

Driving Environmental and Social Change

An Interview with Paul M. Donofrio, Vice Chairman, Bank of America

EDITORS' NOTE Paul Donofrio is Vice Chairman of Bank of America and is a member of the company's executive management team. Donofrio oversees the company's sustainability activities and co-chairs its ESG Committee. He stewards the company's efforts in support of its \$1.5 trillion sustainable finance commitment, including oversight of its investments in Minority Depository Institutions and private equity funds through its \$1.25 billion commitment to



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racial equality and economic opportunity, as well as investments made through its \$1 trillion Environmental Business Initiative. He also has responsibility for the investment function of the company's pension, which totals over \$22 billion. In addition, the BofA Global Research department reports to him. He most recently served as Bank of America's Chief Financial Officer for more than six years from 2015 to 2021. Before then, he held a number of key roles across the company, based in New York City and London. He served as co-head of Global Corporate and Investment Banking, head of Global Corporate Banking, head of Global Corporate Credit and Transaction Banking, co-head of Investment Banking, head of all Global Industry Groups and co-head of the Global Healthcare Group. His product experience includes M&A, global capital markets, including debt, equity, foreign exchange and derivative capital markets, as well as traditional banking products, such as loans, leases, global payments and deposits. Prior to joining Bank of America, Donofrio worked at UBS, where he was a senior member of the healthcare group from 1994 to 1999, focusing on biotech, specialty pharmaceuticals, and large cap pharmaceutical companies. Previously, he worked at Kidder, Peabody & Co. in the healthcare, technology and debt restructuring groups. A graduate of the United States Naval Academy, Donofrio served in the U.S. Navy from 1982 to 1988 as a naval flight officer.

COMPANY BRIEF Bank of America (bankofamerica.com) is one of the world's leading financial institutions, serving individual consumers, small and middle-market businesses and large corporations with a full range of banking, investing, asset management

and other financial and risk management products and services. The company provides unmatched convenience in the United States, serving approximately 67 million consumer and small business clients with approximately 4,200 retail financial centers, approximately 16,000 ATMs, and award-winning digital banking with more than 54 million verified digital users. Bank of America is a global leader in wealth management, corporate and investment banking and trading across a broad range of

asset classes, serving corporations, governments, institutions and individuals around the world. Bank of America offers industry-leading support to approximately 3 million small business households through a suite of innovative, easy-to-use online products and services. The company serves clients through operations across the United States, its territories and approximately 35 countries.

Will you provide an overview of your role and areas of focus?

My role as Vice Chairman is multifaceted. Alongside our CEO, Brian Moynihan, I oversee the company's sustainability activities and co-chair our ESG Committee, as well

as steward the company's efforts in support of our \$1.5 trillion sustainable finance commitment, including oversight of our investments in Minority Depository Institutions and private equity funds through our \$1.25 billion commitment to racial equality and economic opportunity and investments made through our \$1 trillion Environmental Business Initiative. I have additional responsibility for the investment function of the company's pension, which totals over \$22 billion.

My experience leading several lines of business throughout my career has positioned me well to guide our company's overarching sustainability activities which permeate everything we do for our employees, clients, and communities. I joined the company in 1999 and most recently served as Chief Financial Officer for more than six years. Prior to that, I was co-head of Global Corporate and Investment Banking, head of Global Corporate Banking, head of Global Corporate Credit and Transaction Banking, to name a few roles. My extensive experience across Investment Banking and Capital Markets, in addition to traditional banking products such as loans, leases, global payments and deposits, has helped me deliver the company's capabilities and services holistically, while helping to guide clients in their environmental, social and governance objectives.

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Will you highlight Bank of America’s sustainability activities and how these initiatives are engrained in Bank of America’s values and purpose?

As a global financial services organization, we have set tangible sustainable finance goals and made measurable progress in mobilizing and deploying capital to help drive environmental and social change. By working with the private sector and partnering with the public sector, we are addressing financing gaps where governmental or philanthropic funding falls short. Our sustainable finance strategy permeates what we do, in order to promote an inclusive, lower-carbon, enduring society for all.

Sustainability guides how we conduct our business and operations as well as how we pursue responsible growth across core lending and investments, equity and debt capital markets activities, advisory services, supply chain financing and management, daily operations, and engagement with internal teammates. As we consider our role in supporting a smooth transition, we continue to partner with global clients on clean energy, power generation and transmission, sustainable transportation with an emphasis on electric vehicles and sustainable fuels, sustainable food and agriculture, clean water and sanitation, and carbon capture and offsetting solutions, as well as more capital deployment in affordable housing, healthcare, education, minority- and women-led businesses, and underserved communities.

Today, Bank of America is not only the leader in ESG capital markets issuance and underwriting, but the definitive leading financial services firm in climate and social finance. Sustainability is embedded in our actions, our communities, our partnerships, our governance and our disclosures. For example, in December 2021, Bank of America announced an ESG-themed Issuance Framework to further enhance our issuances of green, social, and sustainability bonds and other ESG securities. The Framework aligns to Bank of America’s

ESG leadership and the company’s sustainable finance strategy, which aims to mobilize and deploy capital in support of the UN Sustainable Development Goals. It builds upon Bank of America’s 2020 \$2 billion Equality Progress Sustainability Bond issuance, which was designed to advance racial equality, economic opportunity, and environmental sustainability.

Will you discuss Bank of America’s \$1.5 trillion by 2030 Sustainable Finance goal and how important are metrics to track the impact of this effort?

In 2021, Bank of America announced our goal of mobilizing and deploying \$1.5 trillion in Sustainable Finance capital by 2030 in support of the 17 UN Sustainable Development Goals. Of the \$1.5 trillion, \$1 trillion is dedicated to the Environmental Transition to support a low-carbon economy. The \$1 trillion dedicated to Environmental Transition is a significant expansion of our initial commitment of \$300 billion made in 2019. Since 2007, we have mobilized and deployed approximately \$350 billion to environmental finance. Beyond the \$1 trillion climate-related finance, the balance of the sustainable finance goal is focused on inclusive social development, scaling capital to advance community development, affordable housing, healthcare, and education, in addition to racial and gender equality.

As part of our \$1.5 trillion by 2030 Sustainable Finance goal, we mobilized and deployed approximately \$250 billion in sustainable finance capital in 2021, with approximately \$155 billion financing the environmental transition and the remaining \$95 billion for inclusive social development.

ESG is not just about spotting opportunities, but also about tracking impact and managing risk. Bank of America’s sustainability policies and standards are outlined in our Environmental and Social Risk Policy Framework, which is updated at least every two years or more frequently as issues develop. We also disclose ESG strategy, policies, and practices in our Annual Report and

in other areas. These disclosures highlight our ESG impacts and actions, including the development of products and services to address the needs and concerns of low- and moderate-income communities, our financing in support of environmental and social goals, our progress toward public goals, as well as specific transactions that are escalated due to heightened environmental and social risks.

You serve as a co-chair for Bank of America’s ESG Committee. How is Bank of America addressing ESG and will you highlight this work?

Our ESG principles help define how Bank of America delivers Responsible Growth and contributes to the global economy, and helps us build trust and credibility as a company people want to work for, invest in and do business with. This enables us to serve clients, deliver returns for our shareholders and address some of society’s greatest challenges. We believe in business’ role in helping to create the scale needed to drive capital toward some of the world’s most important priorities.

Integrated across all lines of business, our ESG focus reflects our values, ensures we are holding ourselves accountable, presents tremendous business opportunity, and allows us to create shared success with our clients and communities. That includes financing to help small businesses adopt more sustainable business practices, and financing to help major corporations in all industries transform and decarbonize their business models.

The transition to a low-carbon economy means that a significant flow of capital will have to be put to work in an efficient and effective manner. Our clients will need advice and expertise, and we continue to invest to build this capability. To this end, within Global Corporate and Investment Banking, we have established a new team, ESG Advisory and Financing Solutions, to help our clients across industry sectors determine how ESG impacts their cost of capital and strategic initiatives and to assist them in navigating through climate transition. This new team is well-positioned to advise our clients, as Bank of America continues to be at the forefront of ESG financing – in 2021, GCIB was the number one underwriter of U.S. ESG corporate bonds.

Beyond sustainable finance, we continue to focus on stakeholder capitalism, economic mobility, advancing racial equality and economic opportunity, employee giving and volunteering and our support of arts and culture. As a core tenet of Responsible Growth, our commitment to being a great place to work means investing in the people who serve our clients across the world. To provide clients with the best service and to support the communities in which we operate, we must attract and retain the best talent, create opportunities for our teammates to grow and develop, and remain anchored to our long-standing D&I commitment. We believe with our teammates’ depth of expertise, resources and geographic reach, we, as a company, are uniquely positioned to help advance strong economies and social progress globally.

Bank of America made a \$1.25 billion commitment to racial equality and economic opportunity. What was the vision for this commitment and how will you measure success for this effort?

Through Responsible Growth, we deliver for our teammates, clients and shareholders and help address society's biggest challenges. One example is our work to advance racial equality and economic opportunity. That said, we have worked broadly in these areas for many years. Internally, this is core to being a great place to work, hiring and recruiting diverse talent to ensure strong representation in our workforce, and aligned policies and accountabilities. And externally, this is core to our client-driven approach, delivering products and services that meet the needs of our diverse clients and communities.

Building on that longstanding work, and in order to ensure everyone has access to the tools and resources needed to build wealth, we are focused on several key areas: connecting diverse people and communities to good jobs; ensuring adequate access to healthcare; providing access to capital to grow small businesses; and building a solid base of affordable housing.

This work is fundamental to how we run our company, support our teammates and deliver for clients. It spans the company – from our \$15 billion commitment to affordable homeownership to our ongoing work to advance small businesses through \$2 billion invested with Community Development Financial Institutions, to our \$1.25 billion five-year commitment of which we have already directed more than \$450 million of through financing and philanthropy. We do this because it's the right thing to do and we know we have a role to play to be part of the solution to drive progress.

We also recognize that we share collectively in the responsibility to do more, so we continue to focus on working collaboratively across sectors to advance opportunities that will create real impact in the lives of individuals and for the communities we serve, using the past to inform our perspective and understanding as we tackle systemic issues embedded within our communities to be a company of opportunity for all. We continue to measure and share our progress around all that we are doing to advance racial equality and economic opportunity with our clients, communities and stakeholders through various channels, including our most recent annual report.

How critical is it for Bank of America to build a diverse and inclusive workforce to mirror the diversity of its clients and the communities it serves?

We understand the role we play in influencing and driving progress around diversity, inclusion, racial equality and economic opportunity in financial services, the private sector and the communities where we live and work. That's why we continue taking meaningful steps to drive diverse representation at all levels of the company and are building a culture where our employees feel comfortable being who they are and bringing their whole selves to work

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with equal access to opportunities regardless of their differences. It's the right thing to do, and we think it's good for business. Companies that focus on creating a strong culture of diversity and inclusion reap several benefits including greater innovation, stronger employee engagement and productivity, and a positive impact on their bottom line.

Our Board of Directors, its committees and our CEO play a key role in the oversight of our culture, expecting management to be accountable for ethical and professional conduct and our commitment to being a great place to work. Each management team member has action-oriented diversity goals which are subject to our quarterly business review process, talent planning and scorecards reviewed by the Board. Management team members cascade goals to support commitment and accountability across the company, and drive an inclusive work environment. In addition, our Global Diversity & Inclusion Council (GDIC) also promotes diversity goal setting, which is embedded in our performance management process and occurs at all levels of the organization.

More importantly, our focus on the representation of our people is mirrored in the clients and communities we serve. Our management team is now 55 percent diverse, including seven women, two Black/African American, two Asian and one Hispanic-Latino leaders. At the end of 2021, our company remained one of only nine S&P 100 companies with six or more women on the Board. All told, our management team going forward is more diverse of gender, race and ethnicity than ever before in our history.

We also continue to exceed industry benchmarks for our diverse workforce and inclusive culture. Our workforce is 50 percent women and 49 percent people of color, and we have worked hard to narrow the gaps at our leadership levels across the company. We hold ourselves accountable for increasing diverse representation by disclosing our employment

metrics, measuring progress across top management levels, helping ensure managers are responsible for driving advancement on their teams, and building a robust pipeline of emerging talent through recruitment and partnerships at campuses across the world.

You joined Bank of America more than 20 years. What has made the experience and the company so special for you?

It has been exceptionally gratifying to work for a company that has consistently delivered for our shareholders, our employees and our communities alike. Importantly, we've been able to do that in good times as well as in times of hardship and crisis – when our clients and communities needed us most. Building a company out of the financial crisis that has leveraged its 200,000-employee base to connect and deliver for its constituencies, all while delivering an adequate return for its shareholders, is something I consider very special. We have demonstrated that a purpose-led, value-driven company can grow not only consistently, but also responsibly – and that's tremendously rewarding.

What advice do you offer to young people entering the workforce and beginning their careers?

Firstly, I encourage young people entering the workforce to continuously ask “why” in everything they do to really understand the goal of the exercise and to become goal-oriented versus task-oriented. Secondly, particularly in companies as large as ours, you need to develop empathy. At Bank of America, for example, we have a diverse group of employees and clients with varying degrees of beliefs and understandings. Having empathy improves communication and strengthens relationships to allow you to connect more successfully. And thirdly, before making any important decision, always try to prove yourself wrong. By questioning and re-questioning your assumptions, your data, your processes, and ultimately your judgments, you can significantly increase the likelihood you are making the right decision and get the best outcomes. ●