

Bank of America Climate Change Position

At Bank of America, our environmental policies are shaped by our conviction that the health of our company is dependent on the health of communities and our society. Understanding that every part of our business has a potential impact on our environment, we commit to integrating environmental policy into our company's operations at every level.

Bank of America's goal is to be the leading financial services company in this country, and to be recognized as one of the world's great companies. We know that these goals come with a responsibility to serve as a leader on issues of great importance.

From Ken Lewis message -
Bank of America 2000 Environmental Progress Report

Scientists have concluded that human activities, primarily from the burning of fossil fuels has an effect on earth's climate due to the resultant "greenhouse effect" from the emissions of carbon dioxide, methane and nitrous oxide. If not checked, climate change and atmospheric pollution could alter the natural, social, and economic systems that support a growing global economy and sustain the quality of life for all of us on earth.

As a corporation, Bank of America has the responsibility to address climate change and the service sector has a role in promoting and implementing reductions of greenhouse gas emissions that extends beyond its own operations, including relationships with customers and suppliers.

We, at Bank of America, recognize that climate change and atmospheric pollution represent a risk to the ultimate stability and sustainability of our way of life. Bank of America is committed to addressing climate change issues even more so today, when we believe we can set real and achievable targets for greenhouse gas reductions in both our operations as well as investment opportunities.

Eugene M. McQuade, President, Bank of America
Chairman, Bank of America Environmental Council

Bank of America will take the following actions, recognizing that climate change and atmospheric pollution represent a major risk to the ultimate stability and sustainability of our way of life:

Assess, set goals and reduce Bank of America's direct effect on greenhouse gases; including benchmarking and reporting on direct emissions of greenhouse gas (GHG) from its operations. The bank has set a goal to reduce these emissions in accordance with the best estimates of the Intergovernmental Panel on Climate Change (7% reductions by 2008).

Assess climate change risk on our business and take necessary action to limit risk and invest in change where appropriate; beginning this process with an assessment and reporting on GHG emissions from the energy & utilities portfolio. The goal is to realize a 7% reduction in indirect emissions in accordance with the Intergovernmental Panel on Climate Change targets within our energy & utility portfolio. Also, Bank of America will commission an independent research paper through one of our environmental alliances using industry expertise to evaluate the level of financial sector risk through the finance of GHG emission intensive industries. Through this research and independent efforts, the bank will continue to evaluate methods of reducing GHG emissions in Bank of America's chain of activities including investment in renewable energy and energy efficiency.

Maximize investment return through energy and resource efficiency.

Share our position and build partnerships to work on solutions with customers, government and other stakeholders.

Utilize Bank of America's position as a community and industry leader to serve as an agent of change in elevating the public and private sector's commitment and approach to addressing climate change.

Take advantage of market-based environmentally beneficial business opportunities.

Inform our associates and provide information for how they can take action at work and in their personal lives.

Report on goals, actions and progress, and continue to monitor the issue and as needed make adjustments to our position and actions.

Bank of America

Forests Practices – Global Corporate Investment Bank Policy

Bank of America promotes sustainable practices for both the bank and its clients by managing the environmental, social and reputation impact of our financing activities. Forests are important resources for communities and globally. Forests provide a wide range of goods and benefits, such as timber, wildlife habitat, food and medicine, water and air quality, and spiritual and aesthetic solace. Forest dependent communities including indigenous forest dwellers rely on the continued vitality of the forests for their livelihoods and in some cases their cultural survival. Forests are also an important element of the global carbon cycle. The importance of sustaining the ecological health of forests is a key factor in sustaining the cultures, local communities¹ and economies relying on this resource.

Bank of America will apply the following policies to all extensions of credit. In addition this policy will apply to bond underwriting where proceeds are project specific. The following policy applies to new business as of May 15, 2004 and for existing contracts at the time of renewal:

- A. Bank of America will use due diligence measures to assure that lending proceeds are not used to finance commercial projects or operations that result in resource extraction² from, or the clearing of:
 - I. Primary tropical moist forests³;
 - II. Additionally, lending proceeds will not go to logging operations in intact forests as defined by World Resource Institute (WRI) mapping as it is developed. Bank of America will assist in funding the development of WRI mapping;
 - III. Primary forests⁴ in temperate or boreal forest regions that are not managed using sustainable forestry practices as verified by an independent third party audit;

¹ **Local Communities** -describes the broad group of people living in or near a forest or plantation, with some significant level of dependence on it. The term includes forest dwellers, indigenous forest –adjacent populations, and recent immigrants.

² **Resource extraction** – includes oil & gas exploration, mining, logging including any activity (such as road building and pipelines) associated with extraction.

³ **Tropical moist forest** is in areas that receive not less than 100mm of rain in any month for two out of three years and have an annual mean temperature of 24° C or higher. Also included in this category, however, are some forests (especially in Africa) where dry periods are longer, but high cloud cover causes reduced evapotranspiration.

⁴ **Primary forest** is a relatively intact natural forest that has been essentially unmodified by commercial scale human activity for the previous 60-80 years.

IV. High conservation value forests⁵ unless under approved conservation plans verified by an independent, third party audit with necessary permits granted by applicable governmental/regulatory authorities;

In all cases the borrower must remain in compliance with applicable laws and regulations governing timber harvesting.

- B. Within the next one year, the bank will partner with existing environmental alliances to evaluate the value of various forestry certification programs as a means to both reduce risk and further encourage recognized best practices in sustainable forestry;
- C. Given the benefits associated with reforestation of cleared and degraded land, Bank of America will finance tree plantations on previously cleared forest land if the clearing and/or degradation of the land was conducted in accordance with applicable laws and regulations. Exceptions are allowed only after five years have passed and only if no direct link to the original deforestation can be demonstrated.
- D. Bank of America will not finance companies or projects that collude with, or knowingly purchase timber from, illegal logging⁶ operations. Due diligence will include company representation as to its practices and monitoring for illegal logging.
- E. Bank of America respects the rights of indigenous communities whose livelihoods or cultural integrity could be adversely impacted. Due diligence procedures for projects in primary temperate/boreal or high conservation value forests will weigh the impact of credit decisions on the indigenous peoples that could be affected. The bank will not finance the operations unless it is determined that indigenous peoples impacted by projects in these sensitive areas, whether directly or by induced impact, have the opportunity and, if needed, culturally appropriate representation, and have access to the information to engage in informed participation. Additionally, Bank of America will not finance operations in these areas where indigenous land claims are not settled.
- F. Bank of America will not finance companies that do not have an explicit policy against the uncontrolled and/or illegal use of fire in their forestry or plantation operations. Due diligence will include company representation as to its policy and monitoring.

⁵ **High Conservation Value Forests** are those that possess one or more of the following attributes:

- Forest areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species, refugia); and/or large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance.
- Forest areas that are in or contain rare, threatened or endangered ecosystems.
- Forest areas that provide basic services of nature in critical situations (e.g. watershed protection).
- Forest areas fundamental to meeting basic needs of local communities (e.g. subsistence, health) and/or critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).

⁶ **Illegal logging** takes place where timber is harvested in violation of local and national laws intended to stop illegal logging. Illegal logging includes: a) using corrupt means to gain access to forests, b) extraction without permission or from a legally unauthorized area, c) the cutting of protected species or the extraction of timber in excess of legal limits or in violation of legally approved forest management plans. Illegal logging has not yet been written into international law although issues relating to illegal logging have been addressed in some fashion by international treaties such as the Convention on Biological Diversity.

- G. Bank of America will not finance companies or projects that contravene any relevant binding international environmental agreement to which the member country concerned is a party to or that violate local, state or national environmental, labor or social laws⁷. Due diligence will include company representation as to its policy and monitoring.
- H. False declarations of compliance or failure to adhere to conditions are considered events of default and appropriate actions will be taken.
- I. All other environmental issues pertaining to forestry practices will be guided through Bank of America's other environmental guidelines and policies.

Bank of America will follow corporate approved due diligence procedures when financing companies involved in the forestry industry. However we recognize that in some circumstances decisions will be taken based on the best information available at the time and based on the good faith that information presented to us was accurate. As such we will not be held liable if information after the fact demonstrates that a breach of policy occurred.

⁷ **International Agreements** -examples include CITES, ILO Conventions and the Convention on Biological Diversity.

Additional Bank of America Actions

Bank of America recognizes that successful implementation of these policies relies upon transparency to all stakeholders, appropriate training of all relevant associates worldwide and regular public corporate reporting according to the Global Reporting Initiative (GRI). The bank will implement a formal environmental training program and will report according the GRI standard starting with the 2004 sustainability report.