INTERFAITH CENTER ON CORPORATE RESPONSIBILITY

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IN LETTER TO BANK OF AMERICA CEO, SHAREHOLDERS CITE 'TAIL RISK' IN FINANCING OF FOSSIL FUELS

As Risk to Investors from Climate Change Grows, Shareholder Proposal Calls for a Report on Bank's "Financed Emissions"

New York, NY, Tuesday, April 15, 2014 – Today, members of the Interfaith Center on Corporate Responsibility and shareholders in Bank of America released an investor letter sent to CEO Brian Moynihan requesting that management reconsider its opposition to their proposal requesting an assessment and report on its financing of GHG emissions. In spite of management opposition, the proposal will appear on the proxy to be voted on at Bank of America's annual meeting on May 7.

The letter was endorsed by over 50 institutional investors, many of them Bank of America stockholders, who collectively represent nearly $35 billion in managed assets. It cites the significant downside or 'tail risk' to shareholders due to stranded assets and underperforming loans that may result from climate-related pricing, business, and regulatory risks A similar resolution was filed with PNC Bank last year by ICCR member Boston Common Asset Management resulting in a 22.8% vote at the annual meeting.

Sr. Judy Byron who filed the resolution on behalf of the Sisters of the Holy Names of Jesus and Mary, US Ontario Province wrote*, **"As responsible investors, many of us representing faith communities, we are concerned about the environmental and social impacts of climate change and what it means for the planet and its people, particularly those most vulnerable – the poor and marginalized, who often feel these impacts most keenly. In addition, as long-term shareholders, we are also acutely aware of the material risks it poses to shareholder value for the companies in our portfolios. Financial institutions must recognize the important role they play through their investments in reducing climate risk and in promoting green energy solutions."***

The letter speaks to the significant material risks of lending to the fossil fuel sector, including the potential for "stranded assets" that may manifest as a consequence of inevitably stronger environmental regulations and other climate-related business risks:

Due to the enormous influence financial institutions can have on this issue through the management of both their proprietary and their clients' assets, we believe it is incumbent on them to closely scrutinize their investment portfolios related to climate risk, develop formal lending criteria that account for climate risk for future investments and, further, to actively invest in solutions that will accelerate the transition to a low-carbon economy. Banks increasingly recognize that their "financed emissions" may *represent liabilities, particularly those that may manifest in the form of "stranded carbon assets". As a result, many financial institutions and their investors now equate climate risk with clear and material financial risk.*

"We recognize that assets may become stranded for a variety of reasons," said Gabriel Thoumi, CFA, of Calvert Investments. ***"But the mispricing of the fossil fuel reserves of oil, gas, and coal producers due to climate risk has been cited by the Carbon Tracker Initiative and others as a significant exposure for the financial institutions that invest in and lend to these companies. Moreover, in 2012, Bank of America was the largest financier of coal-fired power in the United States, and coal is disproportionately subject to climate-related pricing, financial, business, and regulatory risks. The company's current disclosure to investors on their loan loss and valuation models in light of these potential material risks is inadequate, and may expose shareholders to unacceptable 'tail and event risks'."***

The letter to Moynihan underscores the investors' concerns regarding the financial, legal and reputational implications of financing carbon-intensive energy industries, in particular coal.

Said Ben Collins of Rainforest Action Network, ***"New climate change predictions suggest unprecedented threats to our planet and its inhabitants if urgent action is not taken to dramatically reduce current GHG emissions. While we acknowledge that the primary responsibility for regulating GHG emissions lies with policymakers, decisive action by the private sector is clearly needed if we are to avoid catastrophic consequences."***

The investor letter acknowledges Bank of America's leadership in the provision of sustainability-oriented financial services, including its $50 billion commitment to invest in environmental initiatives through 2023, and its $500 million green bond to advance renewable energy initiatives.

In conclusion the letter states:

Bank of America has already taken the initial step of scrutinizing its potential exposure to climate risk from its financing of electric power producers. We strongly urge our company to take the next step by measuring and reporting on the climate risks of its financed emissions via lending and underwriting in other emissions-intensive industries and further, to report to shareholders its plans to mitigate these risks.

Co-filers of the resolution include: Calvert Investment Management, Congregation of Divine Providence, Congregation of St. Joseph, Friends Fiduciary Corporation, and Providence Trust.

About the Interfaith Center on Corporate Responsibility (ICCR)
Currently celebrating its 43rd year, ICCR is the pioneer coalition of active shareholders who view the management of their investments as a catalyst for change. Its 300 member organizations with over $100 billion in AUM have an enduring record of corporate engagement that has demonstrated influence on policies promoting justice and sustainability in the world. www.iccr.org

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