordance with that position. Our direct and indirect policy engagement efforts are aimed at supporting the competitiveness of and markets for low-carbon technologies as well as promoting greenhouse gas emissions reductions in carbon intensive sectors. Our approach is to

identify and partner with a range of stakeholders, including non-governmental organizations, academics and clients whose objectives are aligned with our own, and we have several long-standing partnerships that we believe have made significant steps towards addressing the climate change mitigation challenge.

Our ESRP Framework clearly and transparently articulates our positions on and approach to sectors that we recognize as being of heightened sensitivity and importance to us and our stakeholders, including those that carry elevated climate change concerns. Implementation of our ESRP Framework helps to ensure that employees across our business are taking a consistent approach to management of risks in these areas. Training on our Enterprise Risk framework, which includes information on our ESRP Framework, is mandatory for all employees. In 2019, 244,000 colleagues in control functions and front line units across our business underwent enterprise risk framework training.

## C12.4

**(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

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### Publication

In mainstream reports

### Status

Complete

### Attach the document

 Bank\_of\_America\_2019\_Annual\_Report.pdf

### Page/Section reference

Pages 6, 9-11, 24-28, 38, 64-65

### Content elements

Governance  
Strategy  
Risks & opportunities  
Emissions figures  
Emission targets

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**Publication**

In mainstream reports

**Status**

Complete

**Attach the document**

 2020 Proxy Statement.pdf

**Page/Section reference**

Pages iii-vi, 17, 31, 33-34,

**Content elements**

Governance  
Strategy  
Risks & opportunities  
Emissions figures  
Emission targets


**Publication**

In voluntary communications

**Status**

Complete

**Attach the document**

 Environmental-and-Social-Risk-Policy-Framework Oct 2019.pdf

**Page/Section reference**

Whole document

**Content elements**

Governance

Strategy

Risks & opportunities

Emission targets

Other metrics

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**Publication**

In voluntary sustainability report

**Status**

Complete

**Attach the document**

📎 ESG Performance Data2019\_R26\_Final.pdf

**Page/Section reference**

Whole document

**Content elements**

Emissions figures

Emission targets

Other metrics

## C-FS12.5

**(C-FS12.5) Are you a signatory of any climate-related collaborative industry frameworks, initiatives and/or commitments?**

	Industry collaboration	Comment
Reporting framework	Equator Principles Partnership for Carbon Accounting Financials (PCAF) Principles for Responsible Investment (PRI) Task Force on Climate-related Financial Disclosures (TCFD) Other, please specify Sustainability Accounting Standards Board	
Industry initiative	Partnership for Carbon Accounting Financials (PCAF) Principles for Responsible Investment (PRI) Ceres	
Commitment		

## C14. Portfolio Impact

### C-FS14.1

**(C-FS14.1) Do you conduct analysis to understand how your portfolio impacts the climate? (Scope 3 portfolio impact)**

	We conduct analysis on our portfolio's impact on the climate	Comment
Bank lending (Bank)	No, but we plan to do so in the next two years	
Other products and services, please specify	Not applicable	The other products or services category does not apply for our business.

### C-FS14.1c

**(C-FS14.1c) Why do you not conduct analysis to understand how your portfolio impacts the climate? (Scope 3 Category 15 "Investments" emissions or alternative carbon footprinting and/or exposure metrics)**

We have not yet conducted this analysis because to date there is not an agreed upon methodology widely used in the financial services sector for calculating and disclosing Scope 3 emissions related to investments. We have also not had access to appropriate emission factors for some components of these emissions.

We plan to quantify Scope 3 investment emissions in the next two years. We maintain an active dialogue with our global peers in the banking sector, as well as other stakeholders, relating to indirect GHG emissions attributed to the financial products and services we provide clients in support of their activities. These discussions build on the lessons we have learned from the historical tracking and reporting of GHG emissions attributed to our U.S. power utility loan portfolio, which we continue to include in our annual reporting. We are participating in the Science Based Targets initiative's financial sector process, which is providing some guidance on appropriate boundaries and quantification approaches. We have joined the Partnership for Carbon Accounting Financials (PCAF) and we are in discussion with other parties that may provide valuable data and factors. These will be the basis for our future quantification of Scope 3 investment emissions.

While we have not yet quantified Scope 3 investment emissions, we have completed analysis on our exposure to sectors that are generally viewed as more carbon emission intensive. As of December 31, 2019, these sectors represented approximately 22% of our total committed commercial credit exposure of \$1,062 billion. This includes \$71.25 billion of committed credit exposure to Energy and Power Utilities – less than 7% of our overall committed commercial credit exposure.

## C-FS14.3

### (C-FS14.3) Are you taking actions to align your portfolio to a well below 2-degree world?

	We are taking actions to align our portfolio to a well below 2-degree world	Please explain
Bank lending (Bank)	Yes	<p>Bank of America will mobilize an additional \$300 billion in capital by 2030 through its Environmental Business Initiative. This third commitment increases the company's investment in low-carbon business activities as part of its focus on deploying capital for responsible, sustainable growth. Through lending, investing, capital raising, advisory services and developing financing solutions, this new commitment will drive innovation and help to accelerate the transition to a low-carbon, sustainable economy. The \$300 billion goal brings Bank of America's total commitment to more than \$445 billion since 2007, when the company issued its first Environmental Business Initiative. Bank of America has deployed \$158 billion since 2007 in support of environmental business efforts across the globe.</p> <p>We recognize there are a range of risks associated with our current levels of fossil fuel financing, including reputation risk as negative perceptions of investors, clients, employees and other stakeholders regarding our financing could adversely impact Bank of America. Our goal is to rebalance our portfolios away from more carbon emission intensive fossil fuel extraction, power generation, transportation and other consumption through engaging with clients and accelerating their progress toward low-carbon business models. In addition to monitoring our exposures to industries exposed to climate-related risks and actively engaging with our clients in this effort, we are exploring new, innovative products such as facilities that are structured to link pricing to a client's carbon reduction efforts. We are significant investors and financiers in the expansion of renewable and other low-carbon energies. An internal analysis of the generation fuel mix</p>



		associated with our power utilities portfolio indicates approximately a third of our exposure is low-carbon, not inclusive of our \$9.4 billion portfolio of tax equity investments in wind and solar projects throughout the U.S. We have dramatically reduced exposure to companies focused on coal extraction, as evidenced by the fact that pure play coal extraction now only represents \$155 million of our energy sector exposure (or 0.4%), down nearly 80% from \$762 million at FYE 2015.
Other products and services, please specify	Not applicable	The other products or services category does not apply for our business.

### C-FS14.3a

**(C-FS14.3a) Do you assess if your clients/investees' business strategies are aligned to a well below 2-degree world?**

	We assess alignment	Please explain
Bank lending (Bank)	Yes, for some	As part of our ongoing ESG advisory work with clients of the global corporate and investment banking business and the global commercial banking business, we regularly benchmark our clients' performance on a variety of climate metrics to encourage improvements in performance that better align with Paris Agreement targets. We also highlight the opportunity to align our clients' efforts and improvements in performance on emissions reduction to cost of capital through our product offering of sustainability-linked loans and bonds.

### C-FS14.3b

**(C-FS14.3b) Do you encourage your clients/investees to set a science-based target?**

	We encourage clients/investees to set a science-based target	Please explain
Bank lending (Bank)	Yes, for some	Our CEO co-wrote a letter to all attendees of the World Economic Forum Annual Meeting at Davos in January 2020. In that letter, he encourages all companies, including our clients and investees, to: Set a target to achieve net zero greenhouse gas emissions by 2050 or sooner.

		<p>Join the UN Global Compact Business Ambition for 1.5 Degrees</p> <p>Consider setting GHG emission reduction targets in line with the 1.5°C emission scenario of the Paris Climate Treaty</p> <p>Consider including a 2030 milestone target</p>
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## C15. Signoff

### C15.1

**(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

	Job title	Corresponding job category
Row 1	Chief Financial Officer (CFO)	Chief Financial Officer (CFO)