Transition Planning

Resolved: Shareholders request that Bank of America issue a report disclosing a transition plan that describes how it intends to align its financing activities with its 2030 sectoral greenhouse gas emissions reduction targets, including the specific measures and policies to be implemented, reductions to be achieved by such measures and policies, and timelines for implementation and associated emission reductions.

Whereas: The banking sector has a critical role to play in achieving global net zero by 2050 goals. The Net Zero Banking Alliance (NZBA) notes that 40 percent of global banking assets have committed to aligning lending and investment portfolios with net zero by 2050.[1] But targets alone are insufficient. Investors seek disclosures demonstrating banks' concrete transition strategies to credibly achieve their disclosed emission reduction targets.

Guidelines are emerging to help financial institutions operationalize and translate net zero commitments into strategies "with specific objectives . . . against which progress can be assessed."[2,3]

Bank of America ("BofA") is a member of the NZBA and is the fourth largest global lender and underwriter of fossil fuels, with $32 billion in fossil fuel financing in 2021, and over $232 billion between 2016 through 2021.[4]

An effective transition plan creates bank accountability by describing the strategies, indicators, milestones, metrics, and timelines to deliver on decarbonization targets and ensure investors that a bank is addressing and accountable for the risks associated with its financing of high carbon activities. BofA has set forth no such transition plan.

In its 2022 TCFD report, BofA identifies 2030 targets for reducing its operational emissions and highlights actions to achieve those outcomes.[5] BofA also sets 2030 intensity reduction targets for the financed emissions from its three highest carbon emitting business sectors. However, it does not disclose a transition plan for how it will achieve these intensity targets, despite their representing a far larger proportion of the company's carbon footprint than operational emissions. Instead, BofA makes vague statements including that it will need to work with its

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[1] https://www.unepfi.org/net-zero-banking/

[2] https://www.iigcc.org/media/2022/07/An-investor-led-framework-of-pilot-indicators-to-assess-banks-on-the-transition-to-net-zero-28-July.pdf

[3] https://assets.bbhub.io/company/sites/63/2022/06/GFANZ_Recommendations-and-Guidance-on-Net-zero-Transition-Plans-for-the-Financial-Sector_June2022.pdf

[4] https://www.ran.org/wp-content/uploads/2022/03/BOCC_2022_vSPREAD-1.pdf

[5] https://about.bankofamerica.com/content/dam/about/pdfs/BOA_TCFD_2022%209-22-2022-VOX220929%20split%20paragraph%20Secured.pdf

clients to understand their commitments and transition plans, and that it will need to modify a number of its internal processes and routines.[6] It further states that it has begun capturing unspecified client data and that near term foundational steps will focus on “Processes and Routines,” “Data,” and “Reporting and Monitoring.” These vague statements do not constitute a transition plan likely to achieve BofA’s planned emissions reduction targets.

While BofA has committed to a notable $1 trillion in low-carbon sustainable business financing through 2030, it does not disclose any estimate of the emissions reductions such financing will contribute, on what timeline, or how this compares to its total financed emissions.

The disclosures requested in this proposal will help assure investors that BofA has an effective and accountable transition plan in place for achieving its 2030 intensity goals.

[6] https://about.bankofamerica.com/content/dam/about/pdfs/BOA_TCFD_2022%209-22-2022-VOX220929%20split%20paragraph%20Secured.pdf, p. 19.