Animal welfare issues present material financial, operational, and reputational risks for companies that receive financing from Bank of America (BAC), and to BAC as their financier.

The risks of mismanaging animal welfare include business disruption or loss of goodwill associated with inhumane treatment of animals such as animal testing and conditions of habitation, but they also may include environmental impacts of factory farming and related supply chain risks, and potential liabilities associated with issues of food safety, including diseases passed from animals to humans and overuse of antibiotics in livestock.[1]

OpenInvest states: "A company that does not disclose or prioritize its processes or impact on animal welfare raises questions for investors on how effective that company can be in managing potential risks or opportunities down the road. It is also impossible to assess future risk without the disclosure of the right information."[2] To minimize these risks, some banks are taking animal welfare issues into account as part of their lending due diligence practices.

However, "animal welfare" is absent from BAC's policies, governance documents, and reports. BAC's Environmental and Social Policy Framework asserts "…recognition of the importance of biodiversity and its environmental, cultural, religious and health contributions to societies". However, the extent of oversight is unclear, seemingly limited to certain "sensitive" or "fragile" ecosystems and conditions, failing to address the welfare of animals involved.[3]

Furthermore, **recognition for biodiversity and fragile ecosystems <u>does not</u> equate to consideration for animal welfare.**

Our Company states: *"Biodiversity is the third most important global risk over a 10-year period... In fact, nature loss is intrinsically linked to climate crisis and natural resource consumption, while use of land,* ***especially for agriculture and food production****, is the main cause of animal and plant species extinction. It is therefore, without changes or investments, a major risk for ecosystem degradation and food security over the medium to long term."*[4]

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[1] https://www.openinvest.com/articles-insights/support-animal-welfare
[2] https://www.openinvest.com/articles-insights/support-animal-welfare
[3] https://about.bankofamerica.com/content/dam/about/pdfs/environmental-and-social-risk-policy-december-2023.pdf
[4] https://institute.bankofamerica.com/sustainability/4-sustainability-trends-2024.html

Then, <u>why</u> – according to *American Banker* **– is BAC <u>among the top financiers of factory farms</u>, responsible for 20% of *<u>all</u>* loans and underwriting services to companies tied to factory farms?![5]**

Increasingly, banks are adopting exclusionary criteria to reduce exposure to animal cruelty and associated risks.[6] Yet BAC earns a score of "0" on BanksforAnimals.org, for apparent deficiencies in key areas regarding animal welfare.[7]

Simply because a process is not disclosed does not necessarily indicate lack of due diligence. However, neglecting to publicly acknowledge oversight on animal welfare risks the perception of our company's failure of oversight on critical issues. Publicly disclosing how Bank of America addresses animal welfare when considering financing decisions would not only increase transparency but enhance BAC's overall reputation.

<u>RESOLVED</u>

Shareholders request that Bank of America publish a report at reasonable expense and excluding proprietary and privileged information, disclosing whether and how the Board of Directors exercises oversight regarding material risks associated with animal welfare.

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[5] https://www.americanbanker.com/news/activists-to-jpmorgan-chase-bofa-citi-stop-lending-to-factory-farms
[6] https://banksforanimals.org/ranking-list/
[7] https://banksforanimals.org/institutions/bank-of-america/