Bank of America

Bank of America's current energy financing activities are misaligned with a credible pathway to its own 2030 targets and the Paris Agreement. As the #4 global financier of fossil fuels with estimated 5% of its financing activities going towards high-emissions energy activities, Bank of America is unduly exposed to climate risk. Investors are encouraged to vote on the highlighted opportunities to encourage Bank of America to lower its exposure to climate risk by adopting a transition plan, adopting absolute targets, and committing to a phaseout of fossil fuel development and exploration. They are encouraged to vote against directors responsible for climate risk oversight.

Financing activities misaligned with climate goals

Total financing to fossil fuel companies (2016-2021)	**$232 billion**
Financing to companies expanding fossil fuel assets since joining NZBA (April 2021- August 2022)	**$22.9 billion**
Global Fossil Fuel Financing Rank (2016-2021)	**#4**
Fossil fuel financing as a percent of total financing (2016-2021)	**5%**
Public transition plan?	**NO**
Absolute emissions targets?	**NO**
Paris-Aligned financing?	**NO**
Adequate board oversight?	**NO**

Transition plan status

Bank of America is called on to issue a detailed transition plan to provide investors with adequate information on how the bank plans to align its financing activities with its 2030 climate targets. BoA has not disclosed the strategies, metrics, or timelines it has planned to credibly achieve existing emissions reduction targets. Such disclosures will help assure investors that the bank has an effective and accountable transition plan to achieve its climate goals.

Absolute emissions targets

Bank of America lacks absolute emissions targets for its energy sector clients. The resolution at Bank of America calls for setting absolute emission reduction targets for the banks' energy sector clients.

Need for absolute emissions targets: Absolute emissions reduction targets are necessary to achieve a reduction in both financed emissions and real-world emissions. Meeting emissions intensity targets may show a decrease in reported financed emissions, but may lead to an overall increase in real-world emissions. As a consequence, intensity targets for this sector are fundamentally misaligned with a 1.5°C-aligned pathway.

Misaligned commitments: Bank of America only has emission intensity targets for energy sector clients, meaning its existing targets are not aligned with the goals of the Paris Agreement. Bank of America's existing policies are misaligned with its NZBA commitment and its own net-zero commitments.

Peer precedent: Citibank, Wells Fargo, Bank of Montreal, Danske Bank and HSBC have committed to absolute emission reduction targets in their oil and gas financing activities. Citibank has also adopted absolute emission reduction targets for thermal coal.

Financing of fossil fuel development and exploration

Bank of America lacks sectoral policies necessary to align its financing activities with the goals of the Paris Agreement, misaligning the bank with both its public commitments and science-based transition pathways. BoA only has intensity targets for energy sector clients for 2030, making its interim targets fundamentally misaligned with reductions required to limit warming to 1.5˚C.

Continued financing of fossil fuel expanders: Bank of America has continued to finance companies that are driving systemic climate risk. Bank of America financed $44.8 billion to its top five upstream fossil clients (Exxon, Occidental, Marathon, BP, Petroleo Brasileiro) in the six years following the Paris Agreement. Those five companies alone are currently developing 8.9 billion barrels of oil equivalent in hydrocarbon resources beyond what is compatible with IEA's net zero pathway to limit warming to 1.5˚C.

Lacking commitments: As a member of NZBA, Bank of America has committed to transition emissions from their lending and investment portfolios. Criteria from the Race to Zero, of which BoA is also a member, makes clear that financial institutions must "phase out...development, financing and facilitation of new unabated fossil fuel assets, including coal, in line with appropriate global, science-based scenarios." However, BoA lacks any sectoral policy to align its financing activities accordingly with the goals of the Paris Agreement.

Without sectoral policies to phase-out financing of projects and companies expanding fossil fuel assets, Bank of America is not able to credibly claim alignment with the Paris Agreement, net-zero or climate-based pledges, or net-zero goals.

Inadequate board oversight of climate risk

Bank of America has unacceptably high exposure to climate risk. BoA continues to be one of the top global financiers of fossil fuel expansionists, does not contribute its fair share toward financing climate solutions, and does not disclose adequate information on climate risk or associated business strategies to investors. This position comes despite years of engagement from investors and stakeholders, publicly committing to both net-zero alignment and to financing climate solutions, and growing regulatory pressure.

The need for three separate resolutions calling on BoA to strengthen and disclose its climate policies demonstrates a lack of confidence by investors in the board's ability to adequately manage climate risk and disclose such strategies to investors.

For failure to provide adequate oversight and transparency, votes are warranted against the following members of BoA's Corporate Governance, ESG, and Sustainability Committee for failure to align the bank's strategies with 1.5˚C pathways: Sharon Allen, Frank Bramble, Denise Ramose, Thomas Woods, and Maria Zuber.

Additional Bank-Specific Risks

Reputational Risk:
Bank of America has been the target of years of campaigning by environmental groups. Its continued financing of fossil fuel companies has drawn negative media coverage from outlets including *The Washington Post, New York Times, Market Watch,* and *Bloomberg*. In addition, growing civil society targeting (including protests, letter writing, and petition campaigns) has been linked in the public eye to controversial fossil fuel expansion projects like the Line 3 Pipeline and the LNG buildout.

Bank of America suffered great reputational damage during the financial crisis of 2008 and has tried to rebuild its reputation in the public eye by emphasizing its commitments to environmental and social policies. These efforts are undermined by the bank's underwhelming performance on climate risk management.