

Bank of America Corporation Environmental and Social Risk Policy (ESRP) Framework

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Additional resources

For additional information on our approach to environmental and social topics that affect our business, please see the following:

Enterprise reporting & disclosures	Codes of Conduct	Transition to a low-carbon economy	Nature & forestry	Human rights & racial equality
Annual Reports and Proxy Statements Environmental, Social and Governance Reports (including TCFD) Performance Data Summary	Code of Conduct Supplier Code of Conduct	Approach to Zero™ Our Commitment to Environmental Sustainability	Forests Practices Policy Paper Procurement Policy Position on Forest Certification	Driving Racial Equality and Economic Opportunity Human Rights Statement Modern Slavery Statement

Introduction

At Bank of America, we drive our business by focusing on Responsible Growth, the core tenets of which we discuss in our [Annual Report](#). Among these core tenets is to grow with the right risk principles and to grow in a sustainable manner.

Our leadership in sustainability 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 focus on sustainability 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 controlled 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 have the potential to impact many of these risk areas.

Building off the Enterprise Risk Framework, in 2023 we created our internal Climate Risk Framework, which addresses how we identify, measure, monitor and control climate risk, including examples of how it manifests across different risk types and details the roles and responsibilities for climate risk management across the three lines of defense.

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. We weigh 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 assessments¹ 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.

Governance

To strengthen our oversight of environmental and social concerns and focus on sustainable finance solutions, we established our Responsible Growth Committee, a management-level committee comprised of senior leaders across every major line of business and support function. The Responsible Growth Committee reports to the Corporate Governance, ESG and Sustainability Committee of the Board of Directors on environmental and social activities and practices. The Corporate Governance, ESG and Sustainability Committee has overall responsibility for reviewing the company's activities and practices relating to environmental and social sustainability matters, other than human capital matters.

The Responsible Growth Committee also engages other management committees as necessary. On matters of environmental and social risk, the Responsible Growth Committee reports to the Management Risk Committee, which in turn reports to the Enterprise Risk Committee of the Board of Directors. Bank of America's Global Climate and Environmental Risk Executive updates the Management Risk Committee on matters related to climate risk.

We review the ESRP Framework at least every two years. If at that time, or any other time in the interim, significant² changes need to be made to the ESRP Framework, they will be reviewed and approved by the Responsible Growth and Management Risk Committees and will be reflected, as appropriate, in internal policies and procedures.

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 provide loans, tax credit equity investments and other real estate development solutions to help create affordable housing for individuals, families, seniors, veterans, the formerly homeless and those with special needs. To extend the reach of what we can do on a direct basis, we provide loans and grants to community development financial institutions (CDFIs) to help drive small business and community development.

Wealth management

Our wealth management clients are increasingly interested in the role that sustainability 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 sustainability 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 sustainability criteria into investment strategies and portfolios.

¹ Our approach to materiality is guided by our commitment to Responsible Growth and growing in a sustainable manner, which helps us deliver returns to our clients and shareholders and help address society's biggest challenges. We use these principles to evaluate the environmental, social and governance issues that are most material to our company. Our ESG Materiality Assessment can be found [here](#).

² Significant changes generally involve implementing new or making modifications to existing people, process and/or technology solutions, resulting in implementation activities.

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 understanding our clients' business, industry, management and reputation; the consideration of public information/news related to the issues pertinent to this risk framework; application of our policies; adherence to regulation, including state, federal and international regulations; cross-referencing our business restrictions and escalations and any areas of heightened sensitivity where enhanced due diligence should be conducted; and consultation with subject matter experts (SMEs) and teams focused on client screening and onboarding.

Due diligence, business restrictions and escalations

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, a 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 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, [Task Force on Climate-related Financial Disclosure](#) (TCFD) reporting, sustainability 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 "Managing environmental and social areas of heightened sensitivity." Like the standard due diligence review, this enhanced 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.

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, Global Environment and Public Policy, Corporate Social Responsibility and other 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.

Business restrictions

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

Business escalations

The purpose of the ESRPF is to help us reach informed decisions about transactions and client relationships in sensitive areas in an efficient and consistent fashion. There are certain business activities which carry significantly heightened risks across the seven key risk types outlined in our Enterprise Risk Framework discussed above and have increased investor, client, employee and regulator scrutiny. As such, any client relationship or transaction related to the below areas must go through an enhanced due diligence process and be escalated to the senior-most risk review body of the applicable line of business (“Senior-level Risk Committee”) for decisioning. This process is client-specific, deal specific and subject to governance review that considers a range of risks that are evaluated through our Risk Framework, as are all transaction and client decisions, in the ordinary course of business.

- Providing services to businesses with significant payday lending activities
- Financing the manufacture of military-style firearms for non-law enforcement, non-military use
- Financing private prisons and detention centers — including companies that provide prisoner and immigrant detention services for U.S. federal and state governments
- Direct financing of petroleum exploration or production activities in the Arctic
- Direct financing of the construction of new coal-fired power plants or expansion of existing — unless those facilities employ technology that is focused on complete or near elimination of atmospheric carbon emissions
- Direct financing of new thermal coal mines or the expansion of existing mines
- 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 exposure to highly associated environmental and social risks and, in some circumstances, conduct enhanced due diligence as part of our normal KYC practices.

Subject matter experts (SMEs)

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 Global Environmental and Corporate Social Responsibility groups and our Global Risk Management and Public Policy teams. Risk assessments may be conducted by consultants along with internal or external experts, and the assessments range from simple questionnaires to complex evaluations that may include geological, engineering and other analyses.

Positions on key issues

United Nations (UN) Sustainable Development Goals (SDGs) and sustainable finance

At Bank of America, we support the aims of the 17 UN SDGs to ensure a sustainable future for everyone. Our sustainable finance goal is to mobilize and deploy financial capital and human innovation to accelerate financing of companies and projects that are aligned with the SDGs. Our efforts are focused through our goal to mobilize and deploy \$1.5 trillion in sustainable finance by 2030. Of this \$1.5 trillion goal, \$1 trillion is committed to the Environmental Transition to address climate change and promote the circular economy including low-carbon solutions for

renewable energy, energy efficiency, clean transportation, water & sanitation, recycling, sustainable agriculture, and carbon capture & sequestration. The balance of \$500 billion is dedicated to Inclusive Social Development to advance community development, affordable housing, healthcare, education, financial and digital inclusion, access to basic services, racial and gender equality, and to promote environmental justice. More details on how we achieve these objectives are detailed in our [Performance Data Summary](#) and TCFD report.

Climate change and energy

Climate change is no longer a far off risk but rather a global concern with impacts that are already beginning to unfold, including increased frequency and severity of extreme weather conditions, melting glaciers, loss of sea ice, accelerated sea level rise and longer, more intense heat waves and droughts. As evidenced by the UN Intergovernmental Panel on Climate Change's [Sixth Assessment Report](#), 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 a global financial institution, we are working to meet regulatory expectations on managing climate risk that apply to our international entities, including those under the supervision of the European Central Bank and the Bank of England. As part of this effort, we have developed methodologies to assess climate-related risks at the industry, country and obligor-level, as well as developing climate scenario stress test capabilities, among other initiatives.

Addressing climate change and helping our clients and communities transition to low- and no-carbon technologies and business models also presents a substantial opportunity for us. As one of the world's largest financial institutions, we have a responsibility and an important role to play in helping to mitigate and build resilience to climate change by using our expertise, resources and influence. In alignment with more than 190 countries, we support the [Paris Climate Agreement](#) on climate change, its commitment to take action to keep global temperature rise this century to well below 2°C above pre-industrial levels, and its efforts to limit the temperature increase to no more than 1.5°C.

Bank of America [set a goal to achieve net zero emissions](#) across our operations, supply chain and financing activities before 2050, in alignment with climate science. Achieving this goal will be challenging: our success will require technological advances, clearly defined roadmaps for industry sectors, public policies that improve cost of capital for net zero transition and better emissions data reporting. And it will require ongoing, strong and active engagement with clients, suppliers, investors, government officials and other stakeholders. In July 2020, we joined the [Partnership for Carbon Accounting Financials](#) (PCAF), to collaborate with other banks to determine a consistent methodology to assess and disclose emissions associated with our financing activities. We are working internally to collect data and implement the methodology requirements, which are not inconsequential.

Meeting global climate goals and our own net zero commitment will require changes in all sectors of the economy, particularly in those that are the highest-emitting. In light of that, in April 2022 we announced our first [emission reduction targets](#) related to our financing activity to be met by 2030. We continue to set additional sector-specific targets to be met by 2030 on our journey to net zero by 2050. We publish progress toward these and other targets—including those related to our operational and supply chain emissions—in our annual TCFD report.

Achieving these targets will not be possible without supportive public policy and significant private investment. We are supportive of policies that will help accelerate investment in climate alignment and have continuously stated our support for a price on carbon. 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 pricing carbon that are economy-wide and market-based.

Human rights and racial equality

Bank of America is committed to respecting human rights and demonstrating leadership in responsible workplace practices across our enterprise and all regions where we conduct business. We aim to align our company policies with international standards including the principles laid out in the [United Nations Universal Declaration of Human Rights](#), the [United Nations Guiding Principles on Business and Human Rights](#) and the [International Labour Organization's \(ILO\) Fundamental Conventions](#). Our commitment to fair, ethical and responsible business practices, as we engage with our employees, clients, third parties and communities around the world, is embodied in our values, Code of Conduct, [Human Rights Statement](#) and [Supplier Code of Conduct](#). We believe that human trafficking, slavery and exploitative practices such as servitude, forced labor and child labor are egregious human rights abuses. To learn more, visit our [Modern Slavery Statement](#).

We also recognize that respecting human rights includes working to address issues related to racial equality and economic opportunity in the U.S., where we are headquartered and conduct the majority of our business. We are committed to focusing our efforts, dedicating resources and collaborating with others to address systemic racism and to remove barriers to equality and economic opportunity for all. For more information on how we are driving efforts to address racial equality, please see our [Driving Racial Equality and Economic Opportunity webpage](#).

External standards

Bank of America is a participant in or signatory to the following principles (listed alphabetically) and we use these principles to help inform 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. Through the Equator Principles, we gain insights into responsible social and environmental management practices. Bank of America continues to support these principles as an industry best standard.

Glasgow Financial Alliance for Net Zero (GFANZ)

[GFANZ](#) is a global alliance tasked with bringing together existing and new net zero-related financial sector initiatives into one forum, bringing together all components of the financial industry under one umbrella to share perspectives. Bank of America is a member of GFANZ as well as the [Net Zero Banking Alliance](#) (see below). Our CEO is a member of the Principals Group guiding GFANZ.

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’s Social Bond Principles and Sustainability Bond Guidelines. These principles are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the green, social and sustainability bond market by clarifying the approach for issuance of these bonds. We align our own ESG-themed bond issuances to these principles and encourage our clients to do the same. We currently are a member of the executive committee of ICMA’s [Green](#) and [Social Bonds Principles](#), reflecting our leadership in this market.

Net Zero Banking Alliance (NZBA)

[NZBA](#), convened by the UN Environment Programme Finance Initiative, includes the world’s leading banks to support their efforts to align their financing and investment portfolios with net zero emissions by 2050. Bank of America was a founding member of NZBA, joining in April 2021. Our Global Environmental executive serves on the steering group for NZBA, which develops guidelines for science-aligned net zero commitments and interim targets for banking members.

Partnership for Carbon Accounting Financials (PCAF)

Bank of America joined [PCAF](#) in 2020, where we collaborated with other financial institutions to develop the Global GHG Accounting and Reporting Standard for Financial Institutions, a common framework to assess greenhouse gas (GHG) emissions from financing activities (“financed emissions”). We are one of the largest and most diversified global financial institutions to join the group to date and are a member of the PCAF Core Team. By joining PCAF, we have committed to begin to disclose our financed emissions no later than 2023.

Task Force for Climate-related Financial Disclosures (TCFD)

In 2017, the [TCFD](#) launched 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 many of our peers and clients. We annually produce and publish a TCFD report, reflecting our focus on disclosure and transparency of climate-related business risks and ensuring climate-related risks and opportunities are properly managed within our business. Our TCFD Report articulates how we evaluate the impact of climate change on our business, how we effectively manage those risks, and how we continue to enhance our understanding of measuring and modeling climate-related risks and their potential significance.

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](#).

The Wolfsberg Principles

Environmental crime and social crime, such as human trafficking, can be forms of financial crime, as both create profits for transactional criminal groups. The Wolfsberg Group is an association of thirteen global banks that aims to [develop frameworks](#) and guidance for the management of financial crime risks, particularly with respect to Know Your Customer (KYC), Anti-Money Laundering (AML) and Counter

Terrorist Financing policies. Bank of America has been part of the Wolfsberg Group since 2015 and has completed the Wolfsberg Financial Crimes Questionnaire, for use by any financial institution that requires more detailed information about Bank of America's AML compliance program.

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 and geographies. Issues that need additional enhanced due diligence are detailed 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. The maintenance and implementation of this policy is conducted by SMEs with specialized industry knowledge and follow a clear process with senior executive checkpoints, escalation routines and risk management. As previously articulated in the "Due diligence, business restrictions and escalations" section, any client or transaction involving the manufacture of military-style firearms for non-law enforcement, non-military use must be escalated to the Senior-level Risk Committee for decisioning.

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, power and extractives

We have a comprehensive, pragmatic strategy for supporting the transition of our energy and power generation 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.

In addition to the following specific policies, we are engaging with clients in the energy and power generation sectors to enhance GHG emissions disclosure and management. As indicated previously, in April 2022, we set emission targets for our energy, power generation and auto manufacturing portfolios, aligned to a 1.5°C scenario.

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. As previously articulated in the “Due diligence, business restrictions and escalations” section, any client or transaction involving direct financing of oil and gas exploration or production activities in the Arctic must be escalated to the Senior-level Risk Committee for decisioning.

Coal extraction

Companies focused on coal extraction, particularly coal used in power generation (“thermal coal”), face significant challenges. The focus of power utility clients, investors, regulators and other stakeholders on addressing global climate change — combined with the recent proliferation of natural gas, solar, wind and other lower carbon energy sources — is intensifying and accelerating these challenges. Any client or transaction involving companies deriving $\geq 25\%$ of their revenue from thermal coal mining must be escalated to the Senior-level Risk Committee for decisioning. With the application of our Risk Framework and a range of risks associated with this area, since 2018 we have significantly reduced financing (including facilitating capital markets transactions and advising on mergers and acquisitions) of companies deriving $\geq 25\%$ of their revenue from thermal coal mining and are on a trajectory to phase out such financing by 2025. As part of the enhanced due diligence process, we give consideration to whether a company has a public commitment to align its business (across Scope 1, 2 and 3 emissions) with the goals of the Paris Climate Agreement and the transaction would be facilitating the diversification of the company’s business away from thermal coal.

In addition, as previously articulated in the “Due diligence, business restrictions and escalations” section, any client or transaction involving direct financing of new thermal coal mines or the expansion of existing mines must be escalated to the Senior-level Risk Committee for decisioning.

As recognized by the Energy Transition Commission, the use of metallurgical coal in steel production continues to be one of the harder to abate areas of global carbon emissions as the development of technology solutions is still in its early stages. We conduct enhanced due diligence for any transaction that provides direct financing for a metallurgical coal mine. Additionally, as a founding member of Rocky Mountain Institute’s Center for Climate Aligned Finance, we will be working with peers and the industry to explore climate aligned solutions for steel production.

Coal extraction companies that engage in mountain top removal mining (MTR) in the Appalachian region of the U.S. have been subject to both enhanced regulatory oversight and criticism related to MTR’s impacts. The practice involves removal of a mountain top in this geography to allow for near complete recovery of coal seams and the associated filling in of nearby valleys and streams with overburden and is thus subject to our enhanced due diligence review. Any transaction involving lending, capital markets or advisory services to coal extraction companies involved in MTR mining must be escalated to Senior-level Risk Committee.

Ongoing transactions involving companies focused on coal extraction are subject to enhanced due diligence that incorporates evolving market dynamics, specific risks and regulations related to coal extraction, and the client’s commitment, capacity and track record on environmental and social sustainability performance.

Coal-fired power generation

As previously articulated in the “Due diligence, business restrictions and escalations” section, any client or transaction involving direct financing of the construction or expansion of new coal-fired power plants must be escalated to the Senior-level Risk Committee.

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 the [Hydropower Sustainability Assessment Protocol](#) as guidance.

Nuclear energy

Nuclear power delivers an important part of many nations' energy portfolios. Nearly all comprehensive roadmaps for reducing GHG emissions and limiting impacts of global warming include significant increases in nuclear power as an alternative to carbon-intensive fuels and an important source of on-demand power and enabler of power-intensive industries. 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 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 \$1 trillion [Environmental Business Initiative](#), which is part of our broader sustainable finance goal of \$1.5 trillion to support both environmental transition and inclusive social development. We recognize that some renewable energy projects present other environmental and social challenges, such as the impacts on wildlife, land use, and indigenous peoples, 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. As previously articulated in the "Due diligence, business restrictions and escalations" section, any client or transaction involving natural resource extraction within UNESCO World Heritage Sites must be escalated to the Senior-level Risk Committee, taking into account all applicable risks, and whether 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 Global Environmental 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.

Artificial Intelligence

Artificial Intelligence (AI) refers to the capability of a machine to imitate intelligent human behavior. It does so by using mathematical models based on sample training data to make predictions or reach conclusions based on patterns and inference without being specifically programmed to perform the task. At Bank of America, we define AI as any model built using the advanced statistical techniques of deep learning, ensemble learning, natural language processing, neural networks or reinforcement learning.

We know that AI, used responsibly, can help inform business decisions and improve our individual client experience. For example, Erica®, our AI-driven, virtual financial assistant, helps clients tackle complex tasks and provides personalized guidance to help our Consumer clients stay on top of their finances. We work with internal and external stakeholders to tackle critical questions surrounding AI and its rapidly evolving application for data and technology.

In addition to improving services, we recognize that the use of AI may have unintended adverse effects, including unintentional bias, and have established an AI - Enterprise Policy to mitigate risks in every use of AI. Our AI - Enterprise Policy outlines how we understand, monitor and manage AI risks at Bank of America, consistent with the prevailing laws, regulatory guidance and Bank of America's Risk Framework.

Consumer debt sales

Bank of America does not sell our clients' consumer debt. In addition, given the range of risks, including risk to consumers, 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 lives 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 policies, 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 commitment to Responsible Growth, and we continue to evolve our overdraft policies and procedures to help our clients avoid unanticipated fees, reduce their reliance on overdraft, and provide resources to help clients manage their deposit accounts and overall finances responsibly. Beginning in 2010, we eliminated overdrafts on non-recurring debit card purchases — if the client has insufficient funds we simply decline the transaction with no overdraft fee. Since then, we introduced courtesy low balance alerts; launched the SafeBalance "no overdraft fee" account; eliminated the extended overdrawn balance charge; created Balance Assist, a low-cost solution to manage short-term liquidity needs; and enhanced our overdraft protection service Balance Connect™ for overdraft protection, which lets clients link up to five backup accounts to avoid overdrafts. Most recently, we eliminated non-sufficient funds fees and removed the ability to overdraw an account at the ATM. In May 2022, we reduced overdraft fees from \$35 to \$10 and eliminated the fee for transfers through our Balance Connect service.

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. As previously articulated in the "Due diligence, business restrictions and escalations" section, any client or transaction involving a business that is significantly engaged in payday lending must be escalated to the Senior-level Risk Committee. At Bank of America, we do not offer payday lending services directly to our clients.

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 *Positions 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 on 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 prisons and detention centers

The U.S. federal and many state governments currently contract with a small number of private companies to manage certain prisons and detention centers. The growth in this sector has been driven by public and governmental policy that many, including Bank of America, agree require reform. We have evaluated these issues as a company, and we understand they pose many challenging questions, as well as risk to our company. As previously articulated in the “Due diligence, business restrictions and escalations” section, any client or transaction involving companies that provide prisoner and immigrant detention services for U.S. federal and state governments must be escalated to the Senior-level Risk Committee for decisioning.

Tobacco

We recognize the focus on health impacts associated with tobacco products. Particularly challenging is the rapid increase in usage of and potential addiction to tobacco products by minors through use of next generation products such as vaping. There are many differing views on the benefits of next generation products for smoking cessation for adults, as is evidenced by the current debates in the U.S. and around the globe. We are working to examine these issues and manage our related risk.

To ensure we are engaging our clients on best-in-class practices in this sector, we conduct enhanced due diligence on clients that manufacture and focus on distribution of tobacco-related products. Enhanced due diligence includes reviewing product design, packaging, marketing and sales practices. Our evaluations include understanding client safeguards to prevent the sale of their products to minors, and whether clients employ the same overall practices in developed and developing countries, where consumer protection laws may be less robust.

Stakeholder engagement

Bank of America consistently engages external stakeholders for advice and guidance in shaping our environmental and social practices and priorities. One way we do this is through our National Community Advisory Council (NCAC), a forum made up of senior leaders from civil rights, consumer advocacy, community development, environmental, research and other organizations who provide external perspectives, guidance and feedback on our business policies and products. NCAC members meet with members of our senior leadership team at least twice annually.

Our operations and suppliers

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 ambitious targets to reduce GHG emissions, and energy, paper, waste and water consumption, as well as increasing the percentage of space that is LEED certified. More information can be found in our Performance Data Summary and our TCFD report.

Environmental management system (EMS)

We employ an EMS that relies on a comprehensive compliance processes, procedures and 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 (IDEA) — is an online tool that enables our employees and suppliers 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.

Our suppliers

We recognize the environmental and social impact of our procurement activities and are dedicated to doing business with suppliers that respect ethics, human rights, diversity and inclusion, and the environment. We set environmental and social expectations of our suppliers through our [Supplier Code of Conduct](#), which we expect all suppliers to adhere to while conducting business with or on behalf of Bank of America, and reiterate those expectations in our standard contract templates. We manage environmental and social risk in our supply chain using a thorough and individualized approach, engaging with new and existing suppliers regularly to review suppliers' policies and processes and monitor adherence with our environmental and social expectations.

We are also committed to spending Bank of America procurement dollars with diverse-owned businesses, including minority, women, veteran, disabled, service-disabled veteran, LGBT+ and other diverse-owned suppliers. We fund capacity building and development opportunities to help diverse business owners overcome barriers and expand their business. We also drive non-diverse owned businesses to use diverse-owned businesses in their supply chains. We are corporate members of several non-governmental organizations, including the Billion Dollar Roundtable, that focus on diverse-owned supplier development.

Our responsible procurement practices aim to drive meaningful and lasting impact within the diverse communities we serve, while promoting competition and resilience throughout our supply chain. More information can be found in our Annual Report, our Performance Data Summary and our TCFD report.

Reporting and disclosure

Bank of America reports on our progress in delivering Responsible Growth in our Annual Report. The Annual Report includes our Stakeholder Capitalism Metrics disclosure as well as the Sustainability Accounting Standards Board (SASB) and the UN Global Compact (UNGC) reporting frameworks. We believe this disclosure demonstrates how our sustainable business model drives progress towards inclusive capitalism and the U.N.'s Sustainable Development Goals. To complement this disclosure, we also annually publish our Performance Data Summary 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, and our progress toward public goals. 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
- Case studies of specific transactions that were reviewed and issues identified, with client information removed

In our Annual Report, we also provide updates on our human capital management, detailing the many programs and resources, as well as supporting data, that contribute to making our company a great place to work.

Our workforce and employment practices

Being a great place to work is a foundational component of growing in a sustainable manner. Central to that is building and being an inclusive workplace for all our employees, creating opportunities for growth and development, recognizing and rewarding performance, and supporting our employees' physical, emotional and financial wellness.

Creating an inclusive environment starts at the top. Our Board of Directors, Board committees and CEO play a key role in the oversight of our culture, expecting management to be accountable for ethical and professional conduct and meeting our commitment to being a great place to work. Our CEO and management team drive the diversity and inclusion strategy of the company. Each management team member has aspirational diversity goals, which are subject to our quarterly business review process, talent planning and scorecards reviewed by the Board. Management team members cascade their goals in order to drive commitment and accountability across the company and foster an inclusive work environment.

We believe that our diversity makes us stronger, and our leaders embrace diversity and inclusion as integral to our business success. The Global Diversity & Inclusion Council (GDIC) promotes diversity and inclusion at all levels of the organization. The GDIC consists of senior executives from every line of business, has been in place for over 20 years and has been chaired by our CEO since 2007. The Council sponsors and supports business, operating unit and regional diversity and inclusion councils to help align to enterprise diversity strategies and goals.

In line with our strategy to be the best place to work, our pay-for-performance compensation approach strives to recognize and reward performance with competitive and fair pay for the work done, at all levels of our company. We are committed to equal pay for equal work. We believe our pay-for-performance approach—combined with our focus on workforce representation—will continue to propel the advancement and representation of women and people of color in our company.

Additionally, we provide employees with access to leading benefits and programs that help teammates be well—physically, emotionally and financially. When our employees have the tools and resources to manage their lives and careers, they can better deliver for our clients, communities and each other.

For more information about our human capital management, see the Bank of America website and our Annual Report.

Training on the ESRP Framework

Bank of America employees across the enterprise receive high-level awareness of our ESRP Framework as part of our annual 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 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.