BANK OF AMERICA

Bank of America Corporation Environmental and Social Risk Policy Framework

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Introduction

At Bank of America, we drive our business by focusing on responsible growth and Environmental, Social and Governance (ESG) leadership. Responsible growth means we have to grow and win in the marketplace by developing a deep relationship with each client, and by serving the client well. And we must do this in a way that manages risk carefully and ensures our growth is sustainable, enabling us to continue to invest in our people, capabilities and communities.

ESG principles help define how Bank of America delivers responsible growth and contributes to the global economy. Our ESG leadership enables us to pursue growing business opportunities and manage risks associated with addressing the world's biggest environmental and social challenges. It defines how we deploy our capital and resources, informs our business practices and helps determine how and when we use our voice in support of our values. Integrated across our eight lines of business, our ESG focus reflects how we hold ourselves accountable and allows us to create shared success with our clients and communities.

Our approach

Risk management

As a financial institution, risk is inherent in all of our business activities. At Bank of America, the principles of sound risk management are embodied in our values, operating principles and Code of Conduct, which all employees are expected to follow. Our Risk Framework describes our risk management 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.

We have established this Environmental and Social Risk Policy (ESRP) Framework to provide additional clarity and transparency around how we approach environmental and social risks, which touch almost every aspect of our business. Like all risks, environmental and social risks require coordinated governance, clearly defined roles and responsibilities, and well-developed processes to ensure they are identified, measured, monitored and managed appropriately and in a timely manner.

This ESRP Framework is aligned with our Enterprise Risk Framework, which outlines Bank of America's approach to risk management and each employee's responsibilities for risk management. As articulated in our Enterprise Risk Framework, there are seven key risk types that we face as an organization: strategic, credit, market, liquidity, operational, compliance and reputational. Increasingly, environmental and social issues impact many of these risk areas, but most often result in potential reputational risk at this point in time.

Materiality

Bank of America takes a proactive approach to identifying and managing risks, which includes an ongoing and rigorous process for identifying the issues that are most material to our company. This process includes formal and informal engagement with both internal and external stakeholders, including clients, shareholders, socially responsible investment firms, and experts from civil rights, consumer, community development and environmental organizations.[1] We weigh up the importance of risk issues in relation to our stakeholders and to our business success.

Our initial lens has been and continues to be our seven key risk types, but our materiality assessments[2] help us to better understand that enterprise risk also includes risks that threaten the safety, human dignity and equal treatment of our employees, clients and the communities where we do business. These broader risks include issues such as climate change and human rights. Due to the extensive and complex role we play in the local and global economy, these issues can and will impact our future business performance, making our management of them a business imperative.

Our ESRP Framework guides our approach to managing material issues. In developing this ESRP Framework, we have benchmarked all of our existing environmental and social policies and positions against industry best practices.

Governance

To strengthen our oversight of environmental, social and governance issues, we established our Global Environmental, Social & Governance Committee (ESG Committee), a management-level committee comprised of senior leaders across every major line of business and support function. The ESG Committee engages other management committees as necessary, including the Management Risk Committee on matters involving environmental and social risk. The ESG Committee also updates the Corporate Governance and Enterprise Risk Committees of the Board of Directors on environmental and social issues. The Corporate Governance Committee has overall responsibility for reviewing the company's activities and practices relating to ESG matters.

The ESRP Framework is reviewed by the ESG Group at least every two years. If, at that time or any other time in the interim, changes need to be made to the ESRP Framework, they will be reviewed and approved by the ESG Committee, and will be reflected, as appropriate, in internal policies and procedures.

[1] https://about.bankofamerica.com/en-us/what-guides-us/materiality.html

[2] We have completed a detailed Environmental, Social and Governance (ESG) materiality assessment, in line with the Global Reporting Initiative's G4 Sustainability Reporting Guidelines, and published the results in both our 2015 Business Standards Report and Environmental, Social and Governance Addendum (ESG Report). We update and review this materiality assessment with our Global Environmental, Social & Governance Committee (ESG Committee, see discussion below) on a regular basis.

Our relationship with individual clients

We serve individual consumers and small businesses with a full range of banking products and services, including retail financial centers and digital banking options. We focus on helping individuals navigate every stage of their financial lives and we work to provide education and support to meet our clients' needs.

We also support communities in becoming more financially resilient by delivering access to products, resources and capital at scale. Serving clients and partners in low- and moderate-income (LMI) communities is part of our broader business strategy, and our continued investment in a tailored community-centered approach means that we can make a meaningful impact by advancing economic mobility for our clients and making neighborhoods stronger.

This approach includes connecting communities to local financial centers, offering safe and transparent products, enabling digital banking, and providing resources that build financial literacy among clients. We are providing capital to help drive small business and community development through loans and grants to community development financial institutions (CDFIs). We have also established relationships with more than 260 CDFI partners to extend credit to those individuals and organizations who may not qualify for traditional lending.

Wealth management

Our wealth management clients are increasingly interested in the role that ESG criteria can play in evaluating portfolio risks and long-term investment opportunities. They are also interested in the positive societal impact their investments may have.

Our wealth management business has developed – and continues to expand – an offering that provides our clients access to strategies across multiple asset classes that integrate ESG criteria into their investment approach. We are committed to continuously providing education and thought leadership to advisors, portfolio managers and clients on the benefits of incorporating ESG criteria into investment strategies and portfolios.

Our relationship with business clients

A key aspect of our strategy is active and extensive engagement with our clients. This engagement allows us to deepen our collective understanding of issues, learn and share perspectives, and, often, create connections between stakeholders with differing views. While this engagement can be conducted in conjunction with due diligence related to a specific transaction, it is ongoing and in addition to the due diligence and risk review processes highlighted below.

As part of our Know Your Customer (KYC) 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. 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 this 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.

Due diligence, heightened risk review and the prohibited list

Standard due diligence

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, 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 will be conducted.

Enhanced due diligence

A client relationship or transaction may require enhanced due diligence related to environmental and social issues 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. While each client opportunity is unique and therefore requires a customized due diligence process, there are common elements to enhanced due diligence as it relates to the environmental and social areas identified in this ESRP Framework. Enhanced due diligence is conducted by individuals with subject matter expertise and an understanding of a range of stakeholder perspectives. We recognize that environmental and social issues can be interrelated and both need to be considered. Evaluation of environmental matters may include land and water use impacts, remediation/reclamation track record (if applicable), climate risk reporting, community and stakeholder engagement and overall transparency. Evaluation of social issues may include a review of the client's relationship with relevant civil society organizations, and a particular focus on stakeholder engagement with local communities including Indigenous Peoples and First Nations relations.

The enhanced due diligence process is tailored to provide a deep analysis of risk issues for specific transactions, thus each analysis varies. These analyses may include, but are not limited to, direct client discussion on related environmental and social risks, review of client disclosures, a comparison of 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, Task Force on Climate-related Financial Disclosure (TCFD) reporting, ESG and Corporate Social Responsibility (CSR) reports, and a media search that is focused on environmental and social reputation risk.

Issues that have additional enhanced due diligence specific to this topic are detailed in the section below titled *Managing environmental and social areas of heightened sensitivity*.

Committee review of reputational risk

If due diligence reveals that a business activity presents significant environmental and social risk, that activity – including client relationships, transactions, new products or other corporate activities – may be escalated to the appropriate committee responsible for reputational risk management for further evaluation. These committees are comprised of the business heads and senior executives from our Global Risk, Compliance, Legal and ESG groups, and can approve, conditionally approve or decline a business activity. If the committee does not approve a business activity, the business head may appeal the matter to the executive management team.

Prohibited list

Bank of America will not knowingly engage in illegal activities including:

- Bribery – including giving, offering, receiving or requesting bribes
- Child labor, forced labor or human trafficking – including engaging with companies or transactions in which a client is directly involved in child labor, forced labor or human trafficking
- Illegal logging or uncontrolled fire – including transactions in which a client engages in illegal logging or uncontrolled use of fire for clearing forest lands
- Transactions for illegal purposes – including transactions involving internet gaming in certain jurisdictions.

In addition, we will not knowingly engage in the following types of activities that, while not illegal, are contrary to our values, operating principles and Code of Conduct:

- Payday lending services – directly to our consumer clients or by providing credit to business clients with significant payday lending activities
- Financing the manufacture of military-style firearms for non-law enforcement, non-military use
- Natural resource extraction in UNESCO World Heritage sites – engaging in transactions focused on natural resource extraction within UNESCO World Heritage sites, unless there is prior consensus between UNESCO and the host country's governmental authorities that activities will not adversely affect the natural or cultural value of the site
- Transactions designed to manipulate financial results – including transactions or activities designed to artificially or unfairly manipulate or change the reported value of a client, instrument or transaction or inappropriately reduce tax liabilities.

General purpose financing

As part of our ongoing client engagement process, we regularly monitor our client relationships. We recognize that some clients use general purpose financing to support the development of specific projects and that environmental and social risk can be elevated in a specific project. In some cases, it can even be elevated in an entire sector or industry. We actively engage with clients and prospective clients with significant expose with highly associated environmental and social risks and, in some circumstances, conduct enhanced due diligence as part of our normal KYC practices.

Subject matter expertise (SME)

Bank of America employs a variety of internal SMEs who participate in the environmental and social risk management process. These SMEs include employees from our front line units, as well as our ESG Group, and our Global Risk Management and Public Policy teams. Risk assessments may be conducted by consultants along with internal or external experts, and they range from simple questionnaires to complex evaluations that may include geological, engineering and other analyses.

Positions on key issues

Climate change and energy

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.

In helping to address climate change, Bank of America is focused on supporting key sectors in the transition from a high-carbon to a low-carbon society, including:

- Energy efficient design and retrofitting of buildings; in particular, deep retrofits required to meet climate goals
- Decarbonization of the power sector, including the enhancement and expansion of renewable energy, advanced nuclear and carbon capture, and storage/use technologies
- Electrification and low-carbon fuels for industry, transport and building heating
- Sustainable agriculture and reforestation
- New technologies, products and services as they evolve.

As part of our strategy to address climate change, we have partnered closely with clients to finance the adoption of low-carbon solutions that are now in widespread commercial use; for instance, LEED- and Energy Star-certified building construction, solar and wind power generation, electric vehicles and charging infrastructure, resource efficient agriculture, and canopy protection and reforestation. Other technologies are still in development or have not achieved commercialization, and are therefore more challenging for a highly regulated consumer and commercial bank to finance. For those areas, we have dedicated significant intellectual and philanthropic capital to support their advancement.

It is important to note that nearly all comprehensive roadmaps to meeting the Paris Agreement include significant increases in nuclear power generation and carbon capture, and the storage or use of emissions from fossil fuel power generation. These technologies are important options to provide on-demand power and support power-intensive industry. We recognize many stakeholders have strong views about these areas. At Bank of America, we believe advancing these elements is necessary to address the significant urgency of climate change, and form part of a pragmatic, risk-informed strategy for supporting the transition to a low-carbon economy.

A critical part of our strategy is strong engagement and partnership with clients across energy, power and other sectors, including those that are currently fossil fuel intensive. Through this active client engagement, we are able to effectively share our expertise and perspectives, create positive and constructive dialogues with key stakeholders, and encourage and influence clients to consider their role in the transition to a low-carbon economy. A key element of this engagement is helping clients to access the capital they need to affect this transition within their companies.

Transitioning entire sectors of the economy will take time. Like many companies, we continue to 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. At Bank of America, our energy and power strategy 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 or use. We also understand that access to reliable, low-cost energy can play a significant role in economic growth, reducing poverty and improving health outcomes, particularly in developing countries. As a result, we are partnering closely with our power utility clients – most of which generate power from a range of high- and low-carbon energy sources – to help them accelerate their low-carbon transition in a way that is economical and in line with meeting clients' needs.

We have dramatically reduced exposure to companies focused on coal extraction, will not finance construction of new coal-fired power plants in developed countries without technologies to address their carbon emissions, and will only finance construction in developing countries in certain circumstances (see below). Natural gas has been a key contributor in reducing carbon emissions in the U.S. and other developed countries. We will continue to support natural gas extraction and delivery while encouraging efforts to improve their environmental performance. As is often the case for these higher risk sectors, we will engage in further client and transactional review and due diligence to evaluate their associated risks, as articulated in greater detail throughout the ESRP Framework.

Carbon markets

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. Bank of America believes that voluntary action alone will not be enough to address the climate challenge, and we continue to support public policy focused on solutions. Carbon pricing regimes, including carbon taxes, are seen by many policymakers and business leaders as a critical step in promoting a shift to a low-carbon economy. Bank of America supports approaches to reducing carbon emissions that are economy-wide and market-based. We will continue to monitor developments in carbon pricing and the potential implications for our company and our clients.

Human rights

In our operations around the world, we strive to conduct our business in a manner consistent with the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles for Business and Human Rights and the International Labour Organization's (ILO) Fundamental Conventions. We have set clear expectations for our vendors in their management of human rights and other key areas in our Vendor Code of Conduct, including expecting vendors and their subcontractors to abide by labor laws and regulations in the regions where they conduct business. They must also adhere to laws addressing child labor, forced labor, slavery, human trafficking, equal pay and non-discrimination in their workforce, and not engage in any practice that could reasonably be considered as employing or encouraging child labor, forced labor, slavery or human trafficking.

To learn more, please see our Bank of America Human Rights Statement.

External standards

We are participants in or signatories to the following principles (listed alphabetically) and use these principles to help guide our approach to lending, investing and other financing decisions relating to critical environmental and social issues.

Equator Principles

The Equator Principles provide a framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in projects. They are primarily intended to establish a minimum standard for due diligence in project-related lending and finance. By following and supporting the Equator Principles, we help to ensure financing for projects in a manner that is socially responsible and reflective of sound environmental management practices. Bank of America continues to support these principles as an industry best standard.

Green, Social and Sustainability Bond Principles

In June 2013, Bank of America co-authored a white paper called "A Framework for Green Bonds." We then co-led a consortium of banks to publish the Green Bond Principles, using the Framework document as a blueprint. The document was subsequently passed to the International Capital Market Association (ICMA), the newly named Secretariat. As an inaugural member of ICMA's Green Bond Principles Executive Committee, Bank of America also contributed to the release of ICMA Social Bond Principles and Sustainability Bond Guidelines.

Principles for Responsible Investing

Bank of America's Global Wealth and Investment Management business was one of the first major wealth management firms to become a signatory to the United Nations-supported Principles for Responsible Investment (PRI). Since its launch in 2006, the PRI has been instrumental in raising awareness about responsible investment among the global investment community and fostering collaboration among companies and policymakers on environmental and social issues.

Task Force for Climate-related Financial Disclosures (TCFD)

In 2017, the TCFD released its recommended voluntary, consistent financial disclosures designed to be used by investors, lenders and insurance underwriters in understanding material climate-related risks. Bank of America has signed on to support the TCFD recommendations alongside more than 600 other companies, including many peers and clients. Bank of America is in the early stages of evaluating and incorporating the recommendations of the TCFD. By building on our experience, and carrying out our annual CDP reporting, we are assessing ways to enhance our management of the transition, physical risks and opportunities that climate change poses to our business and clients.

UN Guiding Principles on Business and Human Rights

The United Nations Guiding Principles on Business and Human Rights (UNGP) provide guidance on a corporation's responsibility to respect human rights. Bank of America uses the UNGP and other external frameworks to help inform our policies and practices in this area, as articulated in our Human Rights Statement.

Managing environmental and social areas of heightened sensitivity

This section contains a summary (in alphabetical order) of environmental and social topics that Bank of America recognizes as being of heightened sensitivity and importance to us and our stakeholders, along with our approach to each area. While we expect our clients to comply with environmental laws and regulations, we also take additional measures to identify, evaluate and mitigate environmental and social risks for certain clients, business activities, industries or geographies.

Issues that need additional enhanced due diligence are detailed accordingly in the sections below.

Arms and munitions

Our Arms and Munitions Policy establishes an enhanced due diligence standard for clients and transactions involved in arms and munitions trade finance, with a primary focus on managing reputational risk concerns. The maintenance and implementation of this policy is conducted by SMEs with specialized industry knowledge and follows a clear process with senior executive checkpoints, escalation routines and risk management.

We recognize that many of the communities where we operate, and where our clients and employees live, have been affected directly and indirectly by mass shootings using military-style firearms. In an effort to reduce risk to our communities, we will not finance the manufacture of military-style firearms for non-law enforcement, non-military use.

Biodiversity and ecosystems

There are many areas of the planet with rich biodiversity and sensitive ecosystems that are particularly vulnerable to the negative impacts of irresponsible development and unsustainable practices. Recent reports show that the world's natural systems are in decline. Oceans, in particular, are impacted by climate change, overfishing and pollution. The growing deterioration of the ocean and marine life can present a range of challenges in the future, from the collapse of fish stocks to increasing ocean temperatures that contribute to stronger storm systems. We continue to monitor these issues as they evolve and relate to our clients and our business.

We recognize the importance of biodiversity and its environmental, cultural, religious and health contributions to societies. When issues of concern are identified by the front line unit or a control function, they are escalated for further review.

Agricultural commodity trading

We recognize the risks associated with trading in agricultural commodities, where certain types of financial trading or speculation have the potential to increase the cost of food and/or food poverty, especially in developing economies. Our Commodities Trading Group periodically reviews these aspects and has determined that we do not take significant market risk. However, we continue to monitor for exposure in this regard.

Forestry

The world's forests play a vital role in the carbon cycle and can significantly help mitigate global climate change. We developed our Forests Practices Policy, including our position on Forest Certification and Paper Procurement Policy, in consultation with our clients who have expertise in the sector, and with environmental partners focused on developing best practices, including forestry certification. Our Forests Practices Policy places additional value on forestry certification by using it as a due diligence tool. The Forests Practices Policy also includes an explicit prohibition of illegal logging and practices involving uncontrolled fire.

Palm oil

The increased use of palm oil has raised serious concerns regarding the impacts on forests and land use in sensitive tropical environments. We require clients whose business is focused on ownership and management of palm oil plantations and operations, including growers and mills, to have their operations certified, or have in place an outlined action plan and schedule for certification. We use the Roundtable on Sustainable Palm Oil (RSPO) certification or equivalent certification standards as a minimum requirement for clients, and closely monitor developments relating to the sustainable sourcing of palm oil.

Energy and extractives

We have a comprehensive, pragmatic strategy for supporting the transition of our energy and power systems. At the same time, we recognize that activities involving natural resource extraction elevate the risk of disturbing sensitive environments which can lead to impacts on both biodiversity and the human communities that depend on them. In addition, certain energy generation can result in increased environmental risk, including climate change. Accordingly, Bank of America has developed client and transaction standards and guidance, informed by international standards and best practices, to govern particularly sensitive situations where energy and extractive activity occurs.

Arctic drilling

Bank of America recognizes that the Arctic is a unique region with specific considerations to take into account including those of marine and wildlife, a fragile ecosystem and the rights of Indigenous Peoples. Considering these sensitivities, we conduct enhanced due diligence for any transactions where the majority use of proceeds is identified as supporting petroleum exploration or production activities in the Arctic. We define the Arctic as any lands subject to permafrost and extensive seasonal ice cover (generally above the Arctic Circle) and major sections of the Arctic Ocean and its component water bodies that are also subject to extensive or permanent ice cover.

Coal extraction

Energy companies and their subsidiaries focused on coal face significant challenges. These include greater regulatory scrutiny related to both extraction and combustion, changes in economic conditions and increased pricing pressure from the proliferation of natural gas and new energy technologies. Bank of America's Coal Policy outlines 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. Since 2011, we have significantly reduced our exposure to coal extraction companies. Going forward, we will maintain our significantly reduced credit exposure to these companies. This commitment applies globally to companies focused on coal extraction and to divisions of diversified mining companies that are focused on coal. In keeping with our commitment to reduce credit exposure to extraction companies focused on coal mining, Bank of America has also reduced exposure to coal mining companies that utilize mountain top removal mining practices in Appalachia.

Other ongoing transactions involving companies focused on coal mining are subject to enhanced due diligence that incorporates evolving market dynamics, as well as specific risks and regulations related to coal mining.

Coal-fired power generation

Bank of America seeks to reduce the negative impacts of coal-fired electric generation through the following measures.

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 financial products and services that are directly related to the construction of new coal-fired power generation in emerging markets after senior review and approval. These circumstances will be rare and based on a review of criteria including:

- Energy access and affordability in the region
- Technological efficiency and emission controls
- Client commitment to measure, report and reduce carbon emissions reductions
- Alignment with host country's commitments to international climate accords

Although not a regular part of our business, in certain circumstances, Bank of America will provide direct financing or support for the retrofitting of existing coal-fired power assets that enhance efficiency or pollution abatement when there is a clear human health and environmental benefit.

Energy transport

Bank of America supports the responsible and safe delivery of energy that powers our society. We recognize the environmental and safety issues connected to transporting natural gas and oil, by pipeline, rail, truck or tanker. We also recognize that some of these fuels, such as natural gas, are helping society transition away from more carbon-intensive forms of energy. And while expanded infrastructure is needed for projects such as new pipelines, it often has an impact on local communities. Rather than pivoting away from these issues, we are engaging more deeply to understand our clients' challenges in the energy transport space and to support our clients' efforts to increase safety, reduce impacts and improve community and stakeholder engagement.

Large dams

Bank of America recognizes that the construction of dams to control water flow can bring much needed economic opportunity and development to certain regions of the world. Dams can also affect the ecological systems in which they are located and to which they are connected, as well as causing potential social impacts to the surrounding communities. Any transactions in which the majority use of proceeds is identified as supporting large scale dam construction for hydroelectric generation or lands involved in such construction, are subject to enhanced due diligence. This scrutiny includes adherence to the Equator Principles, which we have adopted and follow, and the Hydropower Sustainability Assessment Protocol as guidance.

Nuclear energy

Nuclear power delivers an important part of many nations' energy portfolios and is an alternative to carbon-intensive fuels. Bank of America understands the particular sensitivities regarding the use of nuclear energy, including the safety and handling of nuclear fuel and waste. Transactions in which the majority use of proceeds is identified as or clearly intended for the development of nuclear projects are subject to enhanced due diligence, which includes a requirement that clients adhere to regional, national, international and industry best practices, as well as a review of the client's track record on environmental compliance, safety and training.

Oil sands

We recognize the concerns raised over the extraction of bitumen from oil sands, particularly in sensitive ecosystems such as those found in Northern Canada. Accordingly, Bank of America conducts enhanced due diligence on all relationships with companies that are focused on oil sands extraction. Site visits to client operations are conducted periodically. These due diligence trips may include meetings with impacted Indigenous Peoples and First Nations communities. These actions are in addition to meeting requirements of the Equator Principles, if applicable.

Renewable energy

We have increased our focus on renewable energy sources as part of our efforts to finance the transition to a low-carbon, sustainable economy through our $125 billion environmental business commitment. We recognize that some renewable energy projects present other environmental and social challenges, such as the impact on wildlife and land use changes, and we include a review of these issues in our due diligence processes. When environmental or social issues of concern are identified, they undergo enhanced due diligence as appropriate.

World Heritage Sites

We respect the designation of United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage Sites, including areas of cultural and natural value that are deemed to be of national or international significance. Bank of America will not knowingly engage in transactions focused on natural resource extraction within UNESCO World Heritage Sites unless there is prior consensus between UNESCO and the host country's governmental authorities such that the activities will not adversely affect the natural or cultural value of the site.

If client activity is known or anticipated to directly impact a World Heritage Site, relationship managers are directed to notify SMEs within Bank of America's ESG Group for further guidance. Review of these situations involves client engagement, a deep review of the client activity, and internal escalation and discussion among senior risk committees.

Financial products and services

Our product review and business review committees – together with external input that we solicit from clients, consumer advocates and other stakeholders – ensure that our products and services are responsible, in line with Bank of America's values, and are clear and easily understood.

Consumer debt sales

Bank of America does not sell our clients' consumer debt. In addition, we will not knowingly provide credit to buyers of consumer debt who employ predatory practices. For advisory or capital markets transactions in which a client is involved in consumer debt sales or purchases, we conduct enhanced due diligence.

Consumer protection

Bank of America offers a suite of simple, safe and transparent banking products to help clients manage their financial affairs and goals. All of our consumer banking products and services are subjected to a rigorous review process and are designed to address client needs at a fair and equitable cost, with terms our clients understand. We constantly solicit external feedback to help ensure that our products, solutions and services meet the needs of our clients.

We are committed to fairly and consistently meeting the credit needs of our clients and to complying fully with our Fair Lending Policy, and any other applicable consumer laws and regulations. This includes fair and non-discriminatory access to credit products, terms and conditions, and services throughout the entire credit life cycle. Our commitment to fair lending is the cornerstone of our culture and is clearly articulated in our Fair Lending Policy. All Bank of America employees must comply with the policy, and failure to do so may result in disciplinary action up to and including termination. Our employees participate in mandatory Fair Lending training.

Overdrafts

Our overdraft policies are informed by our company's strategy of responsible growth, and we continue to evolve our overdraft policies and procedures to help our clients prevent unnecessary and unanticipated fees. For example, over the last ten years, we have eliminated the ability for a client to overdraft for non-recurring debit card purchases if the client does not have sufficient funds; implemented the Low Dollar Threshold to protect clients from incurring overdraft fees for a very small amount; eliminated the extended overdraft balance charge; and introduced the Advantage SafeBalance Banking account, a low-cost alternative to a traditional checking account that eliminates all insufficient funds fees and overdraft fees.

Payday lending

A payday loan is a short-term loan, generally for $500 or less, that is typically due on the borrower's next payday and requires the borrower to give lenders access to his or her checking account, or to write a post-dated check for the full loan balance that a lender may deposit when the loan is due. At Bank of America, we do not offer payday lending services directly to our clients. We also do not provide credit to business clients for which providing payday lending services to consumers is a significant part of their business. We conduct enhanced due diligence for advisory and capital markets transactions involving businesses significantly engaged in payday lending.

Subprime lending

Bank of America is committed to providing responsible lending products to clients who have the ability to repay their obligations. There has been significant public focus on financial products with unaffordable, unfair or predatory terms provided to consumers with certain higher risk characteristics, such as low credit scores, previous bankruptcies or foreclosures, recent loan delinquencies or legal judgment. Bank of America does not offer subprime products to clients. For credit, advisory, and capital markets transactions with business clients involving a pool of assets, a significant portion of which is from consumers with higher risk characteristics such as described above, we conduct enhanced due diligence.

Gaming

To reflect the regulatory determination that gaming establishments are vulnerable to manipulation by money laundering and other financial risks, Bank of America has long maintained an industry-focused approach to the gaming sector. Gaming activities include legal businesses providing gambling activities and operations designed to attract wagering (e.g. gaming devices like slot machines, table games, etc.). Bank of America conducts enhanced due diligence on this sector and requires that all credit requests be underwritten and approved in designated specialty units within Bank of America.

Human rights

In addition to our larger approach to human rights, as noted above in *Position on key issues*, Bank of America has an enhanced due diligence process for transactions that may raise questions related to human rights.

In addition to the enhanced due diligence outlined above, other specific enhanced due diligence elements for these transactions may include the identification of company practices and comparison of these to acceptable standards including industry best practices, in-country laws, standards and norms, and developed country standards; consideration of mitigation steps taken by the client; client policies related to or addressing the issue; level of company transparency; a review against Bank of America's Code of Conduct; and consistency with the principles of the United Nations Universal Declaration of Human Rights, the ILO's Fundamental Conventions, and the United Nations Guiding Principles for Business and Human Rights.

Indigenous peoples

Bank of America recognizes that Indigenous Peoples, Native, and First Nations Communities have cultural beliefs, values and lands that are often under threat. We conduct enhanced due diligence for transactions in which the majority use of proceeds is attributed to identified activities that may negatively impact an area used by or traditionally claimed by an indigenous community. For these transactions, we expect our clients to demonstrate alignment with the objectives and requirements of the International Finance Corporation (IFC) Performance Standard 7, which addresses impacts to Indigenous Peoples including free, prior and informed consent.

Private prison and detention centers

Bank of America conducts enhanced due diligence for transactions with private prison and/or private immigrant detention providers. This includes companies operating both within the U.S. and internationally. Enhanced due diligence may include a further review of issue areas that have received scrutiny, including the following: human rights; access to counsel, medical care, education and other necessary services; labor practices; incidence of violence or sexual assault; and any other area involving the management of facilities administered by these companies. Inquiries may include a requirement for specific documentation, meetings with the client to discuss concerns, or visits to facilities in question.

Our operations and vendors

Operations management

Bank of America recognizes that a focus on environmental and social issues must begin with addressing impacts from our own operations. We are therefore committed to tracking and managing our progress toward our ambitious targets to reduce greenhouse gas (GHG) emissions, paper and water consumption, and waste sent to landfill, as well as increasing the percentage of our occupied space that is Leadership in Energy and Environmental Design (LEED) certified. In 2016, we announced a set of operational goals that we are working to achieve by 2020, including a commitment to carbon neutrality and purchasing 100% renewable electricity. For full details on our operational efforts, please see our latest ESG Report.

Environmental management system (EMS)

We employ an EMS that relies on a comprehensive compliance database to help the Global Real Estate Services Environmental Risk team identify, manage and mitigate risk, and improve performance across our corporate real estate portfolio. Our EMS encourages:

- Stringent compliance with applicable environmental laws and regulations
- Pollution prevention and environmentally sustainable practices
- Continuous improvement in all areas of environmental management.

Our EMS includes roles and responsibilities, training, inspections, inventory procedures, formal targets, documentation, measurement, complaint response and emergency procedures. One component of our EMS – Integrated Data for Environmental Applications – is an online tool that enables our employees and partners to understand and manage environmental compliance across our global real estate footprint. Bank of America's strong record of compliance across our real estate portfolio is a direct result of the successful implementation of our EMS.

Greenhouse gas emissions reductions

In 2016, we set a goal to achieve by 2020: to become carbon neutral and to reduce our location-based GHG emissions by 50%. This builds on a strong track record of setting and achieving previous GHG emissions reduction goals. More detail on our GHG emissions reduction progress and our suite of operational goals can be found in our ESG Report and our submission to CDP.

Scope 3 emissions

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. More detail on our utility portfolio emissions can be found in our latest ESG Report.

Our vendors

We strive to work with vendors whose policies and practices are consistent with our own – from having diverse leadership to paying an economically viable wage to working to reduce their environmental footprints. Our Vendor Code of Conduct sets forth Bank of America's expectations for human rights, labor and environmental standards throughout our vendor value chain. The principles contained within the code are consistent with the United Nations' Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the ILO's Fundamental Conventions. Additionally, our Modern Slavery Act Statement sets forth the steps we take to guard against modern slavery and human trafficking in our supply chain. Lastly, our vendors are expected to publish a code of conduct for their employees and to deploy a formal process for reporting and investigating unethical behavior.

Vendor engagement

Since 2009, we have invited suppliers to respond to the CDP supply chain questionnaire, which helps us track GHG emissions and associated risks that impact our global supply chain. In 2016, we set our first-ever public goals to address GHG emissions in our supply chain with two vendor engagement goals: to maintain a response rate to CDP supply chain information requests of at least 90%, and for 90% of CDP supply chain responding vendors to disclose GHG emissions.

Vendor diversity

We are committed to supporting diverse-owned vendors because we believe this strengthens communities as well as our supply chain by driving innovation and competition. Annually, we spend more than $2 billion with certified diverse-owned companies and award scholarships for executive education and entrepreneurial programs to help diverse business owners take their companies to the next level. We also encourage participation in our Supplier Diversity and Development Mentoring Program – a high-touch mentor program which is customized for each participating diverse supplier to drive optimum developmental impact. These initiatives are helping drive impact while building resiliency throughout our supply chain.

Reporting and disclosure

Bank of America annually publishes our ESG Report covering areas relevant to this ESRP Framework, including the development of products and services to address the needs and concerns of low- and moderate-income communities, our financing in support of environmental and social goals, our progress toward public goals, as well as specific transactions that are escalated due to heightened environmental and social risks. This reporting provides transparency to stakeholders on the nature of the transactions and issues that are escalated and demonstrates robust risk management routines and governance. As part of this, we report and disclose:

- Details of transactions subject to the Equator Principles
- The number and nature of transactions reviewed by the committees responsible for reputational risk review
- Case studies of specific transactions that were reviewed and issues identified, with client information removed.

Our workforce and employment practices

Our employees are central to everything we do and critical to our long-term success as a company. Accordingly, we are committed to ensuring Bank of America is a great place to work for our employees. We deliver on this commitment by being an inclusive workplace for all of our employees, creating opportunities for growth and development, recognizing and rewarding performance, and supporting our employees' physical, emotional and financial wellness.

Diversity and inclusion

Being a diverse and inclusive company is core to our ability to serve the needs of our clients. We are strengthened by the diverse backgrounds, experiences and perspectives of our employees, and we strive to ensure our workforce represents the communities we serve — in thought, style, experience, culture, race, ethnicity, gender identity and sexual orientation.

We have a long history of being recognized as a leader in maintaining a diverse and inclusive workplace free of discrimination. Our company's ethos is to support in both policy and practice equal opportunities for employment, advancement and professional development, and prohibit discrimination or harassment of any kind on the basis of race, color, religious creed, religion, sex (including pregnancy, childbirth or related medical condition), genetic information, gender, gender identity, gender expression, sexual orientation, national origin, citizenship status, age, ancestry, marital status, medical condition, physical or mental disability status, military and veteran status, or any other factor that is irrelevant to employment and advancement or prohibited by law. An example of the tools and processes we have in place to ensure that every employee is treated with dignity and respect is our Code of Conduct.

Fair wages and benefits

Paying fair and competitive wages and supporting all aspects of our employees' wellness are critical components of being a great place to work. We pay our employees competitively based on market rates for their roles and how they perform, and we regularly benchmark against other companies both within and outside our industry to ensure our pay is competitive in the market for comparable roles. Our company is committed to compensating all of our employees fairly and equitably based on performance, with equal pay for equal work, regardless of race or gender. We have been an industry leader in establishing an internal minimum rate of pay for our U.S. hourly employees and have made regular increases over many years. Two years ago, we raised our minimum wage to $15 per hour, and our minimum wage is even higher today.

We are focused on offering innovative and affordable benefits and programs that meet the diverse needs of our employees and their families, including up to 16 weeks of paid parental leave (maternity, paternity and adoption), competitive 401(k) benefits and backup child and adult care. We align the cost of health coverage with compensation through progressive premiums to provide affordable coverage. For U.S. employees making less than $50,000 in compensation, we reduced annual family coverage medical premiums by 50% in 2011 and have kept those premiums flat since 2012. Our approach is built on the things we can do together with our employees to address health risks and manage health care costs, including focusing on wellness, providing education and support, and partnering with efficient and accountable health care providers.

Training on the ESRP Framework

Bank of America employees across the enterprise receive high-level awareness on our ESRP Framework as part of our annual enterprise risk training. As necessary, we also conduct specialized training on the ESRP Framework and related policies for relevant employees who regularly deal with specific environmental and social issues.

Conclusion

Environmental and social issues affect all companies operating in today's global economy. Properly managing these risks is a critical component of business success. Equally important is communicating the process by which those risks are managed to stakeholders. This ESRP Framework outlines Bank of America's approach to environmental and social issues, and how that aligns with our fundamental business strategy of responsible growth. Moving forward, we will continually review this framework in light of feedback from stakeholders, future materiality assessments, market developments, evolving best practices and regulatory developments.