

Whereas: Climate change poses a systemic risk, with estimated global GDP loss of 11-14% by midcentury under current trajectories.¹ Climate change is primarily caused by fossil fuel production and combustion, facilitated by funding from financial institutions.

According to scientific consensus, limiting warming to 1.5°C means no development of new oil and gas fields or coal mines beyond those already approved.² Existing fossil fuel supplies are sufficient to satisfy global energy needs.³ New supplies would not produce in time to mitigate current energy market turmoil resulting from the Ukraine War.⁴

Bank of America (BAC) has committed to align its financing with the goals of the Paris Agreement, achieving net-zero emissions by 2050.

Although BAC has set 2030 Financing Activity Targets using the International Energy Agency's (IEA) Net Zero Emissions by 2050 pathway (NZE2050), BAC continues financing and facilitating fossil fuel expansion, evidently contradicting the pathway.

We believe BAC's statement that it "intend[s] to continue using the IEA NZE2050 global scenario to inform our strategy with clients" exposes it to accusations of greenwashing unless it adopts a policy that phases out financing for fossil fuel expansion.⁵

BAC is reportedly the world's fourth largest funder of fossil fuels, providing more than \$232 billion in lending and underwriting to fossil fuel companies during 2016-2021.⁶

Without a policy to phase out financing of new fossil fuel exploration and development, BAC is unlikely to meet its climate commitments and may draw scrutiny for material risks including:

- **Greenwashing:** Regulators are tightening and enforcing greenwashing rules, which could result in major fines.⁷
- **Regulation:** Central banks, including the Fed, are starting to implement climate stress tests⁸ and scenario analyses,⁹ and some have begun to propose increased capital requirements for banks' climate risks.¹⁰
- **Competition:** Dozens of global banks have policies to phase out financial support for new oil and gas fields¹¹ and coal mines.¹²
- **Reputation:** Campaigns targeting BAC's climate policies include hundreds of organizations with tens of millions of global members and supporters, including current and potential BAC customers.¹³

We believe BAC's approach is increasing systemic risk, which will likely have significant negative impacts – including physical risks and transition risks¹⁴ – for itself and for diversified investors.

Best practices for banks to achieve net zero involve financing companies reducing scopes 1-3 absolute emissions and allocating capital in line with science-based, independently verified short, medium and long-term decarbonization targets. Organizations like Science Based Targets Initiative and Transition Pathway Initiative provide verification of decarbonization targets.

RESOLVED: Shareholders request that the Board of Directors adopt a policy for a time-bound phase-out of BAC's lending and underwriting to projects and companies engaging in new fossil fuel exploration and development.

Supporting Statement: This proposal is intended, in the discretion of board and management, to enable support for BAC's energy clients' low-carbon transition.

¹ <https://www.swissre.com/institute/research/topics-and-risk-dialogues/climate-and-natural-catastrophe-risk/expertise-publication-economics-of-climate-change.html>

² <https://www.iisd.org/system/files/2022-10/navigating-energy-transitions-mapping-road-to-1.5.pdf>

³ <https://www.ipcc.ch/report/ar6/wg3/resources/spm-headline-statements/>

⁴ <https://www.iea.org/commentaries/what-does-the-current-global-energy-crisis-mean-for-energy-investment>

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

⁶ <http://bankingonclimatechaos.org/>

⁷ <https://www.bankingsupervision.europa.eu/press/speeches/date/2022/html/ssm.sp220922~bb043aa0bd.en.html>

⁸ <https://www.bankingsupervision.europa.eu/press/pr/date/2022/html/ssm.pr220708~565c38d18a.en.html>

⁹ <https://www.federalreserve.gov/newsevents/pressreleases/other20220929a.htm>

¹⁰ <https://www.bis.org/review/r220223e.htm>

¹¹ <https://oilgaspolicytracker.org/>

¹² <https://coalpolicytool.org/>

¹³ <https://stopthemoneypipeline.com/>

¹⁴ <https://www.bis.org/bcbs/publ/d517.pdf>