

2017

Banking on a Low-Carbon Economy

The Economic Impacts of Bank of America's
\$125 Billion Environmental Business Initiative



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Introduction

Bank of America has long understood that addressing climate change is not just an environmental necessity, but also an economic opportunity. We play a role in helping to finance the transition to a low-carbon and sustainable economy. We also recognize the value — for business and society — in ensuring this transition happens.

That role starts with how we run our business. Bank of America has a focus on responsible growth and environmental, social and governance (ESG) leadership. We manage risks and utilize opportunities in order to realize a return not just for our business, clients and shareholders, but also for our communities.

We recognize that our greatest potential for positive impact is in our business activities. Central to this is our initiative to deploy capital to support innovative, scalable solutions that address global challenges such as climate change and demands on natural resources, while driving growth.

In 2007, Bank of America set our first environmental business initiative to direct \$20 billion toward low-carbon and sustainable business activities over 10 years. Having achieved that goal years ahead of schedule, we set a second environmental business initiative starting in 2013.

“Our focus on responsible growth ensures we are financing projects that build a more sustainable future. Bank of America’s \$125 billion environmental business initiative is a key part of this approach; that success is reflected in the economic contributions illustrated in this report.”

**—ANNE FINUCANE,
Vice Chairman, Bank of America**



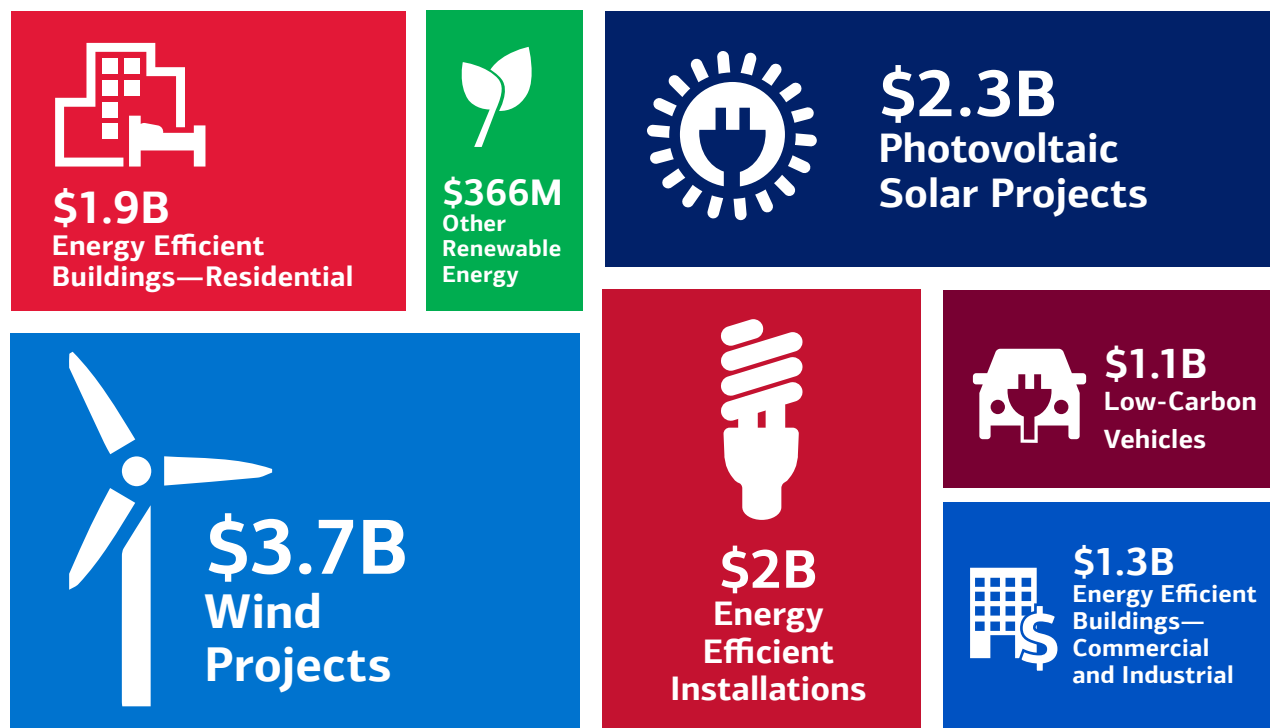
Bank of America has now committed to directing another \$125 billion toward low-carbon business by 2025 through lending, investing, capital raising and developing financing solutions for clients around the world. This commitment is supported by the actions we take to manage our own footprint. We have set aggressive operational goals that include increasing energy efficiency, achieving carbon neutrality, and purchasing 100 percent renewable electricity by 2020.

The success of our environmental business initiative goes beyond just deploying \$125 billion, it means ensuring it is deployed

in a way that creates positive outcomes. This is why we have developed ways to identify and measure the benefits of our commitment.

In 2014, we worked with consulting firm EY to create a methodology to calculate and provide a comprehensive look at the environmental benefits of our \$125 billion initiative, which you can read about in [“Financing for a sustainable future: Estimating the environmental benefits of Bank of America’s Environmental Business Initiative.”](#) This methodology helped us better understand how our financing is achieving positive environmental outcomes.

Breakdown of \$12.6 Billion Financing by Activity¹



¹ Since 2013 we’ve deployed \$49 billion toward our goal, but for the purposes of this analysis, we estimated economic impacts of the \$12.6 billion deployed directly in projects within the United States over the first four years of Bank of America’s current commitment (2013–2016). This subset was chosen to correspond with a previous report commissioned with EY to look at the environmental benefits of Bank of America’s environmental financing. Future reports will look to include a methodology that calculates the benefits of a broader scope of our initiative.

Economic Impacts of Environmental Business Initiative²



However, the positive impacts of our commitment go beyond the environment. The capital we have deployed through our environmental business initiative has begun to realize results that exhibit the strength and sustainability of a truly low-carbon economy. This report seeks to quantify those results, and to illustrate the broader societal outcomes of Bank of America's \$125 billion environmental business initiative.

We have once again teamed up with EY, this time to calculate and provide a comprehensive look at the economic impacts of our initiative. EY analyzed a subset of our commitment, examining the \$12.6 billion deployed directly in projects within the United States over the first four years of Bank of America's current commitment (2013–2016).³

The analysis measured Bank of America's impact on a number of economic indicators through our environmental financing ([click here for EY's full methodology](#)).

This report will focus on three core categories: Jobs, Economic Output and Contributions to Gross Domestic Product (GDP). According to EY's estimate, over the course of four years, this subset of our commitment supported an annual average of 39,728 jobs, realized a cumulative \$29.9 billion in economic output and contributed a cumulative \$14.8 billion to GDP. The findings demonstrate that Bank of America's environmental business initiative is helping to realize positive economic outcomes that enable sustainable growth, while helping to scale solutions to our most pressing environmental challenges.

² All data represented in this report demonstrating the economic impact of Bank of America's environmental business initiative has come from the EY full methodology.

³ References to Bank of America financing incorporate all of the company's divisions, including Bank of America Merrill Lynch.

Jobs

One of the greatest economic opportunities stemming from the transition to a low-carbon and sustainable economy is the potential for millions of new jobs that pay good wages and span the economic spectrum.

This includes jobs building wind farms, installing solar panels and retrofitting buildings to be more energy efficient. Other supporting jobs up and down the supply chain can also be created, such as manufacturing and selling electric or fuel efficient vehicles.

This potential is already being realized, with the clean energy sector showing some of the fastest job growth in the country, with solar employment alone growing at a rate 12 times that of the U.S. economy from 2012 to 2015, according to a report by Environmental Defense Fund.⁴

EY's analysis shows how Bank of America's environmental business initiative supports good paying jobs. Over the course of four years, projects receiving Bank of America financing supported jobs in a wide variety of industries.



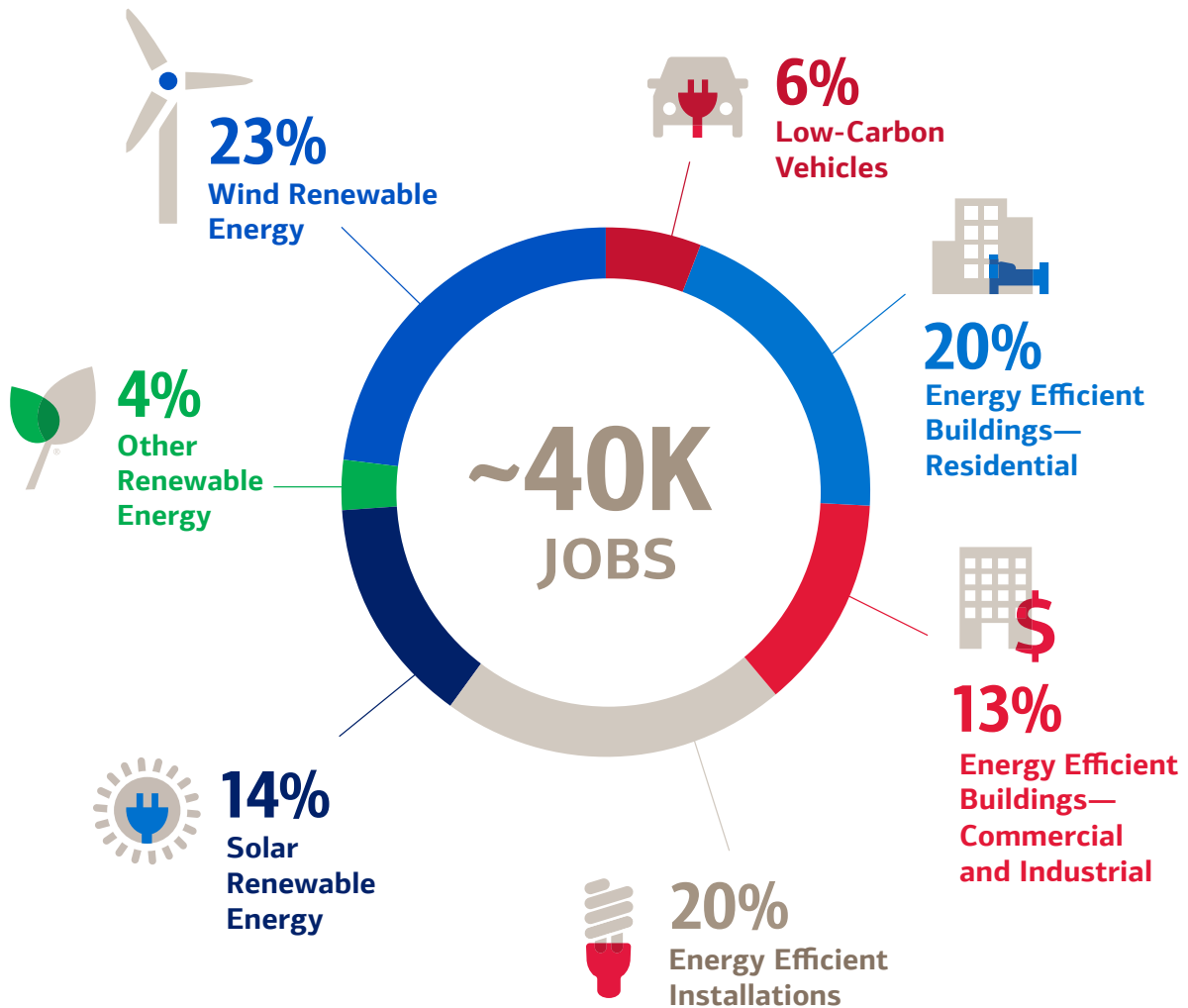
“Bank of America has shown leadership with its long-term commitment to environmental finance. In addition, it has now demonstrated convincingly that addressing climate change can be an economic opportunity for society — one that pays dividends in terms of well-paid jobs, fast growing industries and a lower-risk economy.”

**—MICHAEL LIEBREICH,
Chairman of the Advisory Board,
Bloomberg New Energy Finance**

⁴ http://edfclimatecorps.org/sites/edfclimatecorps.org/files/the_growth_of_americas_clean_energy_and_sustainability_jobs.pdf

Total Job Contributions

Based on EY's estimates, from 2013–2016, Bank of America's environmental financing supported an average of 39,728 jobs annually. This includes employment in industries such as wind, solar, energy conservation and energy efficiency.



Source: EY

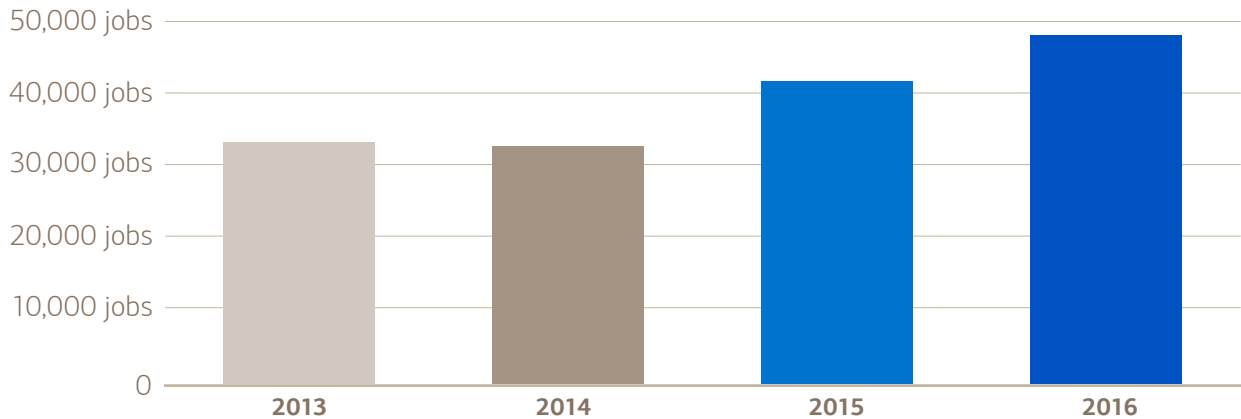


Photo is for illustrative purposes only

Bank of America worked with D.E. Shaw Renewable Investments on a \$110 million tax equity investment that financed North Star Solar, a 100 megawatt utility scale solar facility in Minnesota. This represents the largest single solar power project in the Midwest, using the sun's energy — and over 400,000 photovoltaic modules — to generate enough electricity to power approximately 20,000 homes a year.

Total Job Contributions by Year

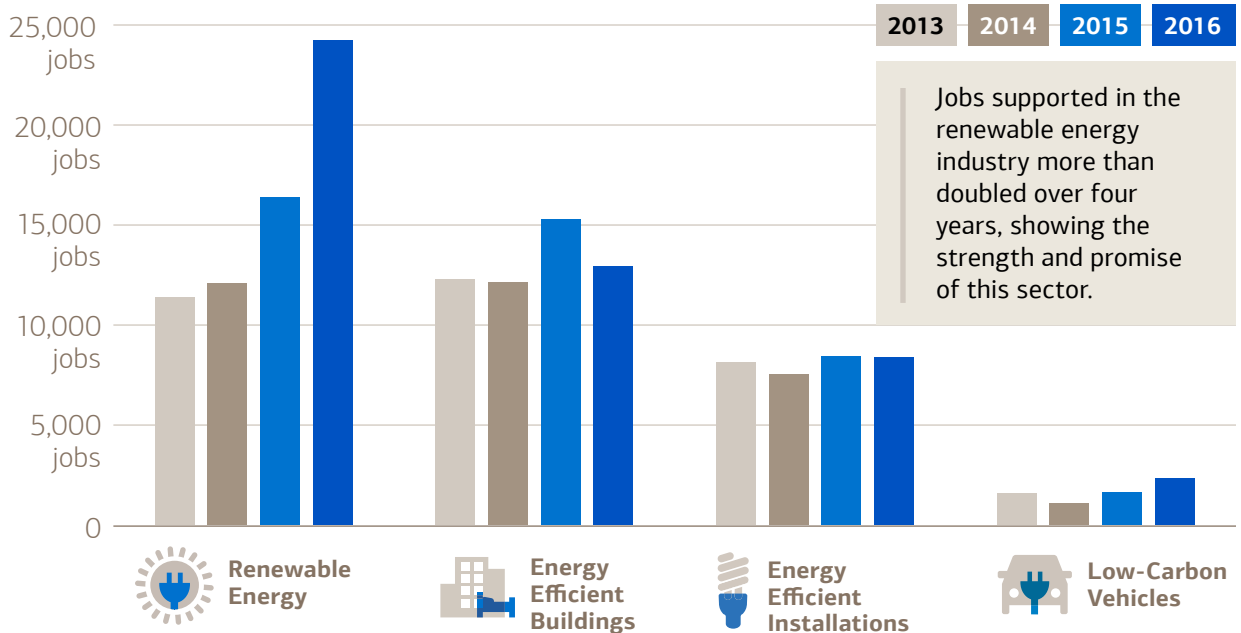
The industries that are part of a sustainable economy are not just supporting jobs that pay well, but most are also showing growth year to year. This graphic showcases the estimated total employment contributions each year during our time period. According to EY's estimate, over the past four years, at any given point in time, approximately 40,000 jobs have been supported by Bank of America financed projects.



Source: EY

Total Job Contributions by Project Type

This graphic demonstrates estimated total employment contributions by project type for each year from 2013 to 2016. According to EY's estimate, over the past four years, projects financed by Bank of America have supported jobs in four segments of the renewable energy sector, as shown below.

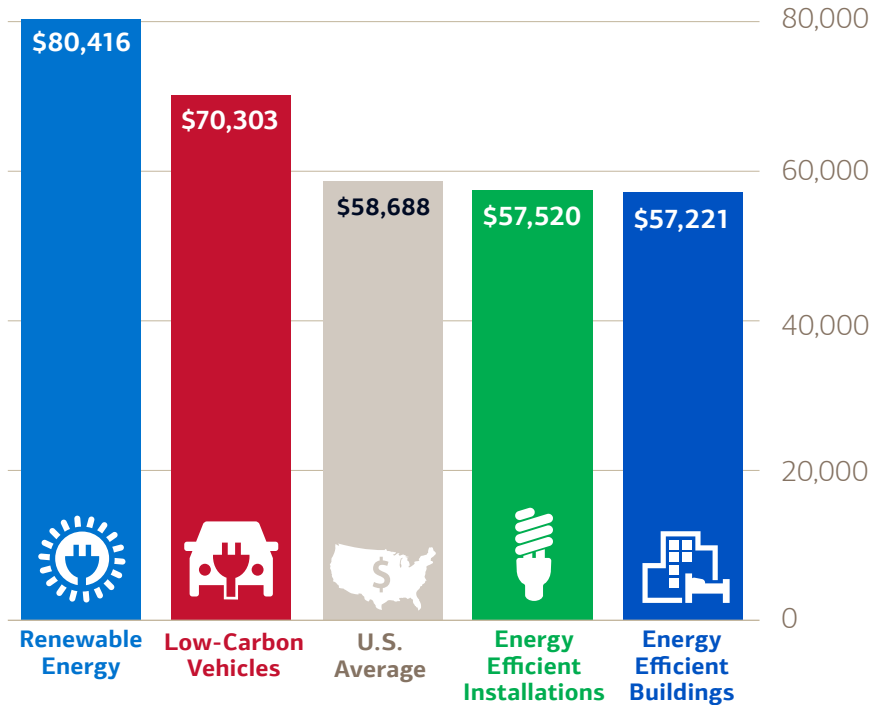


Source: EY

Average Employee Compensation by Project Type

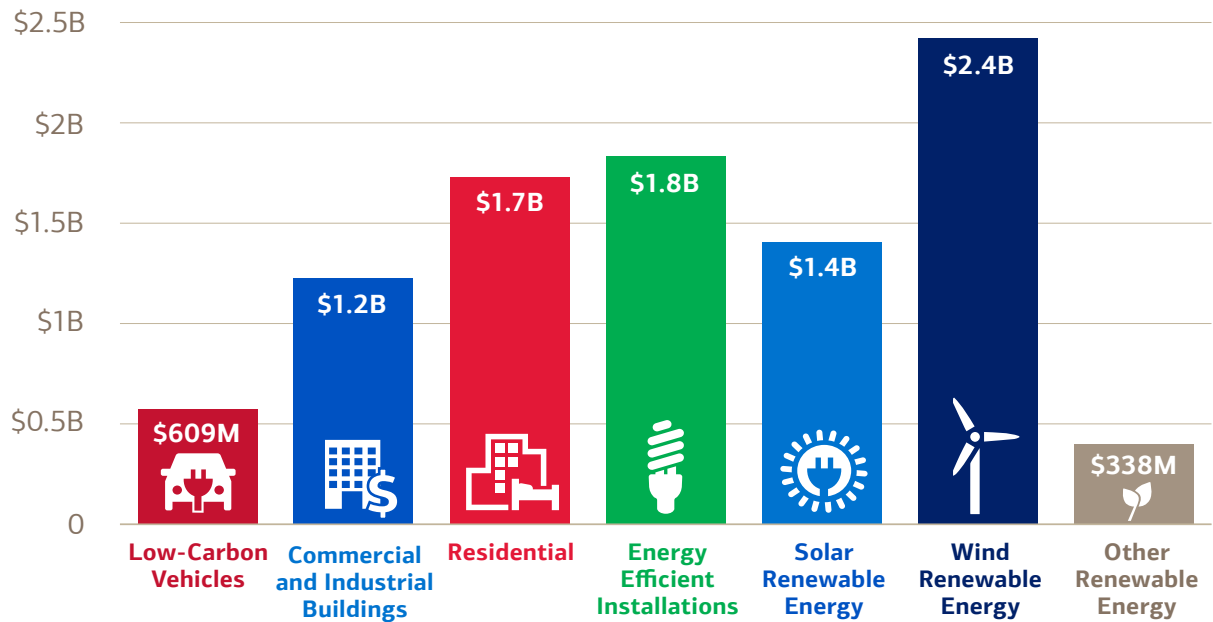
The transition to a low-carbon and sustainable economy is supporting jobs in industries that pay good wages. These two graphics demonstrate benefits supported by Bank of America's financing over the course of four years. The chart on the right shows the average compensation of employees. The chart below shows the total labor income.

Nearly half of the jobs supported through Bank of America's environmental business initiative pay significantly higher than the U.S. average compensation.



Source: EY

Total Labor Income



Source: EY

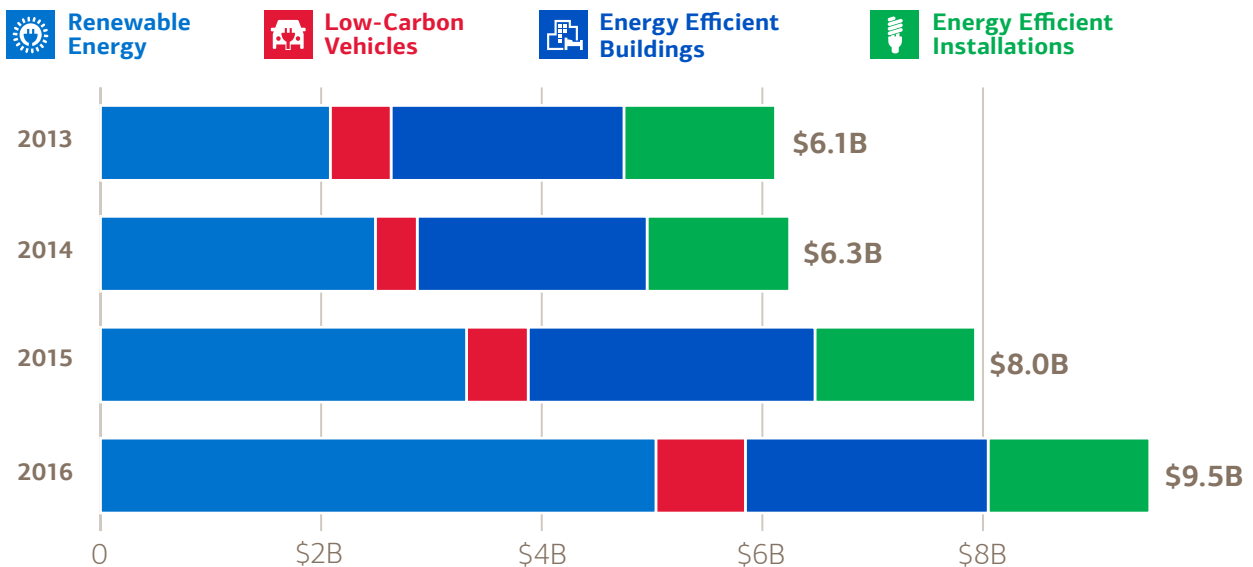
Economic Output

As part of the analysis for understanding the benefits of our financing, EY was able to estimate its contributions to economic output, the broadest measure of economic activity by an industry. Economic output is roughly equivalent to the sales, or receipts, a business receives for its goods and services. Businesses use the revenue received to pay wages to their

workers, buy materials and services used in production, and operate their machines and equipment. Economic output captures everything a business spends money on and its profit. This measure helps us understand the economic reach of our environmental commitment.

Total Economic Contributions

As with jobs, the economic contributions resulting from the environmental business initiative show year-over-year growth — building a more sustainable economy along the way.

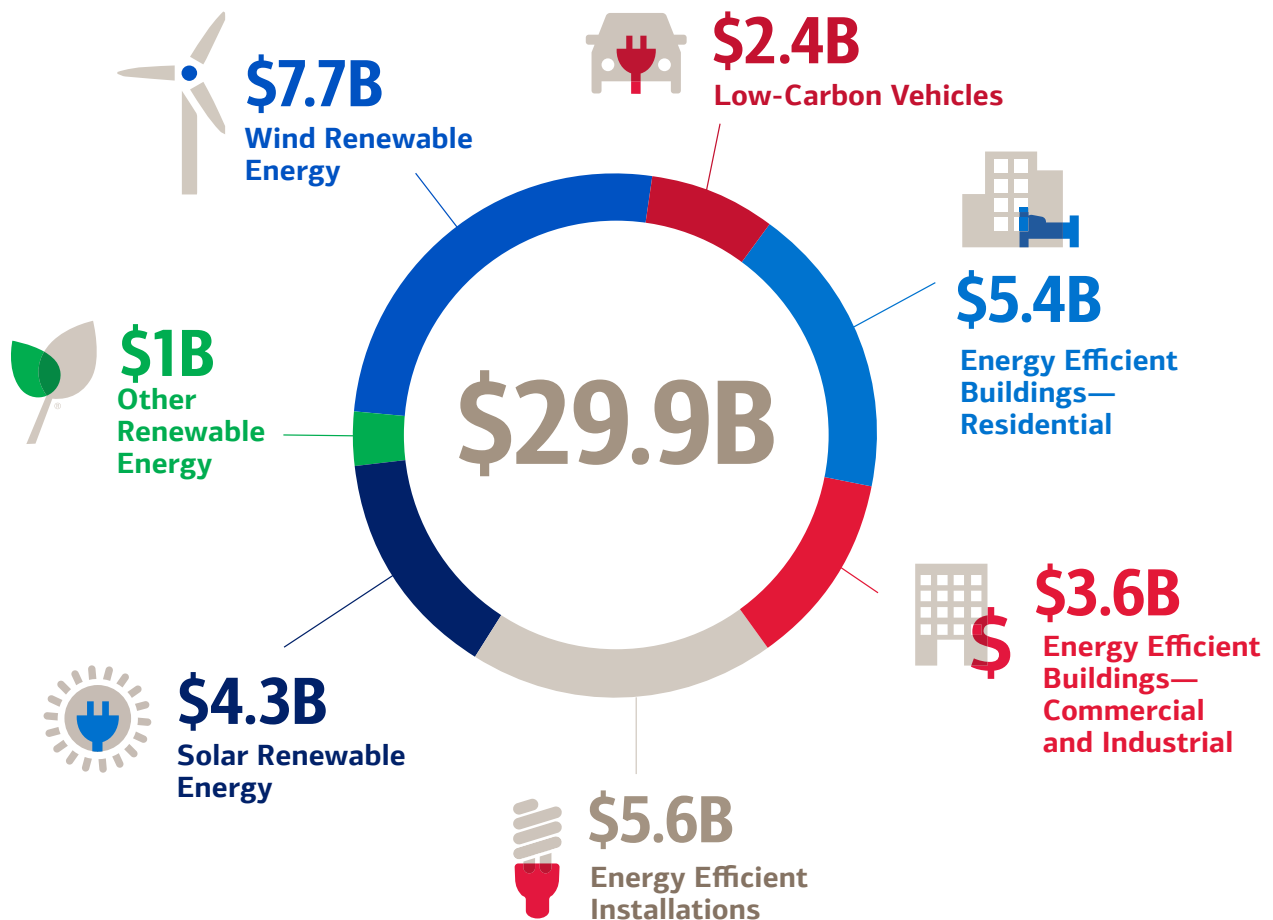


Source: EY

Total Economic Output

According to EY's estimate, over the course of the four-year period analyzed, the total combined economic contributions of the subset of Bank of America's environmental business initiative — a \$12.6 billion investment — resulted in \$29.9 billion of economic output.

The economic output of Bank of America's commitment comes from the industries and activities being financed, from low-carbon vehicles to energy efficiency and conservation to renewable energy.



Source: EY



In Greeley, Colorado, Bank of America financed an \$8.9 million campus-wide energy conservation project at the University of Northern Colorado, installed by McKinstry under a Guaranteed Energy Performance Contract. The financing is being used to provide operational improvements such as energy efficient lighting and chiller improvements in various university buildings estimated to save the university \$547,000 annually through reduced utility and operational costs.

Contributions to GDP

The most common way to measure the size and growth of a nation's economy is by assessing its Gross Domestic Product, or GDP. This reflects the total monetary value of all goods and services produced within a country's borders each year.

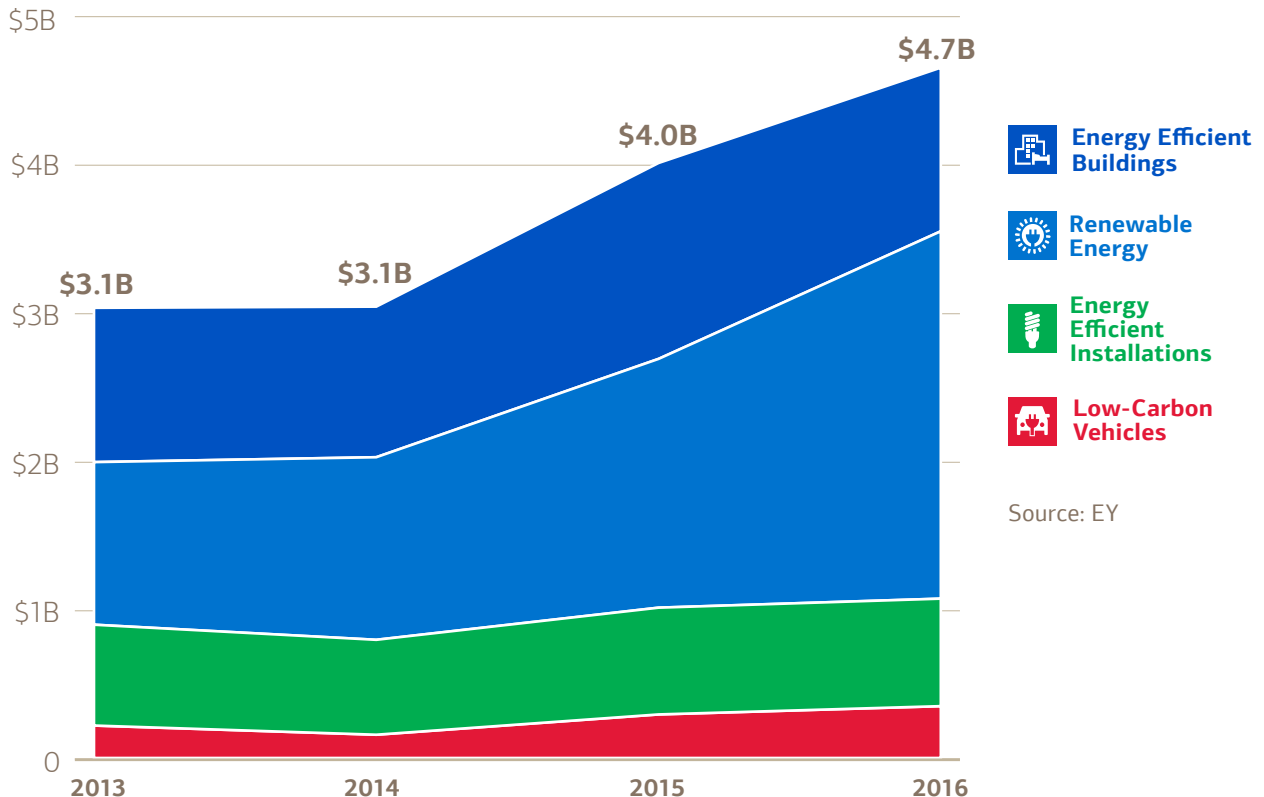
As part of this analysis, EY estimated how the outputs of Bank of America's commitment are contributing to the United States economy,

as measured by GDP. We refer to this as the "value added to GDP" by these projects.

Value added to GDP captures the enhancement that a business gives a final good or service. Unlike economic output, which captures all expenditures a business makes, value added to GDP equals the profit a business receives, the money it pays its workers, and its expenditures on the use of its machines and equipment.

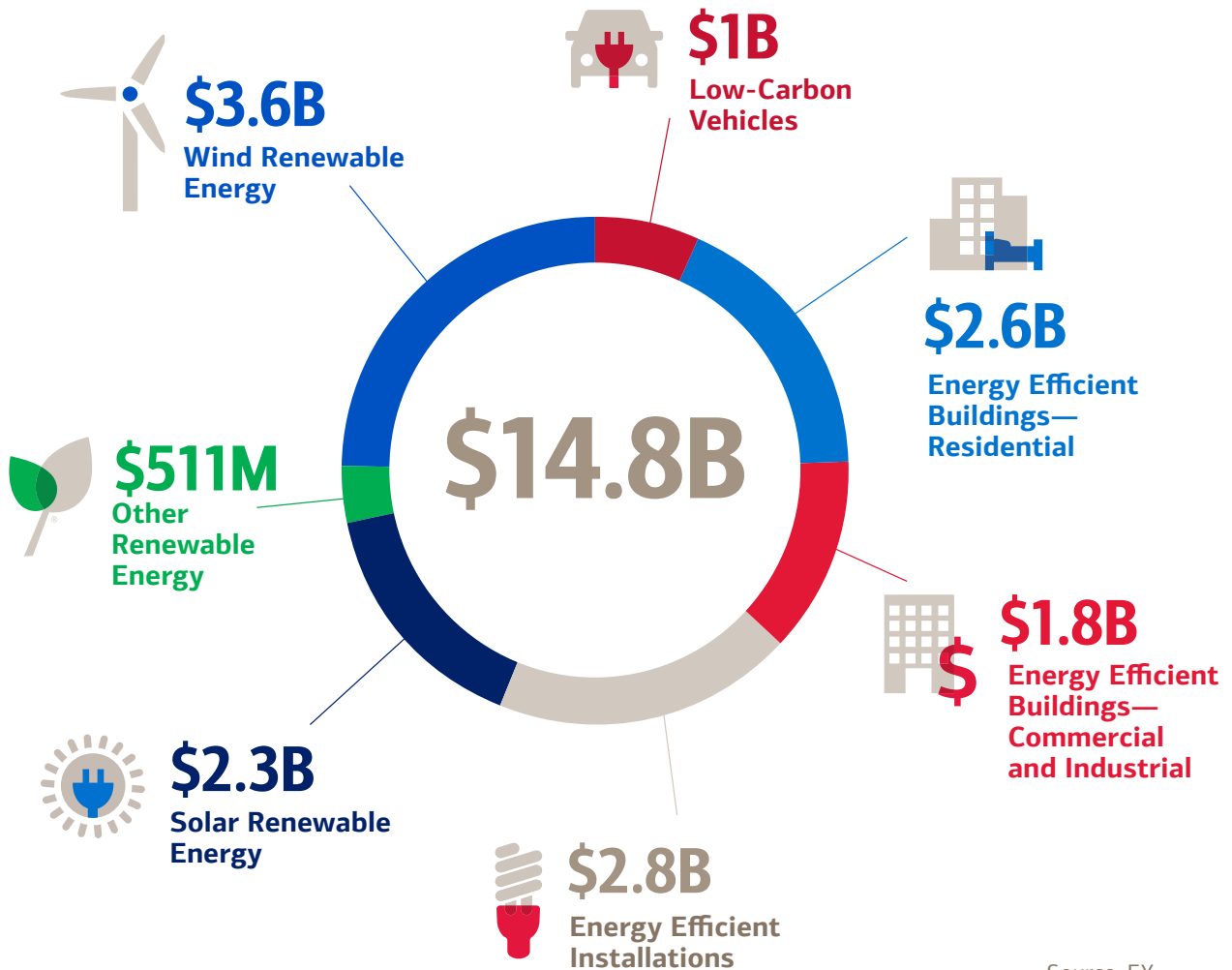
Total Contributions to GDP Over Time

Each year, the investments being made through project financing and other activities are accelerating the transition to a low-carbon sustainable economy.



Total Contributions to GDP

According to EY's estimate, over four years, the \$12.6 billion subset of Bank of America's \$125 billion commitment has helped to contribute \$14.8 billion to U.S. GDP.



Source: EY



Photo is for illustrative purposes only

Bank of America made a \$193 million tax equity investment in a 200 megawatt wind farm as part of a partnership with EDP Renewables North America (EDPR). The project is composed of 100 wind turbines located on 45,000 acres in Indiana, delivering enough renewable energy to power approximately 56,000 homes while avoiding the equivalent of 252,000 metric tons of CO₂.

Conclusion

The scientific consensus is clear that by accelerating the transition to a low-carbon economy we can address the impacts of climate change and create a future based on clean, renewable sources of energy. The 2015 Paris Climate Agreement represented a commitment from countries and companies alike to make that happen — understanding it would take tens of trillions of dollars in financing to make that transition a success.

While some have questioned if the costs to the global economy are too high to pay, this analysis demonstrates that the opportunity may be too valuable to ignore.

Dating back to our first environmental business initiative in 2007, Bank of America has recognized that financing the transition to a low-carbon and sustainable economy provides positive environmental and economic results. According to EY's estimate, over four years, a subset of our financing was shown to have supported an annual average of 39,728 jobs, realized a cumulative \$29.9 billion in economic output, and contributed a cumulative \$14.8 billion to U.S. GDP.

Through our efforts to integrate ESG directly into our business model and engage every employee on doing his or her part, Bank of America is using our capital to realize positive impacts. Our \$125 billion environmental business initiative is a demonstration of our confidence in the promise of a more sustainable economy, and of the shared value that this transition to that economy will create.



~40K
Annual Jobs



\$29.9B
Economic Output



\$14.8B
GDP Contribution

*To learn more about Bank of America's environmental commitment and how we are working across the globe to transition to a low-carbon, sustainable economy, **visit our Environmental Sustainability site.***