

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

## Financing a low-carbon future

Since 2007, Bank of America has provided approximately \$70 billion in low-carbon financing and other sustainable business activities.

In 2015, we increased our second environmental business initiative to **\$125 billion** by 2025. This includes supporting low-carbon and sustainable business through lending, investing, capital raising, advisory services and developing financing solutions for clients around the world.

We provided **\$14.5 billion in financing for renewable energy, energy efficiency and other sustainable projects** in 2015 alone. For example, Bank of America Merrill Lynch committed up to \$100 million of tax equity investment in a residential solar PV power program with NRG Energy, one of the largest solar power developers in the country, to finance 48.8MW solar systems on residential rooftops of private citizens' homes in Ariz., Calif., Colo., Conn., Md., Mass., N.J., N.Y., Pa. and Texas.

Bank of America Merrill Lynch was the **No. 1 underwriter of green bonds** in 2014, 2015 and 2016, according to Bloomberg New Energy Finance. In 2016, we underwrote more than \$25 billion in green bonds on behalf of 27 unique clients including offerings for New York Transit Authority (\$588 million) and the European Investment Bank (five bonds totaling \$3.6 billion).

We **issued our third green bond in 2016 for \$1 billion**. Total funds raised by our company through green bonds is now \$2.1 billion, which includes the issuance of the first-ever, benchmark-sized, corporate green bond in 2013, for \$500 million, and our second corporate green bond in May 2015, for \$600 million.



### ENVIRONMENT

## Catalytic Finance Initiative

Our Catalytic Finance Initiative (CFI), launched in 2014, is designed to stimulate at least **\$10 billion of new investment** into high-impact clean energy projects. In 2016, the CFI expanded to eight new partners pledging \$8 billion in total commitments toward high-impact sustainable investments.

As part of the CFI, we structured and acted as co-arranger of €978 million **project bonds to refinance a company that operated a 288-MW offshore wind farm in the North Sea**. The refinancing represented the largest-ever, renewable energy project bond and attracted a wide set of investors in Europe, the Middle East and Africa (EMEA), and in the U.S.



## Operational goals

In the fall of 2016, we announced plans for our operations to become **carbon neutral** and to **purchase 100% renewable electricity** by 2020.

### 2010 to 2020 operational goals include:

- Achieve **carbon neutrality**
- Reduce energy use by **40%**
- Purchase **100%** renewable electricity
- Reduce location-based GHG emissions by **50%**

## Access to clean water

Access to clean water is one of the most pressing issues of our time. Through partnerships with organizations like Water.org, we are helping to improve environmental and global health through clean and safe water, while creating educational and economic opportunities for women and girls. In 2015, we announced a **\$1 million grant to Water.org**, a global organization that provides innovative, community-led and market-based solutions that change lives. Our grant will **empower 100,000 people in southern India to obtain safe water and sanitation solutions** through WaterCredit, a program that enables people in need to access small loans for water connections and toilets. Our grant will benefit three local WaterCredit partners in the region. As the loans are repaid, they will become a new, sustainable source of affordable water and sanitation financing in the region.

# 2016 ESG Milestones

We renewed our partnership with **(RED)**, committing another \$10 million — for a **total of \$20 million by 2020** — with all funds going toward the Global Fund to Fight AIDS, Tuberculosis and Malaria.

Bank of America Merrill Lynch — in partnership with Esmée Fairbairn Foundation, Nesta, Calouste Gulbenkian Foundation and the Arts Council England — **launched a £7 million social investment fund** aimed at providing unsecured loan finances to arts organizations in England. To date, more than £3 million of loan finance has already been shared by eight organizations that can show social as well as artistic and financial return, supporting them to become more enterprising and resilient.



In the 2016 CDP Global Climate Change Report, we received a performance score of “A-” for both our leadership in greenhouse gas emissions management and reporting and our CDP Water survey response, recognizing our company’s excellence in water usage management and reporting. We are the **highest scoring U.S.-based financial services company in the 2016 CDP Global Water Report.**

In an ongoing effort to make Bank of America a great place to work, we are **increasing our minimum wage for hourly, noncommissioned U.S. employees** to \$15 per hour as of February 2017.

Our new **Better Money Habits Champions employee volunteer program delivers financial education resources** in the communities we serve. More than 1,100 employees have signed up to deliver Better Money Habits® through local nonprofit partners.



We published the **Environmental and Social Risk Policy Framework**, which outlines our approach for how we identify, measure, monitor and control risks related to environmental and social issues and demonstrates our commitment to managing risk and responsible growth by providing structure and transparency to the policies, procedures and standards.

Fortune magazine, in partnership with the Shared Value Initiative, ranked **Bank of America No. 16 out of 50 companies on the Change the World list**, which honors companies that are driving social change as part of their core business strategy — creating shared value for society and their own business.

For the last five years, we have **kept medical premiums flat — with no increases** — for those employees in the U.S. who earn less than \$50,000 a year.



The National Minority Supplier Development Council presented us with the **2016 Corporation of the Year Award – Financial Services** for our commitment to supplier diversity and minority supplier development.

We provided more than **\$173 million in global philanthropic investments** toward our 10-year, \$2 billion philanthropic goal established in 2009.

As part of our commitment to help build stronger communities, Bank of America Merrill Lynch led the financing of the **largest and most complex affordable housing loan transaction** to rehab nearly 3,500 units at 29 properties in San Francisco.



We announced a **\$40 million philanthropic commitment** to connect 100,000 youths and young adults to employment over the next three years, including our Student Leaders program.

For 11 consecutive years, we scored a **100% on the Human Rights Campaign (HRC) Corporate Equality Index** and have been recognized as a Best Place for LGBT to Work for LGBT Equality.

Our new environmental operations goals, to be met by 2020, include plans to **go carbon neutral and to purchase 100% renewable electricity**.

To learn more about our ESG work, please visit [about.bankofamerica.com](http://about.bankofamerica.com) or follow us on Twitter @BofA\_News.



Through the Global Ambassadors Program, a partnership with Vital Voices, and our work with the Cherie Blair Foundation, we've connected **women entrepreneurs from more than 80 countries** to mentoring.

#### Investment Products:

Are Not FDIC Insured

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# Connecting to capital

A key way we help economies thrive is by connecting clients and communities to the capital they need through a variety of programs, including:

## Community Development Banking

In 2016, we **provided nearly \$4 billion in lending and investing** to create housing for individuals, families, veterans, seniors and the previously homeless across the United States.

## Small Business Banking

- According to the FDIC, Bank of America is **one of the nation's top small business lenders**, with total outstanding small business loan balances of \$34.6 billion at the end of June 2016.

## Community Development Financial Institutions (CDFIs)

CDFIs provide affordable loans, technical assistance and other resources to those who may not be able to get loans through traditional channels.

- Bank of America has invested more than **\$1 billion in 250 CDFIs** to support affordable housing, small businesses, energy efficiency and neighborhood stabilization.
- The Tory Burch Foundation Capital Program, powered by Bank of America, connects women entrepreneurs in the U.S. to affordable loans. Administered by CDFIs, **\$25 million has been loaned to approximately 1,100 women business owners since 2014**, including CocoAndré Chocolatier owner Andrea Pedraza. (Pictured below.)



SOCIAL

# Enabling financial health and growth

We have a clear purpose to make financial lives better for our clients and the communities we serve and are committed to helping consumers achieve their financial goals. One way we do this is through the straightforward products and services we offer, including:

- **SafeBalance Banking** is an alternative option for our customers who want more predictability in the way they bank, protection from overdrafts, and the ability to manage their finances without using paper checks. They spend only what's in their account and can also take advantage of many of the same features of a traditional checking account—with a predictable monthly maintenance fee.
- The **Affordable Loan Solution™ mortgage** is a conforming loan that provides low- and moderate-income homebuyers access to a responsible lending product with counseling at affordable entry prices, in partnership with Self-Help Ventures Fund and Freddie Mac.
- Piloted a **Community Financial Center** concept—ensuring the banking centers in low-to-moderate income neighborhoods are staffed and focused on the issues that matter most in those communities, so we can provide the most relevant help.

# Great place to work

Our employees represent the diversity of the communities we serve—in thought, style, experience, culture, race, ethnicity, gender identity and sexual orientation. Their unique perspectives help us make financial lives better for people, companies and institutions around the world. We continue to invest in being a great place to work and giving our employees the support they need to make an impact and drive responsible growth. A few examples from the past year include:

## Providing support for parents and caregivers

- We **expanded our paid parental leaves**—including maternity, paternity and adoptive—for all U.S. employees from 12 to 16 weeks to bond with a new child.
- Parents also have **flexibility to plan their leave when it works best for their family within the first 12 months** after the child arrives.
- We also offer benefits and programs such as adoption reimbursement, back-up care, child care reimbursement and elder care.

## Paying competitive wages

- Beginning February 2017, we are **increasing our minimum wage for hourly**, noncommissioned U.S. employees to \$15 per hour.

## Supporting a diverse and inclusive workplace

- More than **50% of our global workforce is female** and more than 40% of our U.S.-based workforce is from a racially or ethnically diverse background.
- The representation of diversity at every level of our workforce continues to be ahead of industry benchmarks. Our efforts have earned us recognition as one of the **highest scoring firms two years in a row in the Bloomberg Financial Services Gender-Equality Index** and as the World's Best Bank in Diversity by Euromoney.



Photo: Michael Priest Photography

## ESG governance

Our **Environmental, Social and Governance (ESG) approach is fully-integrated into each of our eight lines of business, helping to deliver increased shareholder value** while ensuring we are taking ESG factors into account as we make the decisions that drive our business.

Our ESG Committee, led by Vice Chairman Anne Finucane, is comprised of senior leaders from each line of business and support function who lead the focus within their business. The Committee meets quarterly to identify and discuss issues central to our ESG focus — including our human capital management practices, products and service offerings, and investments in creating a sustainable global economy. The Committee also helps to set and monitor the company’s goals in these areas, and reports regularly on the progress to the Board and our investors, as well as to the public through our annual ESG reporting on our website.

We also provide regional ESG oversight through ESG committees in EMEA, and Latin America that focus on region-specific issues and chaired by in-region leaders.



GOVERNANCE

## Environmental and Social Risk Policy Framework

In 2016, we developed our Environmental and Social Risk Policy Framework to provide additional transparency and drive awareness about **how we manage and govern risks related to environmental and social issues across all lines of business**. We take these issues seriously and recognize the impact they can have on our communities, clients, vendors, employees and the company. The Environmental and Social Risk Policy Framework outlines the approach for how we identify, measure, monitor and control business risks related to these issues.

**Exceed the New York Stock Exchange listing standards, which requires a majority of our directors to be independent. Our Corporate Governance Guidelines require a substantial majority of our directors to be independent. In 2017, 13 of our 14 director nominees and each member of our Audit, Compensation and Benefits, Corporate Governance, and Enterprise Risk committees are independent.**

## Expansion of National Community Advisory Council

**New members were added to the National Community Advisory Council (NCAC) to provide additional environmental and sustainability expertise.**

The NCAC includes the leading non-profit organizations across the country in the areas of civil rights, consumer advocacy and environmental policy. They work closely with us, providing perspective and advice on key issues of the day.

Formed in 2005, the council initially helped advise the company on its community development lending and investing. Today, the group has evolved into broader engagement on issues such as advising on business practices by evaluating products, policies and services offered through the retail banking channel. Other focus areas include consulting on how to improve our environmental business initiative; offering feedback on our approach to governance; and guiding our commitment to community impact, as well as consulting on our workplace policies.

